

# Guidance on best value performance plans: a consultation paper

## Contents

- How to respond.....2**
- Scope of the guidance.....2**
- Introduction .....2**
- Planning improved performance .....3**
  - Importance of effective improvement planning..... 3
  - Focus of Performance Plans..... 3
  - Audience for Performance Plans..... 4
  - Proposed content of Performance Plans..... 4
  - Timing of Performance Plans ..... 5
  - Audit of Performance Plans ..... 6
  - Summary performance information ..... 6
- Annex A: performance plan requirements .....7**

## How to respond

The Government invites you to comment on any issue raised in the consultation paper. If you have any questions about this publication or require paper copies, please contact our enquiry line on 0207 944 4112 or email: [bv.update@odpm.gsi.gov.uk](mailto:bv.update@odpm.gsi.gov.uk)

**Please comment by 2<sup>nd</sup> February 2004.** ODPM may wish to publish the responses in due course, or deposit them in its library, or that of the Houses of Parliament. If you wish your response to be treated in confidence please say so clearly - corporate confidentiality clauses automatically attached to outgoing e-mails will not be taken into account.

We welcome responses submitted electronically. Please send responses by e-mail to: [bv.update@odpm.gsi.gov.uk](mailto:bv.update@odpm.gsi.gov.uk). If you are not able to respond by e-mail, please send your response to: Stephen Hayward-Smith, Local Government Quality Division, Zone 5/B5 Eland House, Bressenden Place, London SW1E 5DU.

It would assist our analysis of the responses if you would clearly indicate which paragraphs of the draft guidance your comments refer to. Please also ensure that you indicate which organisation, if any, you represent.

## Scope of the guidance

1. With the exception of Police authorities<sup>1</sup>, the following guidance applies to all best value authorities in England. It explains how these authorities might meet the requirements of Part I of the Local Government Act 1999 in preparing Best Value Performance Plans. Subject to consultation, it is proposed that paragraphs 11-27, and Annex A will become statutory guidance, replacing paragraphs 65-76 and Annex E of Circular 03/2003<sup>2</sup>.

## Introduction

2. Earlier this year, ODPM published Circular 03/2003 *Best Value and Performance Improvement* to help principal authorities in England secure continuous improvement in delivering high quality local services, in accordance with their duty under best value. Tailored guidance was prepared for other best value authorities.
3. The guidance explained how authorities could use Performance Plans to drive improvement planning. By articulating priorities for improvement, explaining how weaknesses and opportunities identified in CPA would be addressed and setting targets for improved future performance, the plans could become the focus for authorities' improvement planning.
4. It also recognised that, as part of the Government's local authority plan rationalisation arrangements, Performance Plans would remain one of the few statutory plans that would continue to be required from all authorities. In the case of authorities categorised as excellent in the comprehensive performance assessment (CPA), it would be the sole annual plan that must be prepared and published.

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<sup>1</sup> Police authorities should continue to follow guidance contained in Best Value and Planning Guidance produced by the Home Office.

<sup>2</sup> For parish councils it replaces Annex D of Circular 09/2003; for the GLA, LDA and TfL it replaces Annex D of Circular 07/2003; for the National Park Authorities and the Broads Authority it replaces Annex E of ODPM Circular 10/2003 and Defra Circular 03/2003.

5. Over the summer, ODPM reviewed a number of Performance Plans. The purpose of the review was to consider the extent to which authorities had used them to drive improvement planning. The review did not consider the extent to which the plans complied with the detailed requirements in the guidance, as this was covered by the statutory audit.
6. The review revealed a mixed picture. Some authorities appeared to use their Performance Plan as a strategic planning document, as envisaged in Circular 03/2003. However, others tended to use the plan principally as a public accountability document.
7. Informal discussions with some senior authority officers suggested that where Performance Plans were not used as a strategic planning document, the authority's improvement planning arrangements were focused around its business or corporate plan, rather than around the Performance Plan. As a result, the Performance Plan in its current form was not viewed as a key strategic document capable of driving authorities' improvement planning activity.
8. Discussions with Whitehall Departments revealed that the plans provided essential information to enable performance, including expected future performance, to be monitored. They also helped Departments to identify authorities' improvement priorities, as well as innovative approaches undertaken to meet those priorities.
9. In the light of these findings and other developments since Circular 03/2003 was published, the Government has looked again at the purpose, timing, and content of the Performance Plan, with a view to considering whether changes might be made to better meet the Government's and authorities' requirements.
10. This consultation paper sets out the Government's proposals for changing Performance Plan requirements for 2004 and beyond. **The Government would welcome views about the aspects of Performance Plans that are most useful, as well as those that are not. Ideas would also be welcomed for further possible steps that might be taken in future to ensure that the requirements placed on authorities are kept to a minimum.**

## Planning improved performance

### Importance of effective improvement planning

11. All effective organisations need to have effective systems in place to measure and improve performance. They need to be able to identify their strengths and weaknesses, so that they can exploit opportunities for improvement and take steps to improve any areas that are under-performing.
12. This is especially important for best value authorities, given their vital role in delivering high quality, essential, public services. Indeed, it is fundamental to their duty of best value, which requires them to secure continuous improvement in the way that functions are exercised, having regard to a combination of economy, efficiency and effectiveness. For this reason, the quality of authorities' planning is one of the key components of the CPA assessment of corporate capacity.

### Focus of Performance Plans

13. The Local Government Act 1999 requires all best value authorities to prepare an annual Performance Plan and this is a key element of best value. But it is important that the plan does not become an end in its own right. It is a means to an end and is less important than the planning process that underlies it.
14. The statutory requirement to prepare a Performance Plan provides an opportunity for authorities to articulate their proposals for improvement for the coming year, including how weaknesses will be addressed, opportunities exploited and better outcomes delivered for local people. It should contain targets for future performance.

15. It is important, therefore, that the plans are not prepared in isolation from authorities' business planning. The Government proposes that all authorities should ensure that the improvement planning process that underlies the Performance Plan is integrated with authorities' corporate planning arrangements.

### **Audience for Performance Plans**

16. One of the fundamental issues for authorities in preparing their Performance Plans is to ensure that it meets the needs of its intended audience. Circular 03/2003 explained that the primary audience for the plans should be the authority itself<sup>3</sup>. Elected Members and officers with responsibility for delivering quality local services need to be aware of the authority's improvement priorities and how they will be addressed over the coming year. Not least because they can influence the improvement measures being introduced.
17. The Government also has a significant interest in Performance Plans. The plans contain essential information that enables it to monitor performance by local government as a whole towards the National Public Service Agreement (PSA) for Local Government, as well as the targets contained in Departmental PSAs. The plans also enable performance by individual local authorities to be monitored.
18. While Performance Plans should be public documents, authorities should not view the public as the primary recipients of these plans. Indeed many authorities have found other means to engage with the public.

### **Proposed content of Performance Plans**

19. The Government has looked again at the information that authorities are required to provide in their Performance Plans. In accordance with its approach to deregulation, the Government intends to streamline the Performance Plan requirements significantly.
20. As a first step, the Government proposes to remove the requirement to provide any information that can be obtained from other sources. Hence it will no longer be necessary for authorities to provide the following information:
- CPA scores;
  - summary financial information;
  - progress in implementing improvement measures over the past 3 years;
  - outcomes or impacts arising from those measures;
  - progress against Local Public Service Agreements.
21. Authorities may, of course, choose to include any, or all, of this information in their plans if they consider that it helps improve understanding of improvement proposals, or their context. **Does the proposed approach to streamline the requirements seem sensible?**
22. In addition, the Government has considered whether all authorities should continue to be covered by the same Performance Plan requirements. In line with its approach to delivering freedoms and flexibilities for better performing authorities, the Government intends replacing the current 'one size fits all' approach with a differentiated approach that reflects CPA categorisation.

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<sup>3</sup> The principal audience for the TfL and LDA Performance Plans is the Mayor and appropriate members of the London Assembly, functional body board members, and staff, *ODPM Circular 07/2003*.

23. For authorities that are categorised in CPA as excellent and good, where performance is strong and corporate capacity demonstrated, the Government intends to reduce its requirements further. Accordingly, for these authorities the Government will accept their corporate plan as meeting the statutory requirement to prepare a Performance Plan - providing that it is identified as such and contains the following information, necessary for Government to monitor performance:

- outturn data for Best Value Performance Indicators (BVPs)<sup>4</sup>;
- targets for BVPs in the current year and subsequent 2 years; and
- confirmation that they are adopting the Code of Practice in their approach to workforce matters and contracting.

This information could simply be annexed to corporate plans/ Performance Plans.

24. At authorities categorised as fair, weak and poor, and at authorities where there has not been a CPA, the Government proposes to set only four Performance Plan requirements. Listed at Annex A, these are intended to capture the information necessary to monitor performance and provide a structured framework around which authorities can develop and articulate their improvement planning arrangements. **Do consultees have views about the proposals to differentiate between CPA categories?** Arrangements will be developed for the preparation of Performance Plans by authorities recategorised in the CPA. These will be in line with the existing recategorisation principles agreed for excellent authorities as well as the improvement planning agenda.

25. For other best value authorities, the Government proposes to set four Performance Plan requirements, which are intended to capture the information necessary to monitor performance in the absence of CPA. These requirements will also help authorities to explain how they are securing continuous improvement in services, reflecting their self-assessment of risks, opportunities and weaknesses.

26. Annex A sets out the proposed matters that the different best value authorities must include in their Performance Plans published by June 2004 and in subsequent years. Subject to consultees' views, these would replace current statutory requirements. **Do consultees have views about the proposed requirements at Annex A?**

### Timing of Performance Plans

27. Consideration has also been given to the timing of Performance Plans. Many authorities carry out their business/ corporate planning arrangements well ahead of the new financial year, often to coincide with budget setting timescales. The preparation of Performance Plans should fit with the timescales that authorities currently operate for their business planning arrangements. Authorities will therefore be able to prepare and publish their Performance Plans at any time up to the end of June. However, recognising that one of the requirements for all authorities is to provide outturn BVPI data, authorities must ensure that their BVPI data is incorporated within their Performance Plan by the end of June. **The Government would welcome comments about the practical implications of this proposal.**

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<sup>4</sup> Work is underway to develop a set of Best Value Performance Indicators for 2004/05. When preparing Performance Plans for 2004/05, authorities should report their outturn performance on the BVPIs for the previous year as well as setting targets for the current and subsequent 2 years. It is recognised that these targets may need to be revised for the following year. Performance Plans for 2005/06 will need to report on those BVPIs in force until 30 September 2004 as well as any new ones which are introduced from 1 October 2004.

### **Audit of Performance Plans**

28. In its recent publication *Strategic Regulation: minimising the burden, maximising the impact*, the Audit Commission proposed repeal of the legislation requiring the audit of the Performance Plan. In doing so, it pointed to the assurance that would be provided by the qualitative assessment of authorities' approach to continuous improvement. The Government intends to discuss this proposal with the Commission. In the meantime, the audit provides validation of BVPIs and reassurance about the application of the Code of Practice, and the Government proposes that it should remain in its current, streamlined form.

### **Summary performance information**

29. The Government does not intend to amend the current arrangements for producing and publishing summary performance information, as set out in paragraphs 80-83 of ODPM Circular 03/2003<sup>5</sup>. Accordingly, all best value authorities should continue to prepare summary performance information by March each year.

ODPM  
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<sup>5</sup> Paragraphs 47-48 of ODPM Circular 07/2003; Paragraphs 63-64 of ODPM Circular 09/2003; Paragraphs 42-44 of ODPM Circular 10/2003 and Defra Circular 03/2003.

## **Annex A: performance plan requirements**

### ***(a) Excellent and good authorities***

1. The following requirements are issued under Section 6 of the Local Government Act 1999.
2. All authorities categorised in CPA as excellent and good must include the following items in their Performance Plan published by June 2004, and in subsequent years:-

(a) details of performance:

- outturn performance over the past year on all Best Value Performance Indicators (BVPIs)<sup>6</sup>;
- targets for the current year and subsequent 2 years for all BVPIs.

(b) a brief statement on contracts. The authority should state and certify that all individual contracts awarded during the past year which involve a transfer of staff comply, where applicable, with the requirements in the Code of Practice on Workforce Matters in Local Authority Service Contracts.

### ***(b) Fair, weak and poor authorities, and any district council or single purpose fire authority where a CPA has not reported***

1. The following requirements are issued under Section 6 of the Local Government Act 1999.
2. All authorities categorised in CPA as fair, weak or poor, and any district council or single-purpose fire authority where a CPA has not reported, must include the following items in their Performance Plan published by June 2004, and in subsequent years:

(a) a brief summary of the authority's strategic objectives and priorities for improvement. This should reflect its corporate/ business planning processes and community strategy.

(b) arrangements for addressing the authority's improvement priorities, particularly the opportunities and weaknesses identified in CPA (or self-assessment where a CPA has not reported), and the outcomes that are expected to be achieved as a result.

(c) details of performance:

- outturn performance over the past year on all Best Value Performance Indicators (BVPIs)<sup>7</sup>
- targets for the current year and subsequent 2 years for all BVPIs.

(d) a brief statement on contracts. The authority should state and certify that all individual contracts awarded during the past year which involve a transfer of staff comply, where applicable, with the requirements in the Code of Practice on Workforce Matters in Local Authority Service Contracts.

### ***(c) Other Best Value Authorities<sup>8</sup>***

1. The following requirements are issued under Section 6 of the Local Government Act 1999.

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<sup>6</sup> For plans published by June 2004, the reference to 'past year' relates to 2003/04.

<sup>7</sup> For plans published by June 2004, the reference to 'past year' relates to 2003/04

<sup>8</sup> Best Value Town and Parish Councils, National Park Authorities and the Broads Authority, Joint Waste Disposal Authorities, Metropolitan Passenger Transport Authorities, the Greater London Authority, London Development Agency and Transport for London.

2. Authorities must include the following items in their Performance Plan published by June 2004, and in subsequent years:
- (a) a brief summary of the organisation's strategic objectives and priorities for improvement. This should be drawn from its corporate/ business planning processes and overall vision.
  - (b) arrangements for addressing the organisation's improvement priorities, including any opportunities and weaknesses identified in best value reviews and inspections, and the outcomes that are expected to be achieved as a result.
  - (c) details of performance:<sup>9</sup>
    - outturn performance over the past year on Best Value Performance Indicators (BVPIs) that apply to the organisation;<sup>10</sup>
    - targets for the current year for the above BVPIs.<sup>11</sup>
  - (d) a brief statement on contracts. The organisation should state and certify that all individual contracts awarded during the past year which involve a transfer of staff comply, where applicable, with the requirements in the Code of Practice on Workforce Matters in Local Authority Service Contracts.

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<sup>9</sup> Best Value Town and Parish Councils should record outturn performance for local indicators used to measure performance in priority areas, and progress towards any targets attached to those indicators.

<sup>10</sup> For plans published by June 2004, the reference to 'past year' relates to 2003/04.

<sup>11</sup> In line with principal authorities, Joint Waste Disposal Authorities must set targets for the current year and subsequent 2 year for all relevant BVPIs.