

IMPROVEMENT PANEL

15th June 2005

PRESENT:-

Labour Group

Councillor Whyman, M.B.E. (Chair) and Councillors Carroll, Harrington and Taylor.

Conservative Group

Councillors Atkin, Ford and Harrison.

APOLOGY

An apology for absence from the Meeting was received from Councillor Murphy (Labour Group).

IP/1. **MINUTES**

The Open Minutes of the Meeting held on 25th May 2005 were taken as read, approved as a true record and signed by the Chair.

IP/2. **BEST VALUE PERFORMANCE PLAN 2005**

The Deputy Chief Executive advised that key sections of the proposed Best Value Performance Plan had been circulated for the Improvement Panel's consideration. He displayed previous Best Value Performance Plan documents and explained the requirements placed on the Council under the Comprehensive Performance Assessment as it was not classed as an excellent authority.

Initially, Members considered the list of contents for the Best Value Performance (BVPP) 2005. The Head of Policy and Best Value explained the various contents and she confirmed the requirements placed on the Council by Statute. It was proposed to follow the same format as used for the BVPP last year. Part 2 of the document gave an overview of performance and improvement priorities, whilst Part 3 was the "forward look" at the Council's key aims, performance, plans and priorities. Part 4 of the document examined finance and new for this year was a section on efficiency savings.

Consideration was then given to specific sections of the BVPP. Initially, Members focused on Section 6 - Performance in 2004/05. This included information on the Corporate Plan for the period 2004/07 and the CPA Improvement Plan. A number of tables were submitted which reported progress on the 2004/05 milestones for each plan, together with details of upper quartile performance, year on year improvement or deterioration and performance against national standards/targets in 2004/05. The Chair recalled the criticism from CPA Inspectors about the Council's "slow pace of change". Officers accepted that whilst progress had been made, it was less quickly than that made by other authorities and overall, there had been a downturn in the percentage of upper quartile performance indicators. Similar comments were made regarding the Council's performance against targets.

Councillor Ford asked whether a comparison could be provided of the Council's performance against that of neighbouring authorities. Officers felt it would be difficult to provide such comparative information. For example, each authority might allocate differing levels of resources to such services as street cleaning. The Chair made reference to Service Level Agreements that the Council had with other organisations. He questioned whether such agreements could be used with individual divisions of the Council to provide greater accountability, culpability, or even sanctions for non-delivery. The Deputy Chief Executive agreed with the merits of service level agreements, but would be concerned if sanctions were imposed. He referred to the Procurement Strategy which provided clear guidelines on the use of external sources if a service could not be delivered internally at the appropriate quality and price. Councillor Harrison also referred to Service Level Agreements but felt there should be rewards for achievement rather than sanctions for failure. Councillor Ford added that the Council needed to become smarter at performance management. The Deputy Chief Executive explained that whilst targets were often achieved, they were sometimes later than the year end, which contributed to the perceived slow pace of change criticism. The Chair advised that he had attended a seminar recently, at which it became apparent that many authorities dedicated significant resources to performance management.

Councillor Atkin referred to the BVPI information and requested that a further column be added to the tables submitted, to give reasons for not achieving targets. Officers explained that a subsequent section of the BVPP would provide such information. The Chair asked that it be noted that Managers should become more accountable for failing to achieve the required level of performance.

Consideration was then given to Section 8 of the proposed BVPP on the theme of "Caring for the Environment". Officers highlighted particular aspects of this Section and in response to the earlier comment from Councillor Atkin confirmed that reasons were given for significant variance against BVPI targets.

The next section of the document submitted provided a comprehensive list of all Best Value Performance Indicators, including a comparison to upper quartile performing Councils. Information was provided on significant variances between targets and actual performance for 2004/05. Officers explained that this report provided summary level information and a more detailed report would be submitted to the Panel in due course. The information circulated included a schedule on BVPI targets for the period 2005/06 to 2007/08. In discussing this section of the report, Officers explained that generally, a 3% year on year improvement was expected.

The next schedule looked at CPA Improvement Priorities for 2004/05. For each Improvement Priority, the document identified whether it had been achieved, achieved in part or not achieved. Use had been made of intermediate milestones and from examining the document it seemed that judgements had been fairly harsh in some regards. There were a number of small issues where specific projects had not been achieved, but in the main these had been rolled forward into other proposals. This section of the report was considered in detail, as it was felt fundamental to the work of the Improvement Panel. Officers gave a commentary on particular improvement priorities. The issues discussed by the Panel included the proportion of upper quartile BVPI's achieved and the longer term financial strategy. Councillor Atkin sought information on the likely time scale for achieving improved communication and consultation across the organisation. This was an example where the original milestone, of introducing a

staff suggestion scheme had been included within a wider project. In response to a related question from Councillor Ford, Officers explained how the Investors in People accreditation was linked to this improvement priority. Councillor Harrington sought further information about the needs survey on planning for open space, sport and recreation, particularly on when this was due for completion.

Finally, the Panel considered the CPA Improvement Priorities for 2005/06. It was noted that this document had been rolled forward, to bring it in line with other performance planning documents. The Deputy Chief Executive advised that the final draft of the Best Value Performance Plan would now be issued to Members for consideration at a Special Council Meeting on 21st June 2005.

IP/3. **DATE OF NEXT MEETING**

It was agreed that the next Improvement Panel Meeting be held on Wednesday, 20th July 2005 at 5.00 p.m.

B. WHYMAN M.B.E.

CHAIR

The Meeting terminated at 5.55 p.m.

IMPROVEMENT PANEL

27th October 2005

PRESENT:-

Labour Group

Councillor Whyman M.B.E. (Chair) and Councillors Carroll and Murphy.

Conservative Group

Councillors Atkin, Ford and Harrison.

APOLOGY

An apology for absence from the Meeting was received from Councillor Harrington (Labour Group).

IP/4. **MINUTES**

The Open Minutes of the Meeting held on 15th June 2005 were taken as read, approved as a true record and signed by the Chair.

IP/5. **VALUE FOR MONEY**

It was reported that local authorities were required by Government to review their performance and to embed processes that promoted continuous improvement. Best Value Reviews had traditionally been the key to this. Since developing its schedule of Best Value Reviews for South Derbyshire, a number of issues had impacted, not least the Comprehensive Performance Assessment and Gershon.

The Audit Commission had adjusted its approach and was no longer resourced to undertake Best Value Reviews as it had done previously. Its current focus was on how effectively the Council used resources and as part of this assessment to demonstrate providing Value for Money (VFM). In August 2004, the Scrutiny Committee undertook a special project to assess the Council's Best Value Review process and this was reported to the Finance and Management Committee. The way forward outlined in the paper submitted was to respond to the conclusions and recommendations in that report. The report offered recommendations built upon the underlying premise that the principles of Best Value (Challenge, Compete, Compare and Consult) were of so much value to the Council that its focus should not be upon one-off reviews, but ensuring that they became an integral part of how performance was managed on a daily basis. It was recommended to adopt an overarching process for embedding VFM, to undertake an annual review of how well the Council conformed with this proposed strategy and to ensure that Committees of the Council had the information on performance to effectively challenge performance. Further recommendations were to ensure there was a viable action plan for reviewing strategic procurement and to liaise with the Audit Commission on national reviews of relevance to South Derbyshire.

The Director of Corporate Services felt this report provided a starting point to bring together the various initiatives and that feedback would be provided annually. To provide a context, the Chair highlighted that VFM was one element of the current assessment regime. He took Members through the report's recommendations

Councillor Ford asked whether an annual review was sufficiently frequent. The Director of Corporate Services replied that time would be needed to embed this process, but a six-monthly review could be provided if this was preferred by Members. Councillor Atkin questioned responsibility for this process and whether the Council had sufficient resources. The Director replied that capacity was being built on procurement and the Corporate Management Team had the co-ordinating role. It was being delivered from different areas of the Council and if there were capacity issues, this would be reported to Members. The Chair felt this highlighted the capacity issues within the Council. The controlling group was concerned about the use of consultants. Councillor Harrison shared this view on behalf of the opposition. Resources had now been secured for the procurement role and Officers agreed there was a need to manage the use of consultants. Other options such as secondment had been considered and shifting resources was about realigning staff into new areas of work.

Councillor Murphy made reference to the proposed way forward. This intimated there was still a lot of work to be undertaken and he questioned the timescales and how the process would be driven forward. The Chair understood that this process would be driven by the CPA inspection time frame and the Panel discussed further reporting on this issue. The Director of Corporate Services explained that this project was being driven by Corporate Management Team as part of the efficiency agenda. She recognised the role of the Improvement Panel and offered to provide six-monthly updates. Councillor Murphy felt there should be a named person responsible for this process and a timetable for implementation. There was further discussion on the importance of the VFM dimension and some conclusions had been drawn on the VFM assessment. District Audit might or might not agree with this assessment. There was a need for an action plan to enable the Council to achieve its desired objective or position and so that this could be built into the Council's core business. The Chair considered this to be a cultural change process. He felt the recommendations of the report supported this view. Councillor Murphy accepted this point if the Council was developing a strategy, but repeated his concerns. If the key issues were not clear, it would not result in an action plan or milestones. The Chair noted the comments raised.

Councillor Harrison questioned whether the VFM was for the Council, its Officers or residents. It was sensible to seek best value for money for residents. The Chair referred to a recent meeting with Mr. Blackburn of District Audit and discussions on his role as an inspector for VFM assessments. This was demonstrated by an example used elsewhere. The Chair equated how it could be applied to the District Council's services, to gauge District Audit's view on VFM. Councillor Harrison pursued the earlier discussion about drivers for this project and felt that the missing element was the measurement of outcomes. The Chair sought Members' acceptance of this report as a high level strategic document and it was agreed to receive an update report in six months time.

IP/6. **COMPREHENSIVE PERFORMANCE ASSESSMENT OF DISTRICT COUNCILS FROM 2006**

It was reported that the Audit Commission had produced a consultation document on its proposals for the Comprehensive Performance Assessment (CPA) of District Councils from 2006. This followed on from the initial assessment in 2003/04 and subsequent consultation and review by the Commission on the CPA framework from 2005. It had been concluded there was a need for CPA to be refined and updated in line with the principles of strategic regulation and councils duty of continuous improvement.

The Commission had set out new arrangements incorporating a 'more rigorous test of Council performance'. They had introduced an annual use of resources judgement to give a more demanding assessment of financial management and to provide a Value For Money judgement. This use of resources assessment was currently being undertaken by all councils, although it would not be assessed and scored for district councils until 2006.

The consultation set out proposals for district councils to receive annual service assessments, a direction of travel statement and a targeted and simplified assessment, which would replace the previous corporate assessment.

The guiding principles for the new framework were outlined within the consultation document. It was intended to build on previous CPA work, be more affordable and have a reduced impact on capacity. The paper discussed elements of the proposed CPA process in more detail and developed options on how it might be delivered. A brief commentary was provided on the options available. These were split between two groups, with a number of options under each group. Group A options reviewed all councils over a number of years, whilst Group B allowed councils to put themselves forward each year if they wished to be re-assessed.

Consultation events were being held around the country during October and the Leader and Chief Executive of the Council had attended an event at Castle Donington on 24th October 2005.

The Chair felt that the respective political groups might wish to consider the options under Group A or Group B and he asked Officers to clarify the Group A options. Councillor Atkin asked about the current assessment arrangements. The Chair replied that effectively, the Council was under a Group A option, but under Group B, it could seek a yearly re-assessment if it felt it was progressing well. He sought an instinctive view from Members on whether Group A or Group B options should be considered. In response to a question from Councillor Harrison about cost issues, District Audit had acknowledged that Group A options were more expensive for both the Commission and district councils. Councillor Ford asked whether councils could choose elements from several options, but this was not the case. At this stage, Members seemed more in favour of options under Group B. From discussions with District Audit, it seemed more likely that the Group B options would be favoured by many authorities. The Improvement Panel then compared the two options within this group, spoke about service assessment frameworks and how this would feed into the overall CPA score. Housing was used as a specific example and for South Derbyshire option 4 would be better. The Chair explained that from those district councils

represented at the meeting with the Audit Commission, option 4 was felt to be preferred choice.

The Chief Executive pursued this point and there was a view that improving councils would want the assessment regime under Group B. The Chair noted the need to respond to this consultation. He was concerned that the framework and guidelines would be more geared towards the Leader and Cabinet model, which the majority of district councils operated under. It was unlikely there would be concessions for authorities operating the alternative arrangement, which had a slower decision making process. He felt that capacity should be taken into account and asked that these points be made in the consultation reply.

Councillor Murphy commented on the Council's relative CPA rating. The Chair made a comparison of the CPA results for fourth option councils and perhaps there was a need to look at how fairly fourth option councils were treated under this regime. It was felt that the Audit Commission did not have a clear understanding of how fourth option councils operated. Hopefully there was a focus on outputs and outcomes and assessment should be based on services delivered to the community. The Chair felt that the alternative arrangement was best suited to achieve the Government's aims for local service delivery. Councillor Harrison sought clarification on the difference between options 4 and 5 and it was confirmed that option 4 was the more costly. Councillors Murphy and Harrison requested information from the Chair on the CPA results for fourth option councils and he agreed to supply this. The Improvement Panel endorsed the choice of option 4 as the preferred way forward.

IP/7. **USE OF RESOURCES JUDGEMENT - VALUE FOR MONEY ELEMENT**

A report was submitted to discuss the key issues from the self-assessment of the Council's approach to securing Value For Money (VFM) in the use of its resources. It identified both strengths and weaknesses and set out an approach to address areas in need of improvement.

An overview was given of the main findings. Compared with other Councils, South Derbyshire was a low spending authority, it set an average council tax increase and provided good performance, with 40% of Best Value Performance Indicators being upper quartile. The Council's strengths included a tradition of partnership working with public, private and voluntary sector partners, prudent financial management and using a range of procurement initiatives. To some extent, the increasing demands placed on resources, combined with tight budgetary controls had created a VFM environment. It was evident that a comprehensive and co-ordinated approach to achieving VFM was not established throughout the Council. These areas would be examined during the Audit Commission's inspection and would need to form the focus of improvement planning.

The Audit Commission suggested that VFM could be defined as the relationship between economy, efficiency and effectiveness. This encouraged councils to consider the links between cost and performance. At the moment the links did not clearly demonstrate that VFM happened in a planned way and a number of possible improvement measures were provided within the report. Proposals for service developments were subject to a detailed examination and prioritisation through a scoring process. However, a large

proportion of non-growth expenditure was not subject to such rigorous scrutiny. The report included a diagram to illustrate the relationship of cost to performance and this could form the basis of an action plan. A number of possible improvement areas were set out within the report.

Procurement was an integral part of all services. The National Procurement Strategy prescribed milestones that the Council should reach. The potential benefits of effective procurement were reported, together with possible improvement measures in this area.

The Chair highlighted the elements that the Audit Commission would consider in the use of resources judgement. There was a discussion about the strength of the Council's procurement position. The Deputy Chief Executive gave a number of examples of the varied approach to procurement to demonstrate this. The Chair considered that the Council could exploit this area further. The Director of Corporate Services felt there were some areas of good practice, such as Housing, but these practices were not employed throughout the Council. There was a discussion about the measurement of VFM. The Deputy Chief Executive gave further information on the self-assessment undertaken and how this was measured against certain criteria. The Chair questioned whether it was the measurement of performance against cost. Reference was made to the matrix within the report showing performance against cost to discuss this issue further. The Deputy Chief Executive also provided further information following a question from Councillor Harrison, about non-growth expenditure.

The Chair referred to producing annual cost/performance reports for partnership projects. In some instances, the Derby and Derbyshire Economic Partnership had reclaimed grants where projects did not deliver outcomes. The Deputy Chief Executive felt it was easier to claw back funding from larger capital projects than that for local service level agreement based schemes. Low performing partnership schemes might still be providing an essential service. There were a variety of options available to monitor performance. However, some schemes might not be able to be delivered in another way. The Chair made a comparison to the Court Board, which had far more detailed performance monitoring. A comparison was also made between the Green Bank Leisure Centre contract and other local arrangements where there might be no alternative provider.

The Chair felt there was a need to put an action plan in place and he questioned how this report would be translated into actions. The Chief Executive spoke about the process to prepare an action plan to deliver Members' Corporate Plan objectives. There was further discussion on the purpose of this report. In response to a question from Councillor Ford, clarification was provided on the role of the recently approved Procurement Officer's post and further information was provided about service level agreements with key partnerships.

IP/8. **PROGRESS ON EFFICIENCY GAINS**

It was reported that the Council had a requirement to achieve on-going efficiency gains of £240,000 each year for the next three years. The original approach was set out in the 'forward look' devised in April this year. It was supplemented by a 'backward look' statement indicating efficiency gains made in 2004/05. While some of the planned savings had not materialised,

other efficiency gains had compensated for this. The position was summarised in a table attached to the report. It showed that the required efficiency target should be achieved by the end of the financial year. Further analysis revealed that the major efficiency gains had been achieved through procurement exercises, with rather less achieved through the re-engineering of business practices and procedures. It had become evident that the latter required a longer term lead-time to implement.

The issue remained that if the same type and/or level of procurement gains were not maintained, then greater reliance on the re-engineering approach would become necessary if targets were to be achieved.

The Deputy Chief Executive was confident that the efficiency target would be achieved by 31st March 2006. He provided further clarification in response to a question from Councillor Carroll on the current shortfall of £10,000 and the potential projects to deliver this. The Officer replied to a question from Councillor Atkin, providing further information on the treatment of interest accrued on asset sales, relating to sheltered housing. This was not currently considered an efficiency saving and there was some difference of opinion on this between the Treasury and the Office of the Deputy Prime Minister. The Chief Executive felt it was ironic that the decision to sell this property came from issues on the efficiency of the sheltered housing service. Councillor Harrison submitted questions on the forward look project to reduce transactions and to establish a new framework for doing business with the Council. This project was about the introduction of a new financial management system and the processing of invoices. With regard to the backward look element, Councillor Harrison asked about the project on website purchase and the efficiency gain of £113,000. Officers supplied further information on this joint procurement initiative and it was possible that this saving could be discounted as an efficiency gain.

IP/9. **DATE OF NEXT MEETING**

The Chair discussed the content of this agenda. Whilst he had found the reports interesting, he felt there were no factual reports that the Council was moving in the right direction. This view was supported by other Members. He felt that future meetings of the Panel should be arranged when there were significant items to be discussed. Councillor Murphy commented that the final item was more pertinent than the previous reports. The Chair felt comfortable with the Officer assurances that the Council would meet its Gershon targets for the current financial year, but repeated that more meaningful items should be submitted to future meetings. The Chief Executive felt there was a need for balance between informing Members and agreeing actions. The purpose of this meeting was to inform Members of certain issues that were ongoing.

Councillor Harrison felt that the agenda had been helpful and useful. There was a brief discussion on the terms of reference for the Panel and the types of report it was expected would be submitted. The Director of Corporate Services noted that Gershon savings would feature in future financial planning reports. For the next meeting, the Chair requested a report on the Council's progress with the CPA Improvement Plan and a report on Gershon savings. A structured document was needed to show current progress, slippage and how this was being dealt with. Councillor Murphy referred to the key lines of enquiry that the CPA Inspectors would look at. He felt the

Improvement Panel should look at the same measures, rather than just a backward look at savings achieved. The Director of Corporate Services gave further information on the current approach, the need to avoid getting into operational detail and to concentrate on an overview that the Council was moving in the right direction of travel. The date of the next Improvement Panel meeting would be confirmed in due course.

B. WHYMAN MBE

CHAIR

The Meeting terminated at 5.50 p.m.