

Inspection report

April 2005



Comprehensive performance assessment

**Corporate Assessment Report
Newcastle City Council**

Contents

Introduction	3
Summary of comprehensive performance assessment judgements	4
Context	6
The locality	6
The council	6
What is the council trying to achieve?	7
Ambition	7
Prioritisation	8
Capacity	10
Performance management	11
What has the council achieved / not achieved to date?	12
Achievement of improvement	12
Investment	14
Learning	15
Future plans	16
Summary of theme scores and strengths / weaknesses	17
Framework for comprehensive performance assessment	20

Introduction

- 1 The local government White Paper *Strong Local Leadership – Quality Public Service* encourages greater focus on improved services for local people. Better performing councils are freed from central government controls and restrictions and poorer councils receive better focused support for improvement. The first step in this process was to make an overall judgement, a comprehensive performance assessment (CPA), of where each council stands.
- 2 In December 2002 the Audit Commission reported the results of the comprehensive performance assessment, for the first time, for each council. Your council was categorised as good.
- 3 In December 2003 new CPA information was published for each single tier and county council, based on reported changes in service performance during 2003 and you council was again categorised as good
- 4 This report presents the results of a corporate assessment carried out in February 2005. The judgements are based on the Audit Commission's published key lines of enquiry, and include an update and analysis of your council's progress against:
 - ◆ the strengths and weaknesses contained in the 2002 report; and
 - ◆ the council's own priorities for improvement.

Summary of comprehensive performance assessment judgements

- 5 Newcastle City Council has consolidated many of the strengths and made good progress against many of the weaknesses highlighted in the 2002 assessment. The council has either maintained or increased its level of services. It now has a more robust process for prioritising its efforts and allocating its resources and has continued to deliver improvements in 2004 with the change in administration.
- 6 The council has reviewed and strengthened its partnership arrangements, but there is further scope to clarify the outcomes anticipated from those relationships. Whilst partners regard the council as an effective community leader, it has sometimes been less effective at engaging with its own staff - but is improving.
- 7 The council has invested significantly in capacity-building and in the corporate infrastructure which it will need to deliver its priorities and fulfil its ambitions for the city. Despite the significant steps already taken to develop its approach to project and risk management, there is further scope for the council to embed these processes. It has understood and taken action to address many of the weaknesses in performance management, which has contributed to improved performance across a range of service areas, including those which the public can see, such as waste collection and recycling initiatives.
- 8 There are some service areas where the council still has to overcome persistent under-performance. There are also some remaining areas where it needs to extend and systematically spread good practice. Whilst performance within education has improved recently, and further action is being taken, education attainment remains amongst the worst nationally.
- 9 The council actively engages with its stakeholders to ensure that service delivery is focused on user needs and is collaborating with key regional partners to ensure that it is able to capitalise on opportunities within the region. Evaluation of new initiatives and learning from its own experiences and from the experiences of others is happening more frequently, but is inconsistent. In addition, there is no systematic approach to share learning across all areas of the council.

Corporate Assessment Score

Key Question	Theme	2002 Final Weighted Score	2004 Un-Weighted Score	2004 Weighted Score
What is the council trying to achieve?	Ambition	4	3	3
	Prioritisation	2	3	3
	Focus	3	4	4
How has the council set about delivering its priorities?	Capacity	3	3	3
	Performance management	2	3	3
What has the council achieved to date?	Achievement	9	3	9
	Investment	6	4	8
In light of what has been learnt, what does the council plan to do next?	Learning	3	3	3
	Future Plans	2	3	3
TOTAL THEME SCORE		34		39

Context

The locality

- 10 The city of Newcastle serves as the regional capital for a population of over two million people across NE England. It includes a lively city centre that provides entertainment, employment and commerce for people throughout the north east. There are affluent rural and semi-rural areas to the north and west and areas of significant deprivation in the east and inner west. Newcastle has a diverse population; minority ethnic communities make up 6.9 per cent of the population, with a higher proportion amongst young people - 10 per cent of school children are from minority ethnic groups.
- 11 Newcastle, together with the area covered by Gateshead immediately to the south of the river Tyne, is widely recognised as a regional centre and is a focus for transport, commerce and culture. There are 143,000 jobs within the city and 80,000 people travel in from neighbouring authorities to work.
- 12 Between 1991 and 2001 the population of Newcastle decreased by 5.6 per cent, particularly during the late 1990's. However, since 2001 population loss has stabilised; the latest mid-year estimate suggests a modest growth in population.
- 13 Over two-fifths of the population live in the 12 wards that are amongst the 10 per cent most deprived wards nationally; 5 wards are amongst the 1 per cent most deprived. In 2002, some 45 per cent of school age children lived in these wards.
- 14 Falling population is both a symptom and a cause of Newcastle's problems. Affluent areas experience buoyant market conditions, leading to housing shortage and high house prices. By contrast, less affluent areas in the east and inner west end areas suffer from low housing demand, with many empty houses, high levels of long-term unemployment and low levels of educational attainment
- 15 Educational attainment is consistently lower than the national average; almost a third of Newcastle residents have no qualifications

The council

- 16 In June 2004 the council changed political control for the first time in 30 years, when a Liberal Democrat administration won 48 of the 78 seats - the remainder going to Labour party members. The new Executive maintained continuity by retaining the agreed corporate objectives and portfolio plans established for 2004/05, subsequently producing a new vision and corporate objectives for 2005/06 and beyond which were launched during January 2005.
- 17 Since 2002, the council has implemented two significant organisational reviews intended to enhance its capacity to improve. It created a Chief Executives Office to support corporate affairs and a regeneration directorate to maximise delivery of its ambitions around regeneration, which it regards as a key priority.
- 18 The council's overall net revenue budget for 2004/05 is £329 million

What is the council trying to achieve?

Ambition

- 19 In this area, classified as an area of strength in 2002, weaknesses are now more apparent, though still outweighed by strengths. The council is widely regarded as an effective community leader. Its strong vision for the city has been maintained through the recent change in administration, though this is not yet supported by clear and sustainable long term targets.
- 20 Partners share the council's vision, which reflects the needs of local stakeholders and has generated medium term targets in line with national priorities. The overarching vision for Newcastle - to "create a vibrant, inclusive, safe, sustainable and modern European city" – was revised following the change in administration. It carries the same key messages as the earlier vision and is faithful to the spirit of the 2004/05 corporate plan in highlighting regeneration, educational attainment and environmental improvement as principal aims.
- 21 The new vision and underlying objectives are supported and owned by partners, both political parties and by council staff. They mirror the ambitions for the city set out in the *Newcastle Plan* (NP) - the Community and Neighbourhood Renewal Strategy produced by the Newcastle Partnership, the city's LSP.
- 22 There are clear links between the NP, the corporate plan and the new vision, which in turn reflect the extensive consultation with stakeholders and communities undertaken by the council and its partners. The council's role as a community leader is maturing and is widely praised by partners, particularly around coordinating the delivery of regeneration initiatives and for promoting a regional approach to regeneration through the *Northern Way*. The new administration successfully lobbied for a private sector Chair for the LSP, preferring to influence direction and delivery of the Plan through the Board and the Theme Partnerships rather than chairing the LSP.
- 23 In defining its ambitions, the council communicates with its diverse communities in a variety of ways – increasingly face to face, but primarily through *Citylife*, a newsletter received by every household and widely read. Dialogue with many of the city's major employers takes place at chief officer level and the council has strong connections with the Chamber of Commerce.
- 24 The effectiveness of the council's leadership and communication has improved since 2001 when it carried out its first survey of staff. A December 2003 staff survey acknowledged a good understanding about their contribution to the council's objectives, but highlighted a lack of understanding from senior managers about the challenges facing staff and poor internal communication. During 2004 the council has responded to these concerns, and there are signs that staff engagement is improving. The council now uses a range of methods, including briefing sessions and an intranet, to improve engagement with staff and their awareness of its new vision and key objectives.
- 25 Some aspects associated with the council's ambition demonstrate less progress. The contribution which council service plans make to the ambitions set out in the NP and corporate plan are not always explicit. The council has acknowledged the need to strengthen this when developing the 2005/06 annual service plans. Long-

term objectives clearly acknowledge the key local challenges, supported by short- and medium-term targets, but there are few targets or clear, sustainable outcomes to assess how realistic and robust the long-term objectives actually are. This makes it difficult to quantify the extent of the council's ambitions for the city. Progress on developing the LSP has been slow compared to that achieved in some localities.

Prioritisation

- 26 Significant improvements in the council's approach to prioritisation since 2002 mean that strengths now outweigh weaknesses in this area. Medium term financial planning arrangements have been strengthened and there is greater clarity around council priorities – with scope to improve the links between council and LSP priorities.
- 27 Members and chief officers are strongly committed to the council's improvement agenda and have used prioritisation as a mechanism to balance national and local issues. Weaknesses associated with the council's approach to medium term financial planning (MTFP) and the lack of clarity around non-priorities highlighted in 2002 have been addressed. There are now clear links between resource allocation and the council's priority areas - reflected by the current strategic objectives, which can be summarised as :
- improving educational attainment and encouraging lifelong learning;
 - building and supporting safe and clean neighbourhoods and communities;
 - creating an improved quality of life, devolving decision-making and empowering individuals and communities;
 - encouraging enterprise, investment, innovation and jobs;
 - creating an attractive city for people today and tomorrow; and
 - improving housing, health and well-being across the city and promoting inclusion and equality, and helping those most in need.
- 28 The council has a comprehensive approach to consultation which provides a clear basis for its priorities. This is being strengthened through intelligence about local indicator trends at a neighbourhood level gathered by the Newcastle neighbourhood information system (NNIS), and by developing community-based networks as the successor to Area Committees. The council is regarded by partners as willing to listen; it has used feedback from consultation to influence priorities in its MTFP.
- 29 The budget-setting and MTFP process has also actively involved members and officers in prioritisation for 2005/06 through to 2007/08. Services are assessed against cost, performance, impact and contribution criteria to ensure coherence with the council's vision and objectives. This process clearly sets out the council's high, medium and low priority service areas and makes clear links to decisions on resource allocation for 2005/06 and beyond.
- 30 It has combined this assessment with feedback from consultation to increase the balance of funds in favour of the communities and neighbourhoods, whilst

safeguarding passported funding for schools and social services and reducing revenue for central services. These priorities also reflect national initiatives to improve wellbeing in neighbourhoods, increase recycling and raise educational attainment, and represent areas in which prioritisation by the council has already led to demonstrable service improvements.

- 31 The council continues to communicate its priorities to staff and to its stakeholders. Partners demonstrate a good awareness of these priorities, as do members and senior managers. Two thirds of residents surveyed in 2004 agreed that the council had kept them well informed about the services and benefits it provides.
- 32 However, a residents' survey in 2004 showed that more people (38 per cent) were dissatisfied with opportunities to influence the council than were satisfied (23 per cent) – though this has continued to improve since 2000.
- 33 In addition, only just over half of staff surveyed in December 2003 agreed that they understood the goal and objectives of the council; staff now report that this has improved as a result of council awareness-raising initiatives. The NP contains some explicit priorities – primarily those associated with community safety and local neighbourhoods – but prioritisation within and between themes is not always clear enough. Links between LSP and council priorities are implicit but do not always provide a clear steer for council staff – influenced in part by the limited availability of clear outcomes and SMART targets in some areas.

Focus

- 34 A range of mechanisms has helped the council to sustain its focus on key priority areas, though this has not translated into significant improvement within some areas. Focus is now an area of strength for the council.
- 35 A shared commitment to the well-being of local communities amongst members from all parties has helped the council to remain focused on addressing the key needs of the city and its communities. This shared commitment is extended to the council's partners, contributing to a collective focus on key priorities. The information they provide to NNIS helps the council maintain a focus on the most disadvantaged areas of the city.
- 36 The council has made better use of performance monitoring, new programme management arrangements and the MFTP process to maintain focus on its priorities, even during the political transition. Since 2002 the council has established new structures, such as the Business Management Group (BMG) which is chaired by a chief officer and helps the council to maintain its focus by challenging and monitoring performance across the council on a regular basis. Chief officers and senior members now meet frequently to review progress against key priorities – an arrangement which provides scope to plan ahead and drive the corporate agenda. This approach, together with enhanced project and risk management procedures has improved the council's ability to respond to emerging issues and sharpen its focus on strategic priorities.
- 37 This is complemented by reports of progress against Portfolio Plans – an element of the corporate plan which provides portfolio holders with regular information on performance. The council publishes performance data on its intranet, which is accessible by all staff and helps to retain their focus on what matters.

- 38 The council has strengthened its approach to OD through a strategy with six key themes, including leadership, capacity building and communication. It has also introduced more explicit targets with robust supporting strategies covering areas such as risk and project management.
- 39 The impact of this sustained focus can be seen in the rapid improvements in social services ratings, the use of PRINCE project management techniques to manage longer-term projects such as the four year IT and related services transformation programme, the combination of government initiatives into a comprehensive, city-wide school buildings replacement programme, and the delivery of £2.6 million worth of local environmental improvement schemes in 2003/04 through the Environmental Ward Stewardship scheme.
- 40 Although the performance within some key council priorities such as waste disposal and education attainment is still amongst the worst nationally, there has been some significant improvement as a result of the council's sustained efforts. However, progress remains slow in some priority areas - for instance, planning control is not responsive enough to support an area with high development activity.

How has the council set about delivering its priorities?

Capacity

- 41 The council is actively engaged in a programme of capacity-building. This is evident in key areas including strategic procurement, by recruiting and growing in-house expertise, forging strategic partnerships and by encouraging local markets. Overall, strengths continue to outweigh weaknesses in this area.
- 42 Officers and members are clear about their roles and responsibilities, are capable and are committed to the improvement agenda. There is effective cross-party working on council priority areas. Experienced executive members are acting as mentors to backbenchers to widen their experience and to fulfil the role of informal deputies. Opposition party members chair scrutiny panels to promote challenge and ensure cross-party engagement in decision-making.
- 43 Capacity at the corporate centre has been strengthened by the creation of a Regeneration Directorate to support the council's extensive redevelopment programme. BMG provides corporate support to project management process re-engineering and this has enabled the council to release £25 million of corporate resources and redirect these towards priority areas. A Strategic Programme Management Team coordinates major investment and procurement projects, supplemented by a corporate programme and project office which coordinates project management throughout the council. Although at an early stage of development, this arrangement enhances the council's project management capacity
- 44 The council has developed strong partnerships with its public and private sector partners and this can be seen in projects such as the Walker Riverside Project, a joint street lighting PFI with North Tyneside and with OPM who support the OD programme. The council has also developed a strong external community safety partnership and makes good use of consultants internally to boost management capacity.

- 45 It has increased its strategic procurement capacity by collaborating with neighbouring authorities to produce a regional succession planning strategy to secure longer term capacity for local government and this is supported by an ODPM capacity-building fund. The council has also been successful in attracting substantial investment to the city through PFI, including a £200m school estate development and collaborative working with the LSP on delivering LPSA targets. Whilst the council has strengthened its approach to partnership working, it is not always explicit about the contribution or outcomes it expects from those relationships.
- 46 The council's overall financial position is good, with reserves of £7.8m planned for in the 2004/05 budget. Whilst some significant cost pressures remain, these have generally been acknowledged or addressed in its financial plans.
- 47 Since the last CPA a robust OD plan has been developed and progress on delivering key objectives is steady. However, the impact of the plan on the coordination of training and development across leading services areas is not clear.
- 48 Areas requiring further development include training to support some of the backbench members. The council has arranged induction and training opportunities for new members but these have not been universally taken up. Scrutiny is providing effective policy overview, but there are few indications that challenge is having a positive impact on decision-making.
- 49 The council has recognised the need to develop the capacity of the regeneration service, so that it can effectively support the management and monitoring of complex projects and has created a new regeneration directorate.

Performance management

- 50 The council has made significant progress in implementing its performance management system and strengths now outweigh weaknesses in this area.
- 51 The Balanced Scorecard approach was adopted and after some initial difficulties in rolling out the system, it now provides officers and members with much of the information they need to monitor performance. 'Traffic lighting' is used to make performance information more accessible and quarterly reports are presented to members on performance across all council services. Clear links can be seen between service plans and wider council priorities. Services are actively using performance information and corporate guidance on performance to drive improvement. The impact of the council's strengthened approach is evident from its improved staff sickness levels and in the performance of some service areas.
- 52 A strong performance culture is developing within the council with three quarters of staff reporting high levels of motivation. Individual staff appraisals are in place for the top four tiers. The Balance Scorecard feeds in to service plans and services, including Waste and Social Services actively use performance information to drive improvement. Performance information has also supported improvement in areas where it has been weak in comparison with other councils, such as in sickness management.
- 53 The council has developed a standard for assessing risk, including a requirement to report significant risks at Executive level. Software and training to help staff

manage risk is being provided and awareness of the importance of risk among staff is high. Risk management is integral to the financial and service planning processes and is at the forefront of a number of individual projects currently underway, such as the school capital projects.

- 54 The council's financial planning process provides an important underpinning when setting, measuring and challenging the financial performance of services. Wherever possible, cost is measured and monitored as part of the Balanced Scorecard.
- 55 The use of procurement and Best Value to assure value for money has gained pace since the council's adoption of a new procurement policy in 2002. Using competition to demonstrate value for money has led to a number of external framework contracts and partnering arrangements. In 2005/06 more services will be market tested following more consistent assessment of cost and performance in the revised budget-setting process. Overall, corporate systems for assuring value for money require further development and more consistent and structured application. The systems have not been fully tested through widespread application; whilst some recent procurement arrangements have begun to deliver the expected benefits, the majority have yet to realise their full impact.
- 56 A minority of backbench members, particularly the new and inexperienced members have a limited awareness of which are good and poorly-performing service areas and lack confidence in challenging decisions through the scrutiny process. These factors limit their contribution to what is otherwise a more sustained focus on improving service delivery.
- 57 There is some evidence that performance management is not yet embedded across all services equally and the council does not always make effective use of comparative information within its reporting arrangements. Member challenge of poor performance to support sustained improvement and widening the personal appraisal and target setting arrangements to cover all staff are areas which require further development.

What has the council achieved / not achieved to date?

Achievement of improvement

- 58 Council performance since 2002 has improved within a majority of its priority areas and strengths continue to outweigh weaknesses. In some cases the pace of improvement has been modest and in others there is still scope for the council to improve some stubborn, low-performing areas.
- 59 Many of the council's achievements since 2002 have contributed to the council's regeneration agenda, such as physical infrastructure and redevelopment, improvements to the streetscene and improving crime statistics – outcomes which are recognisable by city's residential and business communities. Recent external endorsements of the councils approach to improving the quality of life for its citizens include an award from the Royal Town Planning Institution for the redevelopment of Grainger Town and classification of the New Deal for Communities programme as excellent.

- 60 Education continues to be a top council priority. On one level, the improvement in educational attainment has been dramatic; Newcastle schools showed the greatest improvement nationally in 2003/04 at KS2 and GCSE results also improved, despite the worsening socio-economic conditions identified by OfSTED in 2002. Nevertheless, the performance in relation to attainment remains in the bottom quartile nationally and sustained effort is still required.
- 61 In the context of core city performance in education, progress has been favourable; Newcastle achieved the largest improvement in GCSE (grade A*-C) since 2002 and is now ranked second out of eight core cities. Newcastle received a 2 star rating, from Ofsted in December 2004 – unchanged from 2003 and based on an inspection of the LEA in 2002.
- 62 Overall council performance during 2003/04 improved; 62 per cent of BVPIs improved – including high priority areas such as waste collection, education and crime. Below-average BVPI performance improved from 63 to 52 per cent; 30 BVPIs remain in the worst quartile, concentrated within the Education and Transport sectors. The council met 57 per cent of its own BVPI targets, compared to 62 per cent the previous year. The CPA core service score increased from 3 to 4.
- 63 Areas of underperformance highlighted during the assessment in 2002, such as staff sickness levels and the level of recycling have improved. Whilst staff sickness levels showed a modest improvement, council performance on waste recycling improved significantly. The household waste collection service scored highest for customer satisfaction in a survey of residents during 2004 - though unchanged since the 2000 survey, but net satisfaction with recycling facilities almost tripled since 2000.
- 64 Social Services – already a high performing service - consolidated its achievements by increasing its rating for Adult Services to the maximum possible. Improvements to Financial Services have also been acknowledged, with a change in rating from 2 to 3 for the council's use of resources; recent concerns about the effectiveness of Internal Audit arrangements are now being addressed.
- 65 The focus on customer service identified in 2002 has continued, with positive feedback confirming the value of the initiatives. Two further customer service centres (CCS) opened during 2003 and 95 per cent of customers expressed satisfaction with the centres. Electronic service delivery targets were met 21 months ahead of target and are being consolidated via the development of e-service delivery through the council website and on-street kiosks.
- 66 Although the council was unsuccessful in its joint bid with Gateshead MBC to host the 2008 European Capital of Culture, the collaboration has proved fruitful. Previously regarded by partners as a poor self-promoter, Newcastle is now making more of its "brand" through more effective marketing and promotion of the city and its attractions and by raising awareness of the achievements of the council and its partners. This has helped to boost business confidence and civic pride in the area.
- 67 Audit Commission inspections of Culture and Planning during 2004 assessed the services as good with good/uncertain prospects for improvement. The inspections highlighted the contribution that both services made towards the

councils regeneration agenda – in terms of improving the built environment and providing a focal point for community-based activity.

- 68 The council is aware that it needs to make more impact in some areas of stubborn under-performance, particularly where these reflect high priorities for the council. It also acknowledges that where improvement has happened, the pace has been insufficient to close the gap in some service areas. For example, whilst it met national recycling targets for 2003/04 and has the potential to improve further as new recycling initiatives begin, council performance is still below the national average.
- 69 Whilst the council is using external expertise to support and challenge its BVR on improving education attainment, some stakeholders are concerned that progress on reaching a solution is too slow. Nevertheless, net satisfaction scores from users of the education service have improved dramatically, from 20 per cent in 2000 and 50 per cent in 2002, up to 71 per cent in 2004
- 70 Net satisfaction levels for the overall service provided by the council fell between 2000/01 and 2002/03, in line with the national trend, but at a slower rate. However, the council now under-performs against the average satisfaction levels for the eight core cities, a reversal of the position in 2000/01.

Investment

- 71 The council has demonstrated a clear commitment to putting in place the building blocks necessary to sustain its ambitions and has made clear progress against the weaknesses identified in 2002. Overall, this is now an area of strength for the council.
- 72 Recent investments in infrastructure and additional capacity will help the council to address remaining weaknesses, for instance it is introducing additional recycling facilities and is involving education experts in the review of education attainment. Key building blocks, including risk, performance and project management are in place and continue to mature. The council is securing the resources it needs to deliver its ambitions and has developed more robust approaches to internal & external challenge.
- 73 Funding for the council's improvement programme is both planned and approved, which provides a measure of confidence that the plans will be delivered. For example, a dedicated e-government project manager has been appointed to lead the implementation of the IEG strategy and a regeneration directorate has been established to support this key council priority area. Up to £1m has been identified to fund the OD programme. Good progress is being made on delivering OD programme including the management development training programme, a performance appraisal action plan, an employee development programme and the modernisation of council pay and reward structures are all in progress.
- 74 Some important changes to the corporate infrastructure have already started to have a positive impact. The council has developed its IT programme and is able to point to good practice such as the NNIS system in supporting its work in neighbourhoods. BMG supports directorates when identifying efficiency savings and retargeting resources towards priority areas. A £3m saving was achieved

following the SAP roll out and a further £25m savings were achieved through reorganising external contracts. This has enabled the council to direct additional funds to its customer services centres, a recognised council priority.

- 75 The council continues to be successful when seeking external funding. It has attracted some £700m since 2002 through innovative PFI schemes, collaborative ventures with neighbouring authorities and most recently, through its ALMO, to support housing improvements.
- 76 The budget setting process is rigorous and this provides additional internal challenge to support decision-making and directing resources towards priority areas. The council is open to external challenge and uses expert perspectives when making decisions on key issues – such as when exploring options on improving educational attainment in the current Best Value review. Extensive use is made of resident surveys and the citizen’s panel when setting priorities and to inform decision making.

In the light of what the council has learned to date, what does it plan to do next?

Learning

- 77 Overall, strengths continue to outweigh weaknesses in this area. The council’s level of self awareness has improved and it has learned from its own experiences and from the experiences of others though it does not always systematically share the learning across the organisation.
- 78 The council is open to challenge and is regarded by partners as a listening organisation. It has a good understanding of issues and problems facing the city and the wider sub-region and of the implications for the way it operates. It responded positively to the weaknesses identified during the 2002 assessment, such as revisiting (performance management), reviewing (procurement) or replacing (project management) areas of weakness. It now has a more robust understanding of the areas which were constraining improvement.
- 79 The council has learned from its successes, such as establishing a track record of assembling successful PFI bids. It has also learned from its failures, such as the initial attempt to introduce a new payroll system, which highlighted the need for more effective project management – an approach which helped the council to deliver the project within the initial deadline.
- 80 The council has, to an extent, addressed earlier criticisms about a lack of evaluation, having learned from a series of high-profile project failures around the turn of the century. It now uses option analysis to explore the alternatives for high profile projects, such the stock options appraisal for the ALMO and the LIFT/PFI evaluation. Elsewhere, the council has evaluated the success of pilot projects – such as a joint evaluation of environmental maintenance pilot initiatives with Warwick Business School, which subsequently led to a rapid roll-out of new approaches.

- 81 The council provides formal opportunities for senior managers to learn and share learning, during regular briefing sessions about emerging issues; the learning is subsequently cascaded down to members of staff. In 2003, though fewer than half of staff said that the council kept them well informed about council activities, over two thirds agreed that the council provided them with access to appropriate training and learning.
- 82 There are some areas of learning where the council is less effective. Evaluation of initiatives is not yet a routine process and it has limited information about the impact of some initiatives. The council's analysis of feedback has a tendency to over-emphasise the positive rather than using negative feedback to improve delivery; a flawed analysis of residents' feedback on deteriorating satisfaction with complaints handling prevented it from taking prompt corrective action.
- 83 In addition, the council does not yet have a robust mechanism to share good practice systematically – with the exception of the procurement network, which facilitates shared learning between council officers on procurement practice. This also makes it more difficult for the council to assess the impact of its learning.

Future plans

- 84 The council has made progress in this area since the last assessment, reflecting its investment in capacity-building and a more robust approach to budget-setting. Its current statutory plans have been positively assessed though its portfolio of future plans is weakened by the lack of an up-to date regeneration strategy. Overall, there are now more strengths than weaknesses in this area
- 85 The council's future plans are articulated through its key strategic and service planning documents. It has received positive feedback for its current statutory plans from the relevant regulatory bodies, particularly for its Local Transport Plan. The council's corporate plan provides a blueprint for its future plans. Although the current plan is consistent with the council's vision, the plan being developed for 2005/06 will further embed that vision and provide a sound basis for the emerging annual service plans. Improvements to project, performance and risk management arrangements, regarded in 2002 as a barrier to effective service delivery, place the council in a stronger position to implement its future plans. The council now has a fully resourced project plan to deliver level 5 of the equalities standard by 2007/8, reflecting its commitment to diversity.
- 86 The council uses a range of mechanisms to engage staff and the wider community in forward planning. Although response levels vary, a recent edition of *Citylife* generated over 14,000 responses to the issues it raised. The council does attempt to engage with hard-to-reach groups, with differing levels of success and is devoting additional resources to this. Engagement with partners to promote forward planning is effective and the council is seen as inclusive.
- 87 The council is addressing areas of stubborn underperformance, such as education attainment, through the CIP and in more general terms, through the BVR process. In some areas the council has reassessed its plans and capacity in line with emerging national, regional and local priorities – such as recognising the value in replacing its Going for Growth strategy in favour of a collaborative pan-regional approach.

- 88 The revised CIP reflects self-awareness about the issues the council still has to address. The 2002 CIP provided an initial framework for improvement planning and has now been superseded by a CIP which is underpinned by comprehensive project management arrangements, with clear targets and deadlines. It tackles six key themes where action or additional capacity is required, informed by, and reflecting, the themes in the original CIP.
- 89 There is no current regeneration strategy; the Going for Growth approach acknowledged in the 2002 assessment has been superseded by the development of a regional spatial strategy (RSS) – reflecting the findings from a review of the Housing Renewal Pathfinder submission. The council is actively involved in developing the RSS with regional partners, which will subsequently inform its next regeneration strategy. In the meantime, coordination of the council's various regeneration initiatives takes place via a portfolio of area-based master plans, coordinated through the recently-established regeneration directorate.
- 90 The revised Newcastle Plan provides a focus for council activities, but is not as sharp or as outcome-focused as it could be. In some cases, the links between LSP objectives and the potential contribution from individual council services are not clear - which could dilute the focus of the Plan for staff and stakeholders. The council's service planning arrangements are not yet consistently robust across all service areas, though the council is tackling this through the service planning action plan.

Summary of theme scores and strengths / weaknesses

Theme	Grade	Strengths	Weaknesses
Ambition	3	<ul style="list-style-type: none"> • Clear user-focused ambition based on increasing level of consultation with stakeholders • Maturing approach to community leadership, with strong partner support • Clear links between LSP and council vision • Partner, staff and cross-party commitment to the vision • Effective communication with communities and partners 	<ul style="list-style-type: none"> • Limited range of outcomes and long term targets to assess realism and robustness of ambition • Progress on developing the LSP has been comparatively slow • Staff engagement has not been fully effective – but is now improving
Prioritisation	3	<ul style="list-style-type: none"> • Clear prioritisation is evident within the budget and medium term financial planning process. • Council has contributed to a clear community strategy which outlines priorities for the community. • Clear links between resource allocation and priorities • Residents are generally well 	<ul style="list-style-type: none"> • More residents dissatisfied (38%) than are satisfied (23%) with opportunities to influence the council – but improving year on year • Links between council and LSP priorities are not always clear enough to help staff maximise their contribution

		informed about the council's priorities	
Focus	4	<ul style="list-style-type: none"> • Clear impact on service quality through more sustained focus on service improvement • BMG is contributing to focus by challenging and monitoring performance • Clear mechanism for balancing local and national priorities • Effective liaison arrangements between senior managers and members • Focus on priorities maintained during the political transition 	
Capacity	3	<ul style="list-style-type: none"> • Involvement in a range of strategic partnerships • Effective collaboration with regional partners • Senior manager and member responsibilities clearly understood • Active capacity building – in relation to resources, expertise and infrastructure 	<ul style="list-style-type: none"> • Relationship between training development in services and the wider OD strategy is unclear • Scrutiny and backbench members are not always clear about their roles and responsibilities
Performance management	3	<ul style="list-style-type: none"> • Clear mechanisms for monitoring and measuring performance • Application of performance management has improved – though not yet fully embedded • Portfolio Plans help to focus member attention on performance issues • Clear process for managing risk – though still developing • The budget process and monitoring costs, through the Balanced Score Card, support arrangements to promote VFM 	<ul style="list-style-type: none"> • Individual staff appraisal process still developing • Corporate systems for assuring value for money require further development and a more consistent and structured application • Ineffective use of comparative data within performance reporting arrangements • Service plans provide an inconsistent basis for performance management - but this being addressed for 2005/06
Achievement	3	<ul style="list-style-type: none"> • Improvements achieved in a range of priority areas – including education and environment • Below-average BVPI performance improved from 63 	<ul style="list-style-type: none"> • Over half of BVPIs had below-average performance and 38 per cent of BVPIs did not improve in 2003/04 • Despite the relative pace of improvement in some areas -

		<p>to 52 per cent</p> <ul style="list-style-type: none"> • The community would recognise the council's achievements in regeneration • Improved marketing and promotion has raise the profile of the city and the council 	<p>a quarter of BVPIs remain in the worst quartile nationally.</p>
Investment	4	<ul style="list-style-type: none"> • Key building blocks enhanced to support future improvement eg project management, risk management, MTFP • Resources secured from a wide range of sources to support further improvement • Internal and external challenge arrangements strengthened • Procurement process used to challenge VFM of services 	
Learning	3	<ul style="list-style-type: none"> • Partners recognise the council as being self-aware and inclusive • Council is learning from its own experiences and from others • Some evaluation of outcomes and new initiatives – though not yet systematic or widespread • Positive responses to 2002 CPA findings 	<ul style="list-style-type: none"> • Few systematic opportunities to share learning • The impact of learning is not routinely evaluated
Future Plans	3	<ul style="list-style-type: none"> • Council has laid out its future plans in its key strategic and service planning docs • Self awareness of the remaining improvement priorities is reflected in the updated CIP • Council is addressing some areas where it is not achieving what it wants to • Willingness to reassess future plans in line with changing national, local & regional priorities 	<ul style="list-style-type: none"> • No current overarching regeneration strategy – though this is being addressed • Service planning arrangements are not yet consistently robust

Framework for comprehensive performance assessment

- 91 This comprehensive performance assessment was carried out under section 99 of the Local Government Act 2003. This section imposes a duty on the Audit Commission to, from time to time, produce a report of its findings in relation to the performance of local authorities in the exercise of their functions. This report must categorise local authorities as to their performance.
- 92 The main elements of the assessment were:
- ◆ a self-assessment completed by the council;
 - ◆ the council's improvement plan;
 - ◆ the Audit Commission's qualitative assessment of continuous improvement;
 - ◆ updated performance indicators;
 - ◆ inspection findings; and
 - ◆ the 2002 corporate assessment and supporting documentary evidence.
- 93 The assessment for Newcastle City Council was undertaken by a team from the Audit Commission and took place over the period from 3 February 2005 to 8 February 2005.
- 94 This report has been discussed with the council, which has been given the opportunity to examine the Audit Commission's assessment. This report will be used as the basis for improvement planning by the council.

Corporate assessment team leader: Paul Goodlad

For more information please contact
Local Government, Performance and Improvement Directorate
Audit Commission
30 Millbank
London
SW1P 4HQ
cpa@audit-commission.gov.uk
0845 052 2616

The official version of this report is also available on the Audit Commission's web site at www.audit-commission.gov.uk. The Audit Commission cannot verify the accuracy of and is not responsible for material contained in this report which has been reproduced by another organisation or individual.