

Meeting:	Cabinet
Date:	16 July 2009
Subject:	Use of Resources Challenge Panel Outcome
Key Decision:	No
Responsible Officers:	Tom Whiting, Assistant Chief Executive; and Myfanwy Barrett, Corporate Director Finance
Portfolio Holder:	Cllr David Ashton, Leader; and 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 sets out the findings of the Challenge Panel on the Use of Resources self assessment, developed as part of the Council's response to the Comprehensive Area Assessment. The Panel made recommendations to Officers which have been endorsed by Overview and Scrutiny on the 11 June 2009, which are now referred onto Cabinet for consideration with officer response.

### **Recommendations:**

Cabinet is requested to:

- 1) consider the six recommendations from the Scrutiny Challenge Panel and officer responses;
- 2) authorise the implementation of the recommendations; and
- 3) thank the Scrutiny Challenge Panel for their report.

## **Reason: (For recommendation)**

To respond to the scrutiny report and recommendations.

## **Section 2 – Report**

1. This year, the Comprehensive Performance Assessment (CPA), the means by which an individual council's performance is measured, has been replaced by the Comprehensive Area Assessment (CAA).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
2. 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.
3. Further details regarding the Use of Resources process is included in the attached report of the Challenge Panel (Appendix 1).
4. 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 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
5. The Overview and Scrutiny committee was asked to provide challenge to the robustness of the self assessment within the framework of the new Use of Resources criteria. The panel took place on 22<sup>nd</sup> April as a round-table discussion between scrutiny councillors and council officers.

## **Options considered**

### **Response to the Recommendations**

6. The challenge panel made six specific recommendations, and of these:
  - three are agreed and have been implemented;
  - three are agreed and will be implemented through the development of the improvement plan.

7. The three recommendations which are agreed and have been implemented are:

#### **Recommendation 1**

***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 decision to develop a self assessment for Use of Resources was taken on the basis that the information gathered as a result would not only support the Council in understanding how it met the new Use of Resources criteria, but would also support the development of an improvement plan which would integrate with existing improvement processes in supporting better services for Harrow residents. The challenge panel recommendation is welcomed as an endorsement of the approach to date.

#### **Recommendation 5**

***The self assessment 'under sells' but 'over delivers' in terms of its content***

The self assessment has been drafted so that the content fully sets out how the Council is performing against the criteria in Use of Resources. In doing so the Council has not over-stretched our view of our own performance, but delivered a document which confidently asserts our strengths and where necessary identifies our improvement areas and actions to address these.

#### **Recommendation 6**

***The content incorporates evidence of the impact of the processes that have been included in it***

In the further development of the self assessment since the Challenge Panel, more evidence has been included on the impact upon outcomes of existing and improved processes. A draft of the self assessment was shared with the Council's auditors in May, to support the directing of their enquiries. Through dialogue with the auditors, the Council has produced further evidence when necessary to show where Council processes are helping to support better services to residents. In submitting further evidence, the Council has not focused on the updating of the self assessment as it was felt of more value to put efforts and energies into the development of the improvement plan and ensuring that each further enquiry by the auditors is adequately responded to.

The three recommendations which are agreed and will be implemented through the development of the improvement plan are:

#### **Recommendation 2**

***The final self assessment, incorporating the improvement priorities should made available to the panel for comment***

When the improvement plan has been developed it will be shared with the challenge panel, to enable the scrutiny process to shape it further.

#### **Recommendation 3**

***The council ensures that the improvement priorities eventually incorporated in the self assessment are grounded in a clear understanding of residents' priorities***

Throughout the process of developing the self assessment, the focus has been on improvements which will add value to the organisations' ability to deliver improved services to residents. In developing the new CAA framework, the Audit Commission

have wanted to put residents and communities at the heart of the improvement journey. In developing the improvement plan the Council will ensure that there is a direct link to residents' priorities.

In doing so, the Council will seek to utilise existing intelligence on residents' priorities. For example, the Place Survey and Reputation Tracker are giving us a clear insight into resident's needs and aspirations and the Council is already using this intelligence to feed into service improvements. The Council is also about to consult with the Residents Panel on the Year Ahead Statement for 2010-11 (following Cabinet approval), which will also give further intelligence on Harrow residents' priorities. However, as part of the response to Recommendation 2 above, the Scrutiny Challenge Panels' views would be welcomed on whether the planned improvements are clearly aligned to resident priorities.

#### **Recommendation 4**

***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***

Throughout the audit process the Council has been in conversation with other Councils. As the improvement plan is finalised, this liaison will continue in order to share our development process and to learn any best practice around improvement processes that other Council's are implementing.

## **Financial Implications**

8. There are no direct financial implications as a result of the recommendations from the Scrutiny Challenge Panel. An improvement plan is in development and any resource implications related to this plan will be considered once the plan has been finalised.

## **Performance Issues**

9. The Use of Resources assessment is part of the Comprehensive Area Assessment (CAA). The CAA is made up of two elements: an Organisational Assessment of local statutory bodies, i.e. the Council, the Primary Care Trust and the Police; and an Area Assessment which is a judgement on how public services are delivering outcomes for local people and communities. The Organisational Assessment is split into two further elements: Managing Performance and the Use of Resources. For each of these two elements a score from 1-4 will be given, which will feed into an overall score for the Organisational Assessment.
10. Although a judgement on Use of Resources has been an integral part of the Audit Commission framework for some years now, the 2009 criteria have been broadened and made more 'challenging'. The process for reaching the judgement for Use of Resources has also changed for 2009, where there is less reliance on detailed Key Lines of Enquiry covering the expectations of each 'score' and more of a 'rounded judgement' against the full range of evidence available.
11. The criteria for the 2009 Use of Resources are set out below:
  - managing finances - How effectively does the organisation manage its finances to deliver value for money?

- governing the business - How well does the organisation govern itself and commission services that provide value for money and deliver better outcomes for local people?
- managing resources - How well does the organisation manage its people, natural resources (i.e. resources that occur naturally on the earth, which the organisation in the conduct of its own operations either consumes directly, or impacts upon, such as water and energy) and physical assets, to meet current and future needs and deliver value for money?

12. The Council will receive an indication of the score that our auditors will submit to the Audit Commission at the end of July, when all audit work will have been completed. The final score will be confirmed in the autumn before the Audit Commission publish the national judgements for CAA in November. The Council's auditors came on site on 20<sup>th</sup> April. The Council has been in dialogue with them since then in order to understand the detail and nature of the evidence they require and also to shape the improvement plan.

## Environmental Impact

13. The Use of Resources criteria includes for the first time this year a section on the management of natural resources and how the Council (with partners) is managing towards operating on a more environmentally sustainable footing. The key elements of this from the Use of Resources criteria are set out below:

'Is the organisation making effective use of natural resources? Focus is on whether the organisation:

- understands and can quantify its use of natural resources and can identify the main influencing factors;
- manages performance to reduce its impact on the environment; and
- manages the environmental risks it faces, working effectively with partners.'

14. Key areas for improvement will be integrated into the Improvement Plan.

## Risk Management Implications

15. Risk management arrangements are part of the Use of Resources criteria. These are being considered in the development of the improvement plan. Any significant risks highlighted through this process will be integrated into existing risk registers.

Risk included on Directorate risk register? Yes

Separate risk register in place? No

## Section 3 - Statutory Officer Clearance

Name: Myfanwy Barrett

Chief Financial Officer

Date: 30 June 2009

Name: Hugh Peart



Monitoring Officer

Date: ...2 July 2009

#### **Section 4 – Performance Officer Clearance**

Name: Tom Whiting, Assistant Chief  
Executive



Divisional Director  
(Partnership Development  
And Performance)

Date: 29 June 2009

#### **Section 5 – Environmental Impact Officer Clearance**

Name: John Edwards



Divisional Director  
(Environmental Services)

Date: 29 June 2009

#### **Section 6 - Contact Details and Background Papers**

Contact: Alex Dewsnap, Divisional Director Partnership Development and Performance, 020  
8420 8520

Background Papers:

The report of the Challenge Panel is attached an Appendix One for information.



May 2009

**Overview and Scrutiny Committee**

**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

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## **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 22<sup>nd</sup> 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 22<sup>nd</sup> 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 be 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  
22<sup>nd</sup> April 2009**