

CPA Progress Assessment

13 June 2005



Progress Assessment Report

Shepway District Council

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Progress assessments

In 2002, Comprehensive Performance Assessment (CPA) was introduced at single tier and county councils (ST&CCs), and at district councils in 2003/04, as a way of supporting councils to deliver improvements in services to local people.

CPA brought together existing information on service performance in councils with a corporate assessment of each council's ability to improve. This was used to reach an overall conclusion about whether a council was 'excellent', 'good', 'fair', 'weak' or 'poor'.

Those councils classified as 'poorly performing'¹, were the subject of formal engagement by the Office of the Deputy Prime Minister (ODPM), and were required to produce a recovery/improvement plan following their CPA. Through its network of relationship managers, the Commission worked closely with the lead officials assigned by the ODPM in developing an appropriate monitoring programme for the recovery/improvement plan.

The progress assessment will measure the impact and sustainability of the Council's improvement activity. Where necessary, it will report on regress. The progress assessment is tailored to local circumstances, provides appropriate public assurance and contributes to improvement reporting. It will report an evidence-based judgement on progress against the original corporate assessment criteria, but it will not give a score.

The progress assessment is part of the Commission's commitment to helping councils ensure continuous improvement to services for local people. It does this in the context of its strategic regulation principles which look to minimise the burden of regulation at the same time as maximising its impact. We are committed to working in partnership with other regulators and the ODPM in this aim.

¹ 'Poorly performing' is defined as councils that were classified as 'poor' or 'weak' with a corporate assessment score of 1.

Introduction

- 1** In July 2004, the Audit Commission published a Comprehensive Performance Assessment of Shepway District Council. This assessment categorised the Council as weak. The key strengths and weaknesses from this assessment are set out in Appendix 1.
- 2** This report presents an analysis of the Council's progress to date, based on the Council's implementation of its improvement and recovery plan and comparison with the baseline position of the Comprehensive Performance Assessment.

Summary and recommendations

- 3 The Council is making limited progress in addressing the weaknesses identified through CPA and is better placed than it was eight months ago.
- 4 It is removing significant barriers to improvement and has developed a recovery plan that is owned across the Council and at all levels. Work to deliver the recovery plan is in its early stages and therefore the Council is internally focused. It is making limited progress in delivering improvements in its three priorities of clean, green and safe, housing and regeneration and in involving people in developing a shared agenda for the district.
- 5 There is little progress on developing clear outward looking aims and priorities. While work is planned, there is little action to address the weaknesses identified in the community strategy. The Council has not consulted and involved the public in developing its corporate priorities and vision. This gap means the Council has no clear longer-term direction for service development and prioritisation and makes it difficult for partners to work alongside the Council in delivering improved services for local people.
- 6 The Council has removed significant barriers to improvement. Following CPA in July 2004, the Council faced a number of challenges to its financial position and its political and managerial leadership. The Council's proposed council tax increase was capped by the Secretary of State which meant it needed to cut spending, the leadership of the Council changed producing a hung council; and the chief executive left.
- 7 There is strong and clear officer leadership supported by political drive and agreement on the priorities for internal improvement. The Council is starting to introduce effective arrangements to support political decision-making. In August 2004, there was a change of administration. The Council is now a hung council; is beginning to manage and develop its business and focus on developing recovery plans and removing barriers to improvement. This has resulted in the Council agreeing a budget for 2005/06, developing a recovery plan, and recruiting a new management team.
- 8 The Council is starting to get its financial position under control. The Council is in the early stages of strengthening the capacity of its corporate management team. However, it is not targeting the development of councillors' roles especially in community engagement and leadership across the district as a whole.
- 9 Work to deliver the recovery plan is in its early stages. However, the plan is now underpinned by strengthened managerial leadership, political consensus on the challenges, and a will across the Council to put it on the road to recovery. The Council accepts, in its own language, it needs to go 'back to basics' to ensure it has the right mechanisms to deliver improvement.

- 10 Despite this internal focus, there are improvements in some services. The overall trend of improvements in services for 2002/03, identified in CPA, has continued for poorly performing services in 2003/04, albeit slowly, with 57 per cent of key performance indicators improving against 43 per cent not improving many in priority areas. The Council is progressing well in strengthening its performance management processes and arrangements but making only limited progress in developing a performance management culture across the Council.
- 11 It is recommended that the Council:
- actively and promptly shares the findings of this progress assessment with staff;
 - takes it to an appropriate public committee meeting; and
 - uses the key findings as the basis for revising the recovery plan.

Context

The locality

- 12 Shepway covers some 365 square kilometres along the Channel coast in south east Kent. It includes three distinct areas, the North Downs, the Folkestone and Hythe urban area, and Romney Marsh.
- 13 The population of the district is 98,159 (mid-2003), most living in the Folkestone and Hythe area. The proportion of young people mirrors the national average and the district has more people of pensionable age (23.0 per cent) than nationally (18.4 per cent). The proportion of the population from ethnic groups other than 'White British' is 2.7 per cent. This compares with 5.4 per cent for the south east and 13.0 per cent for all England (2001 census).
- 14 Most of the district's employment is provided by service and distribution industries. At 2.8 per cent (February 2005), unemployment is higher than the average for the south east region, and average earnings are relatively low.

The Council

- 15 In August 2004, there was a change of administration at Shepway District Council following a split in the Liberal Democrat administration. The Council is now a hung council. The Conservative and People First Groups have formed a joint cabinet. The political constitution is now 17 Conservative; 14 Liberal Democrat; 10 People First; 1 Green-4-Shepway and 2 Independent, and 2 vacancies.
- 16 In May 2004, the chief executive retired and the Council appointed an interim chief executive. A permanent chief executive was appointed in November 2004. In December 2004, the three-tier senior management system of a chief executive, two deputy chief executives and nine heads of service was replaced by a management team of six directors supporting the chief executive.
- 17 The Council's proposed council tax increase for 2004/05 of 28.9 per cent was capped by the Secretary of State. This meant the Council had to reduce the level of council tax increase to just under 20 per cent and to cut spending for the year from £16.1 million to £15.5 million (excluding town/parish council expenditure).
- 18 A partnership arrangement with Kent County Council made a significant contribution to the achievement of the reduction. It included the transfer of the Council's direct service organisation to gain efficiencies in the delivery of the grounds maintenance and street cleansing services.
- 19 The budget requirement for 2005/06 (excluding town/parish council expenditure) is £16.2 million (gross expenditure, including the housing revenue account but excluding town/parish councils is £67.5 million). The council tax increase (excluding town/parish council precepts) was 4.95 per cent.

What is the Council trying to achieve?

- 20 The Council is making only limited progress in addressing the weaknesses identified in the CPA report of 2004 on what are its long-term ambitions for the district. The Council is focusing internally to remove barriers to improvement and has been unable to progress its three priorities and involve people to develop a shared vision for the district.
- 21 There is little progress on developing with stakeholders clear outward looking aims and priorities. While work is planned, there is little action to address the weaknesses identified in the community strategy. The Council has not consulted and involved the public in developing its corporate priorities and vision. This gap means the Council has no clear longer-term direction for service development and prioritisation and makes it difficult for partners to work alongside the Council in delivering improved services for local people.
- 22 The Council is making limited progress in addressing the weaknesses in community leadership. While there is increased officer involvement in external partnerships, for example the crime and disorder reduction partnership and the Kent local area agreement, councillors have not developed their community engagement and leadership roles across the district as a whole. This means the Council is not clear on what public and partners want for the district in the longer-term.
- 23 Councillors and staff are progressing well in removing the barriers to improvement and ensuring the Council has the right mechanisms to deliver improvement. Following CPA in July 2004, the Council faced a number of barriers to improvement. The Council's proposed council tax increase was capped by the Secretary of State which meant it needed to cut spending, the leadership of the Council changed producing a hung council and the chief executive left.
- 24 The Council has successfully addressed many of these barriers and developed internal priorities for improvement through joint leader and strategic management board meetings. This inclusive process has ensured ownership and made delivery of the recovery plan the Council's overriding priority in the short to medium-term. However, progress in developing scrutiny is limited. While there are some successes, scrutiny does not support the Council's policy development or help it focus on its priorities.
- 25 Internal officer leadership is progressing strongly. Internal communication is improving and councillors and staff are clear about the internal priorities for improvement. Many recognise while changes have been painful, both cultural and structural change has been necessary to provide a stable basis on which to improve the effectiveness of the Council.

- 26 The Council is recovering its budgetary position after major budget planning, management and control weaknesses. While funding decisions have been budget driven, rather than driven by the corporate priorities, they have been prioritised through their contribution to the Council's recovery plan. This has included delivering significant structural change involving losing staff posts, making redundancies and transferring services to Kent County Council. This means the Council is starting to get its financial position under control and it has reduced spending for the year from £16.1 million to £15.5 million. Council tax for 2005/06 has increased by 4.9 per cent.

How has the Council set about delivering its priorities?

- 27 The Council is making limited improvements in increasing its strategic capacity and has made some, but limited, progress on improving service capacity and ensuring performance is properly managed.
- 28 The Council has started to introduce more effective arrangements to support political and managerial decision-making. The Council is a hung council and has managed and developed its business through a number of new meetings that have focused on developing recovery plans and removing barriers to improvement. This is improving councillors and officers understanding of their respective roles and responsibilities and helping to sustain improvements in officer councillor relations. This has meant the Council has been able to develop a recovery plan that is owned by all parties, and take hard decisions to enable it to improve the capacity of its management team.
- 29 The Council is falling behind in developing the councillors' role externally in community engagement and leadership. While opportunities for training and briefings for councillors have substantially improved, and attendance at most sessions is high, one councillor has attended the IDeA leadership academy. These opportunities have not been targeted to focus on individual needs or to equip councillors to deliver their broader role in providing community leadership not only at ward level but across the district as a whole.
- 30 The Council is progressing well in strengthening managerial leadership and the capacity of its corporate management team. A permanent chief executive was appointed in November 2004. A month later, the three-tier senior management structure of 12 officers was replaced by a management team of six directors supporting the chief executive. These appointments are focusing on building corporate capacity, targeting underperforming areas or areas where gaps have been identified. The chief executive has also introduced 'step-up' opportunities to build confidence and skills of the new directors, for example by introducing a roaming deputy chief executive role. This has already shown improvements in the ability of the Council to respond to its strategic agenda and has delivered savings within the staffing structure.
- 31 The Council is progressing strongly in addressing the under-representation of women in the Council's management. The proportion of women in management positions has increased from 27 per cent in early 2005 to 42 per cent in April 2005.

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- 32** The Council is making limited progress in improving its capacity to deliver services. Some key posts are unfilled or not permanently appointed, This is partly as a result of a historical culture within services of keeping vacancies open in case of later budgetary difficulties. Under-capacity in finance is hindering developing the medium-term financial plan. This is causing pressure on service delivery and constraining the Council's ability to improve services. The Council is successfully building capacity through partnership working. For example, it has recently agreed a private finance initiative to develop leisure centres and transferred services to Kent County Council.
- 33** While the Council is strengthening its overall financial discipline, particularly its budget management and control, its financial capacity is limited. However, unaudited reserves now stand at £1.2 million. The lack of medium-term financial planning at both corporate, and consequently service levels, is a barrier to effective service planning and development. The annual budget setting process is based, for the most part, on historical spending and incremental increase rather than needs-led analysis. The Council's funding decisions have been budget driven, rather than driven by the Council's key corporate priorities.
- 34** The Council is progressing well in strengthening its performance management processes and arrangements but making only limited progress in developing a performance management culture across the Council. The Council is implementing a new performance management framework which links service plans to the recovery plan. It has also strengthened reporting of forward plan items. However, this framework is untested and performance management, business planning and resource planning are not aligned.

What has the Council achieved/not achieved to date?

- 35** The Council is making only limited progress in improving services. The Council has not improved strongly and consistently across all its service areas. For performance in 2003/04, 53 per cent (21 PIs) of best value performance indicators (BVPIs) were below average with 24 per cent (14 PIs) in the worst quartile. Poor performing services include waste recycling – although in unaudited data for 2004/04 this is showing some improvement. The Council has however made a slight improvement in the worst performing services compared to 2002/03, where 47 per cent (26 PIs) of best value performance indicators (BVPIs) were below average with 27 per cent (15 PIs) in the worst quartile. The Council is improving some services, with the 2003/04 BVPIs showing that 57 per cent of comparable indicators improved from 2002/03. Improvements were achieved in the housing management services, and the cost of waste collection. Customer satisfaction rates in 2003 are in the worst quartile with only 50 per cent of residents satisfied with the overall service provided. However, satisfaction with other services, such as the quality of the street cleaning services, culture and recreational services is increasing.
- 36** The Council is progressing strongly its plans to meet the decent homes standard. Following a stock options appraisal, it has agreed to retain the Council's housing stock while delivering improvements above the level of those required by the decent homes standard. The Council has improved the energy efficiency of its dwellings and there have been recent improvements in both responsive and planned repairs with performance in the best quartile.
- 37** The Council is beginning to invest in its corporate centre. Areas of investment include introducing a performance management and business planning framework and strengthening internal communications. This is helping the Council to focus officers and councillors on its recovery plan and on the short-term priorities.
- 38** The Council is making only limited progress in investing in human resource management. Slow investment in human resources is constraining the Council's ability to develop much needed changes in its human resource strategy and policies. Management development is urgently needed for the new managers in the Council but there is not the capacity to plan its delivery.
- 39** The Council has made limited progress in developing priority led financial analysis and planning. The Council has not maximised its capital and revenue resources and has not developed its long-term financial planning. The Council is in the very early stages of aligning corporate priorities, business and recovery planning processes and this will not be achieved until the 2006/07 budget round.
- 40** In other key areas, for example procurement, strategic risk management and scrutiny, the Council has few building blocks in place to support future improvements. The Council recognises this in its recovery plan and has plans in place to address this.

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

- 41 The Council is progressing well in developing its plans to improve its ability to sustain improvements in services. It has tackled some of its immediate problems. However, its lack of external longer-term vision and priorities which is largely a reactive agenda driven by responses to problems and external prompting means that its plans to improve service outcomes for local people are not clear.
- 42 The Council is progressing well in improving its self-awareness and this helped to develop momentum for further change. The Council has collectively developed its recovery plan, through structured away days and staff briefings and workshops. This has ensured its ownership across the Council and at all levels. The plan builds on the already significant cultural change needed to sustain improvements and early action has been delivered.
- 43 While the Council is making limited progress in developing a new corporate strategy and increasing partners' role in its delivery it has considered and approved the Kent local area agreement. This sets out plans to develop a more sustainable and meaningful local strategic partnership (LSP) and community strategy.
- 44 The Council has been reviewing and improving a number of its future plans. For example, the housing strategy and crime and disorder strategy. The Council has also set out a clear local development scheme detailing the programme for developing a local development framework. It is reviewing, developing and improving longer-term plans with partners. For example, as part of the South East Coastal Group, the Council is reviewing the shoreline management plan.
- 45 The Council is making only limited progress in learning from community engagement and communication. It recognises in its plans to develop the community strategy the need to transform the leadership of the authority so it can develop clearer corporate objectives and build its ability to work collaboratively with partners. The Council has worked with IDeA and ODPM on capacity building and organisational development and developed a bid to the ODPMs Capacity Building Fund. It has agreed to combine consultation over the South East Plan, the Council's local development framework and the community strategy.

Appendix 1 – Summary of theme scores and strengths/weaknesses as reported in the Comprehensive Performance Assessment in 2004

Theme	Grade	Strengths	Weaknesses
Ambition	1	<ul style="list-style-type: none"> • Leadership of regeneration programmes. • Council now taking steps to engage stakeholders in community planning. • Clearer sense of direction under new administration. 	<ul style="list-style-type: none"> • No clear long-term vision. • Stakeholders had very limited involvement in development of community strategy in 2002. • Medium-term aims and targets are unclear. • Ambitions for diversity and minority communities underdeveloped.
Focus	2	<ul style="list-style-type: none"> • Focus on some corporate priorities, eg recycling. • Focus in some services, eg regeneration. • Turn round of poor services. • New mechanisms, eg QIPs. 	<ul style="list-style-type: none"> • Financial pressures undermine focus. • Lack of focus on some corporate priorities, eg housing. • Mechanisms for focus are predominantly weak. • Lack of focus in some services.

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Theme	Grade	Strengths	Weaknesses
Prioritisation	2	<ul style="list-style-type: none"> • Council has established priorities for improvement. • Alignment of resources with priorities through QIP and MFTS. • Decisions on non-priorities. 	<ul style="list-style-type: none"> • Limited consultation with residents. • Too many operational priorities, with resources overstretched. • External and internal communication underdeveloped.
Capacity	1	<ul style="list-style-type: none"> • Relations between councillors and officers are positive. • Decision-making processes have been strengthened. • Willingness to adopt alternative procurement options. 	<ul style="list-style-type: none"> • SMT does not provide strong leadership. • Service cut due to financial pressures and capping. • Staff morale is poor. • Lack of strategic approach to HR. • Women under-represented in management. • Scrutiny is underdeveloped. • Mixed record in partnership working. • Limited corporate working in support of cross-cutting initiatives.
Performance management	1	<ul style="list-style-type: none"> • MIR provides wide range of performance information. • Some arrangements for risk management. • Accuracy of national performance indicators has improved. 	<ul style="list-style-type: none"> • Inadequate framework for performance management and no service plans. • Ineffective performance monitoring. • Staff appraisals of variable quality. • Some weakness in budgetary control and medium-term financial planning. • Few examples of measures to improve cost efficiency.

Progress Assessment Report | Appendix 1 – Summary of theme scores and strengths/weaknesses as reported in the Comprehensive Performance Assessment in 2004 **17**

Theme	Grade	Strengths	Weaknesses
Achievement in quality of service	2	<ul style="list-style-type: none"> • High satisfaction with some services, eg housing. • Good public access to services. • Successful regeneration programmes. • Some services perform well overall, eg landlord services, waste minimisation and recycling, crime and disorder. • Council's housing stock in good condition. 	<ul style="list-style-type: none"> • Only 56 per cent satisfied with services overall. • Weak performance on affordable housing and private sector renovation. • Litter in some areas of district. • Limited activities for young people. • No child protection policy.
Achievement of improvement	3	<ul style="list-style-type: none"> • Overall improving trend in PIs. • Turn round in benefits service and homelessness service. • Regeneration programmes delivering new benefits. • Significant improvements in affordable housing, use of B&B, private sector properties made fit. • Major coastal protection scheme. • Continuing progress in recycling and waste minimisation and crime reduction. 	<ul style="list-style-type: none"> • Satisfaction with services overall has fallen to 51 per cent. • Performance remains weak in some key areas, eg affordable housing. • Continuing public dissatisfaction with street cleaning.

18 Progress Assessment Report | Appendix 1 – Summary of theme scores and strengths/weaknesses as reported in the Comprehensive Performance Assessment in 2004

Theme	Grade	Strengths	Weaknesses
Investment	2	<ul style="list-style-type: none"> • External funding in place. • Filling some capacity gaps eg training for councillors. • Investing in services. • Re-development of central Folkestone. • Exposure to external challenge. • Internal reviews driving change. 	<ul style="list-style-type: none"> • Some important gaps in capacity not addressed eg performance management • Medium-term financial strategy is not sustainable • Uncertainties about DHS programme and funding for this
Learning	2	<ul style="list-style-type: none"> • QIP is learning mechanism. • Learning from others. 	<ul style="list-style-type: none"> • Limited self-awareness. • Limited learning from experience. • No structures for sharing learning.
Future plans	2	<ul style="list-style-type: none"> • Some good quality plans. • QIPs have generated SMART action plans. 	<ul style="list-style-type: none"> • Gaps in strategic planning. • Some plans are weak and lack milestones. • Capacity issues not assessed.

Scoring key

- 1 – Weak
- 2 – Weaknesses outweigh strengths
- 3 – Strengths outweigh weaknesses
- 4 – Strong

Appendix 2 – Progress monitoring against the findings of the Comprehensive Performance Assessment

- 1** The original comprehensive performance assessment was carried out under the Local Government Act 1999 and published in 2004.
- 2** Under section 3 of the Local Government Act 1999 ('the Act'), best value authorities have a duty to make arrangements to secure continuous improvement in the exercise of their functions, having regard to the principles of economy, efficiency and effectiveness. By virtue of sections 10 and 13 of the Act, the Audit Commission may carry out inspection activity to ensure that a best value authority is complying with this duty, and may issue a report as to its findings. This progress monitoring activity and reporting to assess improvement falls within sections 3, 10 and 13.
- 3** The main elements of this progress monitoring report were collation and analysis of evidence from:
 - self-assessments of progress made, completed by the Council;
 - appointed auditor evidence from performance and financial audit activity;
 - audited performance indicators, inspection reports and plan assessments;
 - reviews of key corporate documents including performance reports, committee papers and management reports; and
 - observations, interviews and focus groups with managers, and staff.
- 4** This progress monitoring report for Shepway District Council was collated by the Audit Commission and reflects evidence gathered over the period from July 2004 to April 2005.
- 5** 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 reporting progress and updating and improving any Improvement/Recovery Plan as appropriate.