

Progress Assessment Report

March 2006



Progress Assessment

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'.

Councils have prepared improvement plans following CPA and those Councils classified as 'under performing' have received annual progress assessments by the Audit Commission. Those cases giving most cause for concern have also been the subject of formal engagement by the Office of the Deputy Prime Minister (ODPM). Through its network of relationship managers, the Commission worked closely with lead officials assigned by the ODPM in developing an appropriate monitoring programme.

Audit Commission progress assessment work has sought to measure the impact and sustainability of improvement activity. The progress assessment work has been tailored to local circumstances to provide appropriate public assurance and to contribute to improvement reporting. It involved an evidence-based judgement on progress against the original corporate assessment criteria, but without producing 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.

Introduction

- 1 In July 2004 the Audit Commission published a CPA category for Shepway District Council. This assessment categorised the Council as 'weak'. The key strengths and weaknesses from the corporate assessment are set out in Appendix 1.
- 2 In June 2005 the Audit Commission assessed the Council had made 'limited progress in addressing the weaknesses identified through comprehensive performance assessment but is better placed than it was 18 months ago.' This report presents an analysis of the Council's progress to date based on the Council's implementation of its recovery plan and comparison with the baseline position of the Comprehensive Performance Assessment.

Summary

- 3 The Council is making limited progress improving services for local people, However, there are some very recent signs of improvement in priority services. It is addressing the weaknesses identified through comprehensive performance assessment and has progressed since the last assessment in June 2005. It has necessarily continued to focus internally, removed a number of key barriers, and is putting in place the building blocks for improvement. The impact of this progress on service delivery is inconsistent. The Council is now beginning to identify service strengths and weaknesses and influence the quality and performance of services. It is addressing problems in some areas, and faces a legacy of poor decisions that are using up management time and diverting resources from service improvement.
- 4 The Council is in the early stages of addressing the weaknesses identified on what are its long term ambitions for the district. It has focussed on delivering its recovery plan and as a result has developed more capacity to work with partners and deliver its community leadership role. It is developing the community strategy alongside partners on the LSP and a citizens' panel has been set up and is informing a number of planning processes including the local development plan.
- 5 Councillor and officer relationships continue to improve. Mutual trust has developed through improved communication channels, exchange of information, and joint working. This has also helped councillors and officers more effectively to focus on the Council's recovery priorities, address identified weaknesses and develop their community leadership role. There is a culture of openness and trust developing which is recognised across all political parties and by officers across the Council.
- 6 While it has made progress in increasing its strategic capacity some of this has been diverted to manage the outcomes of poor decisions in the past and this has constrained the pace of improvement. However, in some areas it has increased pace and added additional capacity to deliver building blocks that will help it to sustain improvements. It has successfully managed the budget and kept its Council tax increase to below 5 per cent. This has been achieved through improved budget setting and the budget strategy. However, the medium term financial plan is developing and this has meant the Council has not yet been able to link priorities with resources for the future.
- 7 While the council is making reasonable progress in establishing corporate processes underpinning performance and risk management these are not yet driving service improvement. Service planning has been embraced and core values form part of the service planning framework which provides a clear link to the Council's objectives and priorities. However, there are limited links to the appraisal process and individual targets which is currently under review.

- 8 The Council is making limited progress in improving services, since 2002/03 BVPIs showing that 52 per cent of comparable indicators improved. There is a slow rate of improvement in areas where performance is weak. Customer satisfaction rates remain average.
- 9 The Council is in the early stages of, reviewing and developing new future plans. The Council is drawing up plans for managing its assets to ensure they are being appropriately used to support its priorities. This is being brought into the work plan of the regeneration team and will link to the Council's medium term financial plan.

Recommendations

10 It is recommended 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

- 11 In the 18 months since its Corporate Performance Assessment (CPA), Shepway's context has not significantly changed. However, the district continues to face a number of important challenges.
- 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 Most of the district's employment is provided by service and distribution industries. At 2.8 per cent (December 2005), unemployment is higher than the average for the south east region, and average earnings are relatively low.

The Council

- 14 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 composition is now 19 Conservative; 15 Liberal Democrat; 10 People First; 1 Green and 1 Independent. The cabinet comprises seven portfolio holders.
- 15 In June 2004, the Chief Executive retired and the Council appointed an interim chief executive. The current Chief Executive was appointed in November 2004, and the three-tier senior management system was replaced by a management team of six directors, recently reduced to five, supporting the chief executive.
- 16 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).
- 17 The budget 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 proposed increase for 2006/07 is 4.99 per cent (excluding town/parish council precepts).

What is the Council trying to achieve?

- 18 The Council is at an early stage in addressing its long term ambitions for the district. The Council has necessarily been internally focussed on its organisational priorities. This has meant establishing a sound financial base and capacity before it can address its three outward looking community priorities. It has begun to improve capacity and is now developing community priorities based on the views and needs of local people. While it is working more effectively with partners a shared vision is not yet in place and this gap means the council has no clear longer term direction for service development and prioritisation. This makes it difficult for partners to work alongside the council in delivering improved services for local people.
- 19 There is consistent progress in engaging with stakeholders to develop clear outward looking community priorities. The Council's community involvement processes have improved. For example, the Community Leadership Overview Committee has completed a ward consultation on key issues for the district and this is influencing the draft Community Strategy. The Council has completed town and parish workshops and established a citizens' panel. It is on target to deliver a revised community strategy underpinned by consultation that takes into account local views and needs. This means the Council, with partners, is in the early stages of developing a long-term vision for the locality to guide service development and prioritise resources.
- 20 The Council has successfully maintained its focus through its recovery plan and is making consistent progress in delivering it. Councillors and staff are clear about the internal priorities for improvement which have been developed and revised 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. The plan identifies key actions required to ensure the Council improves its financial base, strategic leadership and management capacity, and restore its confidence and relationship with the public. It has maintained its focus on the plan and funded delivery through its own resources and through the government's Capacity Building Fund.
- 21 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. The medium term financial plan is developing and until it is in place the Council is not able fully to link priorities with resources for the future.

How has the Council set about delivering its priorities?

- 22 The Council is making consistent progress in increasing its strategic capacity and has made some progress to ensure performance is properly managed. It has made improvements in its capacity to deliver services and recognised where improvement is being constrained by a lack of capacity. Where required the council has developed additional capacity through partnership working or procuring additional skills.
- 23 Councillors and staff are progressing well in removing the barriers to improvement and ensuring the Council has the right mechanisms to deliver improvement. The Council has effective arrangements to support political and managerial decision making. All of the cabinet and leaders of the other parties have attended the IDeA leadership academy. Councillors are working with officers more effectively to deliver the Council's priorities. There is a culture of openness and trust developing which is recognised across all political parties and by officers across the Council. Scrutiny is moving to a more outward looking position and is producing a balanced scorecard to assist in performance management.
- 24 The Corporate Management team has increased its effectiveness and has improved its strategic capacity. Directors have strategic as well as operational responsibilities and this is working well in most cases. Internal officer leadership is continuing to strengthen. Communication with staff is working well and, while staff are uncertain about the future, they feel there is clarity of direction from the Council's corporate management team. This is helping them to embrace the necessary structural changes as a basis for improving the Council's services to local people.
- 25 The Council is making progress establishing corporate processes to underpin performance, procurement and risk and project management. Service planning has been developed and core values form part of the service planning framework which provides a clear link to the Council's objectives and priorities. However, these have yet to impact on improvements in service delivery. There are no links to individual targets or the appraisal process, which is currently under review. The Council is still reacting to crises in some areas and this is using up the Council's capacity to improve services. For example, problems with the recycling service has used up a lot of management capacity and diverted people away from planning. Positively, the new corporate systems are strengthening the Council's ability to avoid problems arising in the future.

12 Progress Assessment | How has the Council set about delivering its priorities?

- 26 The Council is now taking a more strategic approach to HR. For example, the Council has recognised that existing capacity in finance would not be able to increase the pace of development of the medium term financial plan. It is now therefore using additional capacity to move this forward. Human resource capacity has improved, a strategic human resources manager is now in place and a competency framework is being developed. Management development training, based on a management needs survey, has been programmed in for this year to strengthen the capacity of directors and managers in order to drive improvement. The Corporate Management Team has mentors in place and development needs are being addressed, and a Learning and Development Advisor has been appointed. The Council has also improved representation amongst its workforce by increasing the number of women in senior management positions. There are 24 managers reporting directly to Directors and 14 (58 per cent) are women.
- 27 The Council is improving its ability to ensure it has the capacity to deliver key corporate projects and is introducing a corporate project management system. It is using cross-council and member and officer groups to develop and deliver initiatives. Cross-directorate working groups are managing corporate projects such as home working. Member/officer working groups are leading on major initiatives such as the Council's private finance initiative for leisure centres.
- 28 The Council continues to recover its budgetary position after major budget planning, management and control weaknesses. In the current year it has been able to manage the budget from a position of being capped, keeping its Council Tax increase to below 5 per cent. Reserves are adequate. Service managers are now taking more responsibility for budget monitoring, and are being better supported through training. Longer-term financial planning has, however, been limited. The Council has not maximised its capital and revenue resources; work on the medium term financial plan is in its early stages and whilst corporate priorities, business and recovery planning processes are being aligned, this will not be fully achieved until the 2007/08 budget round. The Council cannot be sure therefore that it has the resources it needs to support its priorities over the longer term.

What has the Council achieved/not achieved to date?

- 29 The Council is making limited progress in improving services. It has invested in a number of key building blocks for service improvement, but these have not made a significant impact on services.
- 30 For performance of key indicators in 2004/05, 55 per cent, 21 best value performance indicators (BVPIs) were above average (and of these 17 were among the best performers) with 45 per cent (17 PIs) below average. Of these 32 per cent (12 PIs) were in the worst quartile.
- 31 The Council is making limited progress in improving services. Since 2002/03 BVPIs show that 53 per cent of key comparable indicators for housing, environment, and capacity improved when compared to other councils. Performance in already above average indicators has largely been sustained. Improvements were achieved in the housing repairs services, kerbside collection of recyclables and the percentage of interactions with the public, which are capable of electronic service delivery. It has continued to improve its recycling performance and is now just below the performance of the best councils. The Council's plans to meet the decent homes standard are progressing strongly. It has agreed to retain the Council's housing stock while delivering improvements above the level of those required by the decent homes standard. There have been improvements in the percentage of expenditure on minor and routine repairs that is planned, rather than responsive, and the percentage of repairs completed within government time limits. The Council has also reduced the amount of non decent homes. Overall customer satisfaction rates are average, with satisfaction in parks and open spaces, waste and recycling and benefits increasing.
- 32 Performance of below average indicators inconsistent, with only few improvements when performance is compared to other Councils. Performance in the time taken to process housing benefits claims, and process notifications of changes in circumstances are among the worst performers. Where the Council's performance fell into the worst quartile in 2003/04 it has sustained improvements in one indicator (percentage of rent collected). It has not been able to sustain its improvement in reducing the stay of homeless families in priority need in bed and breakfast and this has dropped back to the worst quartile. It has delivered improvement in four indicators.
- 33 Unaudited performance information from the Council indicates recent signs of improvement in priority services. For the period up to December 2005, 86 per cent of indicators contributing to the Council's priorities have improved, with 7 per cent remaining the same and 7 per cent declining. Overall, 55 per cent of indicators have improved, with 25 per cent declining and 20 per cent remaining the same.

14 Progress Assessment | What has the Council achieved/not achieved to date?

- 34** The Council is making consistent progress in delivering its recovery plan. It is making reasonable progress in developing the community strategy and is starting to work more effectively with partners on the LSP. A citizens' panel has been set up and is being used to inform a number of planning processes including the Local development plan. It has invested in its corporate centre and this is helping focus officers and councillors on the recovery plan, short term priorities and developing long term aims. For example, the business efficiency unit has brought together the posts of audit manager and business efficiency manager. This has helped to deliver a number of efficiency savings including recurring savings in homelessness of £149,000 and assisted developing procurement consortia. The Council has established an audit partnership with neighbouring authorities to increase access to skills and share approaches. As a member of the Kent Connects Partnership it has expanded ICT capacity and now delivers 97 per cent of transactions that can be electronically enabled. This means the Council is effectively increasing its capacity through partnering.
- 35** The Council is making good progress in investing in its human resource management. A Strategic Human Resources Manager has been employed and it is implementing its new human resources strategy. Core competencies and values have been identified and are to be implemented as part of the strategy. The management development programme is due to be implemented in May 2006. It is also increasing capacity in project management, and trained over 60 officers in the Council's corporate system.

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

- 36 The Council is in the early stages of developing its future plans to support and sustain improvement in services for local people. The Council is increasingly self aware, and developing an understanding of local needs and views to inform its planning.
- 37 The Council has increased awareness of its performance as it has tackled a number of its immediate corporate problems. It has worked with partners in the private sector to overcome problems in delivering a private finance initiative. It has also refining its contract with Kent County Council to Its necessary internal focus on organisational priorities has helped it recently to deliver a sounder financial and strategic base from which to improve services for local people. This has enabled it to identify additional areas for improvement in both systems and services.
- 38 The Council has begun to improve its capacity to develop plans based on an understanding of local needs and views. Actions delivered through its recovery plan, and monitored through its improvement board, have delivered reasonable progress in learning from community engagement and communication to inform community priorities. This work reflects the Council's considered and incremental approach to recovery which is intended to support its contribution to broader community priorities.
- 39 The Council is making reasonable progress in reviewing and developing individual sectoral plans. The Housing Strategy has been produced and been passed as 'Fit for Purpose' by GOSE, and the Crime and Disorder Strategy has been updated through consultation with key partners and praised by GOSE. The Council is completing work on the Council's Communication and Consultation Strategy. A draft Child and Vulnerable Persons Policy has been approved and consultation has been carried out.
- 40 The Council has continued to build on the significant cultural change needed to sustain improvements. For example, it has commissioned management development training for middle managers that will support the new performance management framework. It is also delivering four projects to increase both capacity and efficiency. These cover e-procurement, customer services, e-forms and mobile and home working. The Council is drawing up plans for managing its assets to ensure they are being appropriately used to support its priorities. This is being brought into the work plan of the regeneration team and will link to the Council's medium term financial plan.

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

- 41** The Council has not, however, translated new strategic capacity and systems into plans for sustainable improvements for service users or cross-cutting community priorities. The Council's move from the recovery plan to detailed improvement planning is broadly outlined in the next steps of the recovery plan. The plans for improvement beyond the recovery plan have been discussed at both the improvement board and corporate management team but until these plans are in place the Council does not have a clear focus for the next steps to improve services for local people.

Appendix 1 – Summary of theme scores and strengths/weaknesses as reported in the Comprehensive Performance Assessment in 2003/04

Table 1

Theme	Grade	Strengths	Weaknesses
Ambition	1	<p>Leadership of regeneration programmes.</p> <p>Council now taking steps to engage stakeholders in community planning.</p> <p>Clearer sense of direction under new administration.</p>	<p>No clear long-term vision.</p> <p>Stakeholders had very limited involvement in development of community strategy in 2002.</p> <p>Medium-term aims and targets are unclear.</p> <p>Ambitions for diversity and minority communities underdeveloped.</p>
Focus	2	<p>Focus on some corporate priorities eg recycling.</p> <p>Focus in some services eg regeneration.</p> <p>Turn round of poor services.</p> <p>New mechanisms eg QIPs.</p>	<p>Financial pressures undermine focus.</p> <p>Lack of focus on some corporate priorities eg housing.</p> <p>Mechanisms for focus are predominantly weak.</p> <p>Lack of focus in some services.</p>
Prioritisation	2	<p>Council has established priorities for improvement.</p> <p>Alignment of resources with priorities through QIP and MFTS.</p> <p>Decisions on non-priorities.</p>	<p>Limited consultation with residents.</p> <p>Too many operational priorities, with resources overstretched.</p> <p>External and internal communication underdeveloped.</p>

18 Progress Assessment | Appendix 1 – Summary of theme scores and strengths/weaknesses as reported in the Comprehensive Performance Assessment in 2003/04

Theme	Grade	Strengths	Weaknesses
Capacity	1	<p>Relations between councillors and officers are positive.</p> <p>Decision-making processes have been strengthened.</p> <p>Willingness to adopt alternative procurement options.</p>	<p>SMT does not provide strong leadership.</p> <p>Service cut due to financial pressures and capping.</p> <p>Staff morale is poor.</p> <p>Lack of strategic approach to HR.</p> <p>Women underrepresented in management.</p> <p>Scrutiny is underdeveloped.</p> <p>Mixed record in partnership working.</p> <p>Limited corporate working in support of cross-cutting initiatives.</p>
Performance management	1	<p>MIR provides wide range of performance information.</p> <p>Some arrangements for risk management.</p> <p>Accuracy of national performance indicators has improved.</p>	<p>Inadequate framework for performance management and no service plans.</p> <p>Ineffective performance monitoring.</p> <p>Staff appraisals of variable quality.</p> <p>Some weakness in budgetary control and medium-term financial planning.</p> <p>Few examples of measures to improve cost efficiency.</p>

Progress Assessment | Appendix 1 – Summary of theme scores and strengths/weaknesses as reported in the Comprehensive Performance Assessment in 2003/04 19

Theme	Grade	Strengths	Weaknesses
Achievement in quality of service	2	<p>High satisfaction with some services eg housing.</p> <p>Good public access to services.</p> <p>Successful regeneration programmes.</p> <p>Some services perform well overall eg landlord services, waste minimisation and recycling, crime and disorder.</p> <p>Council's housing stock in good condition.</p>	<p>Only 56 per cent satisfied with services overall.</p> <p>Weak performance on affordable housing and private sector renovation.</p> <p>Litter in some areas of district.</p> <p>Limited activities for young people.</p> <p>No child protection policy.</p>
Achievement of improvement	3	<p>Overall improving trend in PIs.</p> <p>Turn round in benefits service and homelessness service.</p> <p>Regeneration programmes delivering new benefits.</p> <p>Significant improvements in affordable housing, use of B&B, private sector properties made fit.</p> <p>Major coastal protection scheme.</p> <p>Continuing progress in recycling and waste minimisation and crime reduction.</p>	<p>Satisfaction with services overall has fallen to 51 per cent</p> <p>Performance remains weak in some key areas eg affordable housing.</p> <p>Continuing public dissatisfaction with street cleaning.</p>

20 Progress Assessment | Appendix 1 – Summary of theme scores and strengths/weaknesses as reported in the Comprehensive Performance Assessment in 2003/04

Theme	Grade	Strengths	Weaknesses
Investment	2	<p>External funding in place.</p> <p>Filling some capacity gaps eg training for councillors.</p> <p>Investing in services.</p> <p>Redevelopment of central Folkestone.</p> <p>Exposure to external challenge.</p> <p>Internal reviews driving change.</p>	<p>Some important gaps in capacity not addressed eg performance management.</p> <p>Medium-term financial strategy is not sustainable.</p> <p>Uncertainties about DHS programme and funding for this.</p>
Learning	2	<p>QIP is learning mechanism.</p> <p>Learning from others.</p>	<p>Limited self-awareness.</p> <p>Limited learning from experience.</p> <p>No structures for sharing learning.</p>
Future Plans	2	<p>Some good quality plans.</p> <p>QIPs have generated SMART action plans.</p>	<p>Gaps in strategic planning.</p> <p>Some plans are weak and lack milestones.</p> <p>Capacity issues not addressed.</p>

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

- 42 The original comprehensive performance assessment was carried out under the Local Government Act 1999 and published in 2003/04.
- 43 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.
- 44 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, staff, customers and partner organisations.
- 45 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 February 2006.
- 46 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 to any Monitoring Board and updating and improving any Improvement/Recovery Plan as appropriate.