Meeting:	Overview and Scrutiny Committee
Date:	11th June 2009
Subject:	Use of Resources Challenge Panel
Responsible Officer:	Alex Dewsnap, Divisional Director Partnership Development and Performance
Portfolio Holder:	Cllr Paul Osborn, Performance, Communication and Corporate Services Portfolio Holder
Exempt:	No
Enclosures:	Appendix One: Report of the Use of Resources Challenge Panel

Section 1 – Summary and Recommendations

This report accompanies the report from the Use of Resources Challenge Panel

Recommendations:
Councillors are asked to:
    I. Note the findings and observations of the Use of Resources Challenge Panel
   II. Agree the recommendations therein
  III. Refer the report to cabinet for consideration

Section 2 – Report

Background (if needed)

This year the Comprehensive Performance Assessment (CPA), the means by which an individual council's performance is measured has been replaced by Comprehensive Area Assessment (CAA). The CAA differs from the CPA in that for the first time, whilst councils and other public service providers in a local area will continue to be individually assessed, a collective assessment of the performance of all of these organisations and how they are measuring, responding to and meeting local people's needs will also be made. The two components of CAA are thus:

- Organisational Assessment and
- Area Assessment

The assessment of a council's own performance, the organisational assessment, has two components:

- how well it delivers value for money in the use of resources and
- how well it manages its performance.

Further details regarding the Use of Resources process is included in the attached report.

In preparing for this new assessment, the council decided to prepare a self assessment of its performance against the key lines of enquiry. It is important that this self assessment:

- provides the council with an accurate baseline assessment of our performance and references appropriate evidence of this assessment
- identifies the key areas for improvement
- represents a clear understanding of what needs to happen in order to deliver this improvement

- The Overview and Scrutiny committee was asked to provide challenge to the robustness. The panel took place on 22nd April as a round-table discussions between scrutiny councillors and council officers.

The findings and recommendations from the panel are attached at Appendix One.

Financial Implications

There are none associated with this report

Performance Issues

There are none associated with this report

Risk Implications

There are none associated with this report

Section 3 - Statutory Officer Clearance

No required for this report

Section 4 - Contact Details and Background Papers

Contact:
Lynne Margetts, Service Manager Scrutiny 020 8420 9387

Background Papers:
None

If appropriate, does the report include the following considerations?

1.	Consultation	NO
2.	Corporate Priorities	YES

May 2009

Overview and Scrutiny Committee

Draft Report of the Scrutiny Challenge Panel

Use of Resources Self Assessment

Members of the Challenge Panel

Cllr Brian Gate (Chairman)
Cllr Cllr Jerry Miles
Cllr Vina Mithani
Cllr Dinesh Solanki
Cllr Yogesh Teli

TABLE OF CONTENTS

CHAIRMAN'S INTRODUCTION & ACKNOWLEDGEMENTS

The Overview and Scrutiny committee was pleased to have been invited to participate in the preparation of the council's Use of Resources self assessment and I am delighted to have been able to chair this important investigation. The Use of Resources self assessment is an important part of the council's improvement journey and the panel is happy to have been able to offer our views on the structure and content of this important document.

The challenge panel met on 22nd April and we are grateful to those who provided us with the information upon which we based our challenge:

- Myfanwy Barret, Corporate Director Corporate Finance
- Tom Whiting, Assistant Chief Executive
- Alex Dewsnap, Divisional Director, Partnership Development and Performance
- John Edwards, Divisional Director, Environmental Services
- Mala Kripalani, Service Manager, Improvement Programme Team

The changes to the council's assessment regime are significant and we recognise the importance of ensuring the council has an accurate baseline from which to drive our future improvement. The significance of the changes have been made clear to the panel and we hope that our observations are useful in determining the content of the self assessment. The panel would welcome the opportunity to continue to engage in the development of the self assessment and in monitoring the improvement plan that derives from it. To this end we intend to make a number of recommendations to the Overview and Scrutiny committee regarding the monitoring processes. These are included in our findings and recommendations below.

Cllr Brian Gate , Chairman Use of Resources Self Assessment Challenge Panel

BACKGROUND

This year the Comprehensive Performance Assessment (CPA), the means by which an individual council's performance is measured has been replaced by Comprehensive Area Assessment (CAA). The CAA differs from the CPA in that for the first time, whilst councils and other public service providers in a local area will continue to be individually assessed, a collective assessment of the performance of all of these organisations and how they are measuring, responding to and meeting local people's needs will also be made. The two components of CAA are thus:

- Organisational Assessment and
- Area Assessment

The assessment of a council's own performance, the organisational assessment, has two components:

- how well it delivers value for money in the use of resources and
- how well it manages its performance.

The Use of Resources (UoR) assessment considers how well the council manages and uses resources to deliver value for money and better and sustainable outcomes for local people. The assessment is structured into three themes

- **Managing finances** - focusing on sound and strategic financial management;
- **Governing the business** - focusing on strategic commissioning of services and good governance;
- **Managing resources** - focusing on the effective management of natural resources, assets and people.

It is important that this self assessment:

- provides the council with an accurate baseline assessment of our performance and references appropriate evidence of this assessment
- identifies the key areas for improvement
- represents a clear understanding of what needs to happen in order to deliver this improvement

The Overview and Scrutiny committee was asked to provide challenge to the robustness of the self assessment and chose to do so by considering the following points:

- Why the council has chosen to produce a self assessment if there is no requirement to do so – what value will it offer to the organisation and whether in its current format this value will be realised
- What difference the self assessment is expected to make to the council
- How the officers feel that the self assessment will help the council to improve
- How effectively they feel it has addressed the strengths and weaknesses of the organisation
- What criteria have been used to include either strong or weak performance
- Whether the self assessed ratings are fair and whether the statements regarding the strengths of the council's performance are accurate and merit the proposed grading
- Whether all/appropriate areas for improvement have been included
- How they propose to manage/oversee improvement in the areas identified

The panel took place on 22nd April as a round-table discussions between scrutiny councillors and council officers. At the meeting the panel received detailed information on the content of the self assessment and was able to question and make recommendations on specific elements of the content and also to raise a number of strategic questions in relation to the development of the assessment.

The panel comprised:
- Cllr Brian Gate (Chairman)
- Cllr Cllr Jerry Miles
- Cllr Vina Mithani
- Cllr Dinesh Solanki
- Cllr Yogesh Teli

The panel's findings and recommendations are included in the pages that follow.

KEY OBSERVATIONS

The observations of the panel are grouped around three interconnected themes:

- The usefulness and purpose of the self assessment
- The improvement process
- The validity of the data included

The usefulness and purpose of the self assessment

Officers explained the purpose of the self assessment. Although the borough isn't required to produce an assessment, because the regime has changed so significantly officers feel that it is important that the council assesses its performance against the new regime and establishes a baseline in terms of our performance as an organisation, we need to understand our strengths, our weaknesses and how we can improve. The document has formed the basis for constructive discussions with the auditors and has thus facilitated a healthy working relationship with them from which the council will benefit in terms of helpful performance feedback

They also explained that the change in requirements reflects a desire to ensure that the burden of inspection on councils is reducing.

The panel agrees that the self assessment is an important process and endorsed the decision to produce it. Reassurance are sought however, that the process has been one which will make a useful contribution to the ongoing improvement process, the purpose of the exercise is not the self assessment itself but the organisation's commitment to the objective analysis and improvement proposals incorporated in the document.

The improvement process

It is the council's stated intention that the self assessment forms the basis of our improvement journey for the foreseeable future and that all improvement priorities will be integrated into the Council Improvement Programme (CIP). However, for this meeting, the detail of the plan was not available and as such the panel could not comment on any specific areas of improvement. We would urge that the final document, incorporating improvement priorities is presented to the panel prior to final submission to the auditor.

In the absence of specific information, the panel considered some of the more strategic issues in relation to the council's improvement priorities.

Officers advised the group that there is no clear guidance on what performance constitutes 'good' or 'excellent'. This clearly presents difficulties for the council in terms of developing appropriate improvement processes in order to deliver a high performance assessment. The officers also advised the group that they felt that it was important in proposing improvement priorities to ensure that these priorities are practical and deliverable. As there is no clear guidance on what constitutes excellent performance then, it is beyond the capacity of the organisation to simply devise an improvement process that will tick the appropriate performance boxes.

The panel in general considers this an opportunity in that the improvement plan which the council will deliver will be more than a technical exercise and will be realistic in terms of resourcing. However we recognise that, in the absence of the performance descriptors, the council must be clear as to how it will determine its improvement priorities. We generally agree that this

presents a significant opportunity for the council to determine the agenda in a way that previous assessment regimes, with their more prescriptive approach had not. We recommended that officer therefore must place the needs and aspirations of local people at the forefront of our improvement planning process. Only in this way can the council achieve the lasting and truly embedded improvements that will make a real difference in the quality of life of local people and thus result in appropriately improved performance ratings. In recognising that targets must be realistic and achievable, the panel also feels that our ambition must not be constrained and that in setting our improvement targets and processes, the council should have an eye to the approach being adopted by other council's in order to ensure that best practice is reflected in our own improvement processes.

In this context, the panel considered the approach of Hillingdon Council which had been observed during research undertaken as part of the standing review of the budget. Hillingdon councillors had decided that, whilst they are subject to the star rating assessment processes of the Audit Commission, they refused to allow the star rating to be the determinant of their improvement priorities, preferring instead to focus on the expressed needs and aspirations of their residents. In Hillingdon's view, to deliver what residents want is the key and if the high performance ratings follow then so be it. Of course, whilst this is a laudable approach, the impact of high performance ratings on staff morale and thus on performance and reputation is likely to be positive, the relationship is therefore a complex one, the impact of the star rating on staff morale and organisational reputation cannot be underestimated.

The validity of the data included
The council has generally assessed itself at level 3 under the regime. Only under the key line of enquiry (KLOE) 'Is the organisation making effective use of natural resources?' has the organisation rated itself as less than '3', '2'. The self assessment presents the council with something of a dilemma – we need to present a realistic assessment of our performance but must not do ourselves down *or* oversell our performance. The panel concedes the logic in showing ourselves in a good light but cautions against the negative impact of an over generous assessment and would urge that we don't oversell our performance. The group also highlighted the danger of omitting areas of significant under performance if this is subsequently identified by the CAA process. The panel's general conclusion is that the self assessment should promise less and deliver more.

As a general comment, we feel that the document placed significant emphasis on a number of new processes that the council has introduced to improve corporate procedures – e.g. service planning, budget monitoring. However, it is not convincing in terms of the evidence included as to how these processes have delivered real improvement and outcomes for local people. Whilst it might be the case that the council is on the cusp of real improvement at this point, it is important that we capture the evidence of this and ensure that this evidence is incorporated in the self assessment.

RECOMMENDATIONS

The Use of Resources self assessment challenge panel recommends that:

- The organisation ensures that the self assessment provides a focus for the council's improvement process and does not become an end in itself
- The final self assessment, incorporating the improvement priorities should made available to the panel for comment
- The council ensures that the improvement priorities eventually incorporated in the self assessment are grounded in a clear understanding of residents' priorities
- Whilst improvement priorities must be realistic and achievable, they must also be aspirational, the panel also recommends that the council appraises itself of the improvement processes being adopted in other, similar boroughs
- The self assessment 'under sells' but 'over delivers' in terms of its content
- The content incorporates evidence of the impact of the processes that have been included in it

CONCLUSION

All in all the challenge panel endorses the approach taken by the council in producing the self assessment. We recognise that the production of the document is a difficult exercise, which must balance the need to highlight our achievements at the same time as identifying our key improvements. However, we would caution against an over optimistic appraisal, overselling our performance could well have a detrimental impact on our reputation – if we cannot demonstrate self awareness how can we demonstrate the capacity to improve.

Finally, we would counsel that the organisation must not become preoccupied with the production of the self assessment, it must be a helpful document that enables the council to secure improvement, it is not an end in itself.

Use of Resources Self Assessment Challenge Panel
22nd April 2009