

## **Report to Cabinet**

**Report Reference: C/062/2007-08.**

**Date of Meeting: 12 November 2007.**



**Epping Forest  
District Council**

**Portfolio: Finance, Performance Management and Corporate Support Services.**

**Subject: Comprehensive Performance Assessment – Re-categorisation.**

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### **Recommendations/Decisions Required:**

**That Comprehensive Performance Assessment Re-categorisation not be sought during 2008, in advance of the forthcoming introduction of the Comprehensive Area Assessment regime.**

### **Background:**

1. The Council was assessed as a 'Good' authority as a result of its first Comprehensive Performance Assessment (CPA) in February 2004. Since the CPA, a range of other national performance frameworks and reporting processes have been implemented by the Audit Commission, including the annual Use of Resources (UoR) assessment and Direction of Travel (DoT) Statement, that feed into the on-going overall assessment of the authority's performance.

2. Whilst the CPA regime is to be replaced in 2009 by a new Comprehensive Area Assessment (CAA) process, the Audit Commission has published a methodology for district council's to seek CPA re-categorisation, and the Commission has recently written to all local authority chief executives setting out opportunities for councils to submit applications for re-categorisation over the next year. The most recent submission date for CPA re-categorisation applications was 1 October 2007, with further opportunities arising in February, June and October 2008. Management Board has recently considered the extent of the Council's improvement since 2004, and determined that CPA re-categorisation not be pursued in October 2007, and the Cabinet is now requested to consider whether re-categorisation should be sought during 2008.

### **CPA Re-categorisation:**

3. Decisions about whether or not to undertake CPA re-categorisation inspections will be made regionally by the Audit Commission. If it is decided that there is evidence of sufficient improvement or deterioration to justify re-categorisation activity, this would take place through a further corporate assessment. The Commission has stated that these corporate assessments will be more proportionate and significantly less resource intensive than those undertaken for the original CPA process in 2003/04, and that there will be no diagnostic service assessments as part of the re-categorisation exercise.

4. Corporate assessments will comprise:

(a) five corporate assessment themes (Ambition, Prioritisation, Capacity, Performance management, Achievement and Improvement);

- (b) the direct involvement of a council peer;
- (c) a greater reliance on pre-site analysis to minimise on-site work;
- (d) web-based stakeholder surveys of key partners, to ascertain views of the Council, reducing the need for extensive interviews and written evidence); and
- (e) the continued use of auditor judgements (now Use of Resources) as integral to the evidence considered for both the panel decision and any subsequent corporate assessment.

5. Applications for re-categorisation are required to outline improvements made since the original CPA and to provide supporting evidence. The Commission has indicated that applications should demonstrate that councils have made a step change in performance and, where appropriate, cross-reference material produced for other purposes such as DoT or UoR assessments. Re-categorisation applications must provide evidence showing that clear progress has been made against local improvement plans. The Commission will undertake re-categorisation activity only where there is significant evidence to indicate a potential change in CPA category, which will apply in the following circumstances:

- (a) where councils can demonstrate performance that is significantly better than that identified in the original CPA corporate assessment, and the Council wishes to be considered for re-categorisation; or
- (b) where there is evidence of significant deterioration in either service or corporate performance which could result in re-categorisation if a further corporate assessment was undertaken.

6. The UoR assessment provides a judgement on how well a council manages and uses its financial resources, and will be a key evidence source in the Audit Commission's decision on whether or not to undertake a corporate assessment in advance of any CPA re-categorisation. The assessment focuses on the importance of having sound and strategic financial management to ensure that resources are available to support the Council's priorities and improve services, and helps to establish requirements for future regulation. DoT statements provide public assurance, through a robust annual assessment, of whether councils are complying with their duty of making arrangements to secure continuous improvement, and also inform the Commission's decisions about whether or not to undertake a corporate assessment. User focus and diversity will continue to be a core element of the corporate assessment, and judgements on each of the themes will take into account how effectively a council is addressing these issues within the local context.

7. The analysis of performance information to identify improvement or deterioration will form a key part of the evidence considered by the Commission in deciding whether or not to undertake a corporate assessment. The Commission will consider the following evidence from performance information:

- (a) the extent of improvement (what proportion of specific performance indicators are improving);
- (b) the strength of improvement (whether improvement seen at the individual performance indicator level is significant or better than expected); and
- (c) the areas of improvement (whether improvement is seen in areas of previously weak performance or areas of local priority).

8. In seeking CPA re-categorisation, it will not be necessary for councils to undertake a self-assessment, and authority's will be given an opportunity to submit a brief statement

outlining the improvements they have made since the original CPA and signposting supporting evidence. In deciding whether or not to undertake a corporate assessment, the Commission will take into account both quantitative and qualitative evidence of improvement, in order to test whether there is a realistic prospect of a change in CPA category if the corporate assessment is carried out. As well as an authority's statement, key sources of evidence will include:

- (a) the most recent UoR assessment;
- (b) the most recent DoT statement;
- (c) service performance information summarised to show current performance and any changes since 2002/03;
- (d) service inspection scores (if any); and
- (e) any other relevant evidence of improvement or deterioration such as robust local performance indicators.

#### **Progress Since 2004:**

9. Management Board considers that the Council has progressed sufficiently since the original CPA assessment in 2004 to maintain its 'good' classification, but that it is unlikely that the required step change in overall performance could be demonstrated to support an application for CPA Re-categorisation.

10. Following the original CPA assessment, an Improvement Plan was developed in response to a number of areas for improvement identified by the Audit Commission, which set out a range of actions, targets and responsibilities designed to achieve improvement in these areas over the short to medium term. The CPA Improvement Plan and progress towards the achievement of its constituent actions has since been monitored on a regular basis, initially by an Improvement Team comprising the Cabinet, the Chairmen of the Overview and Scrutiny Committee (and the predecessor committees) Group Leaders, and Management Board, and latterly by the Finance and Performance Management Scrutiny Panel. The vast majority of actions and targets originally set in the Improvement Plan have now been fully or substantially completed and achieved.

11. In the Audit Commission's annual Audit and Inspection Letter for the Council for 2006/07, a summary of the Commission's annual DoT statement reported that:

- (i) Epping Forest District Council is making good progress in achieving its six priority objectives, although improvement on performance indicators is mixed;
- (ii) the Council engages effectively with local communities, and joint working with partners is resulting in positive outcomes;
- (iii) the Council is addressing some key local issues such as waste and planning service performance, and these are starting to show improvements;
- (iv) in other areas performance is not showing demonstrable signs of improvement;
- (v) in common with many other councils, the Council is finding it difficult to meet the affordable housing needs of the District;
- (vi) although the Council is working actively with partners to promote safer communities, this has not yet led to reductions in crime;

- (vii) there is now clearer political leadership and direction within the Council;
- (viii) performance management and risk management arrangements have been strengthened and value for money is starting to show signs of improvement; and
- (ix) the Council is taking steps to address known weaknesses in its corporate capacity, but high levels of sickness absence remain a barrier to further improvement.

12. The Council's overall UoR score was 2 (adequate performance) in both 2005 and 2006, although improvement was achieved in some of the individual theme scores last year. The Audit and Inspection Letter for 2006/07 reported that progress in relation to performance indicators was mixed and that, in 2005/06, the Council had improved its performance in 60% of a selected range of key indicators, which was just above the average rate of improvement for all district councils of 58% per cent. However, the Commission also stated that the Council had only 18% of these indicators in the best performing 25% of all councils, which was well below the average of 31% for all district councils. As the Cabinet will be aware, the Audit Commission has also previously reported that the Council's rate of improvement in terms of performance indicators is slower than that of comparable local authorities.

13. Although the Council has made good progress against the actions and targets set out in its original CPA Improvement Plan and has received generally favourable UoR and DoT reports from the Audit Commission, it is not considered that a step change in performance, particularly in relation to performance indicators, could be sufficiently demonstrated to support CPA re-categorisation. Whilst the application process for re-categorisation appears not to be arduous in itself, a further corporate assessment and the provision of evidence for subsequent inspection could be extremely resource intensive and achieve little in the way of benefit for the authority.

#### **Comprehensive Area Assessment:**

14. The Cabinet will be aware that the CPA regime is to be replaced in 2009, by the emerging Comprehensive Area Assessment (CAA) test, which will form the basis of the future classification of local authorities and/or local areas. With this in mind, it is considered that it might be better for the Council to look forward to the future, rather than to the past, to position itself tactically and strategically to succeed under the new CAA regime. This would be more advantageous for the public and customers and a better use of resources, delivering better outcomes for the community. This will require focus on the five likely strands of CAA (Risk, Direction of Travel, Use of Resources, Data Quality and Engagement/Reporting), in addition to consolidating relationships and shared services with partners and other forms of commissioning. Further reports will be prepared for the Board on the requirements of the new CAA regime, as and when details emerge.

15. As previously stated, in view of the Council's limited success in securing significant improvement across the issues and areas that would receive focus in terms of CPA re-categorisation, Management Board agreed that an application for re-categorisation under the retiring CPA regime not be pursued during October 2007. On the basis of the information set out in this report, it is recommended that applications for CPA re-categorisation also not be pursued in February, June or October 2008, and that future efforts instead be focused on meeting the requirements of the CAA regime as and when these are introduced.

16. If however the Cabinet wish to proceed with a CPA re-categorisation application in 2008, it is recommended that the Chief Executive be authorised to discuss the likelihood of successful re-categorisation initially with the Council's Audit Commission appointed Relationship Manager, and that the results of such discussion be reported to a future meeting for further consideration of this issue.

**Statement in Support of Recommended Action:**

17. To ensure that the Council considers whether to seek CPA re-categorisation, based on its progress and achievements since 2004.

**Other Options Considered and Rejected:**

18. The Council can seek CPA re-categorisation on three separate occasions during 2008, in advance of the introduction of the Comprehensive Area Assessment regime in 2009. Although the Council has made good progress against actions and targets since the original CPA assessment, it is unlikely that the required step change or significantly improved performance could be demonstrated to support CPA re-categorisation.

**Consultation Undertaken:**

19. This report and the recommendation not to seek CPA re-categorisation has been considered by the Finance and Performance Management Portfolio Holder and Management Board.

**Resource Implications:**

**Budget:** None.

**Personnel:** None.

**Land:** None.

**Council Plan/BVPP Reference:** Council Plan 2006-2010 Section 8 – ‘How We Measure Our Achievements’.

**Relevant Statutory Powers:** None.

**Background Papers:** None.

**Environmental/Human Rights Act/Crime and Disorder Act Implications:** None.

**Key Decision Reference (if required):** None.