

Progress assessment report

March 2006



Progress Assessment

South Lakeland 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 October 2003 the Audit Commission published a CPA category for South Lakeland 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 This report presents an analysis of the Council's progress to date based on the Council's implementation of its improvement plan and comparison with the baseline position of the Comprehensive Performance Assessment.

Summary

- 3 South Lakeland District Council has made reasonable progress overall against the key weaknesses highlighted in the Comprehensive Performance Assessment and has made good progress in some areas.
- 4 The Council has made good progress in establishing clear ambitions for its locality, set out within strategic plans that are consistent with those of its partners and are based upon improved engagement with the local community.
- 5 Over the last year there has been a significant improvement in the internal capacity of the organisation to manage its improvement programme, and a fully staffed management structure is now in place. Although there have been difficult stages within the improvement programme the momentum of improvement has been maintained and the Council remains committed to further development.
- 6 The management of performance within the Council has shown limited improvement as important weaknesses remain in the management of financial resources and human resources, which are key activities to support the top priority of delivering excellent services and to achieve value for money in its activities.
- 7 The Council has not been able to sustain service improvement across key areas of performance in 2004-05 although the most recent information indicates good improvement trends during 2005-06. Challenges also remain to integrate considerations of equality for all groups within the community into all of the Council's activities.
- 8 The Council has worked hard in the face of tremendous challenges. Progress has been achieved over the last two years and the people and processes that are in place or planned should enable this to be sustained.

Recommendations

- 9 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 improvement plan in discussion with Government Office North West (GONW) and the Audit Commission.

Context

The locality

- 10 South Lakeland is a large area covering some 600 square miles. Large parts of the area fall within two National Parks (the Lake District and the Yorkshire Dales). The attractive landscape of the area attracts a large influx of tourist visitors to the area, which has a significant impact on the local economy, facilities and the transport infrastructure during peak seasons.
- 11 The resident population is 102,346 (2001 Census), over a quarter of which is over 60 years of age. The population is predicted to grow through inward migration that will add to this higher than average proportion of older people in the local population. There are relatively low proportions of ethnic minority groups within the resident population.
- 12 The area has low unemployment rates and does not have any wards identified within the most deprived areas in England, however the local economy has wage rates well below the national average. The district continues to prove popular for second and holiday homes and this strong demand for housing contributes to difficulties in the affordability of housing for local people.

The Council

- 13 The Council comprises 52 councillors. No party has overall control and this has been the case since 1974 when the council was formed. The Liberal Democrats have 22 councillors with 20 Conservative, 8 Labour and 2 Independent councillors. A Leader and Cabinet govern the business of the Council, supported by three scrutiny committees, which are responsible for community, development and corporate governance. The Council's net revenue budget for 2005/06 is £12.6 million.

What is the Council trying to achieve?

- 14 The Council has made good progress, since its initial Comprehensive Performance Assessment, in clarifying ambitions for the local community through the Community Strategy and prioritising its own actions to support their achievement within its Corporate Plan. The Council made pragmatic decisions about what it had the capacity to deliver within the initial years of its improvement programme, and the aspects of strategic planning and community leadership were highlighted for early action.
- 15 Improvements in the strategic planning of the Council were identified in the progress report at December 2004 and this area has continued to strengthen. The Corporate Plan covers a three-year period and will be reviewed annually to update priorities, actions and targets. The Corporate Plan is aligned with the Community Strategy in setting out a common set of priorities. The Council has ranked these priorities in order of importance and the contribution it feels it can make, and added its own priority for delivering services of an excellent standard to support the others:
 - delivering excellent services;
 - affordable housing;
 - a quality environment;
 - jobs, skills and regeneration;
 - health and well being; and
 - accessible transport.
- 16 The Corporate Plan provides improved clarity on the contribution the Council intends to make towards wider community objectives. The identification of planned outcomes within the plan is still variable and against some priority areas the Council is still researching and reviewing its policies before it formally commits to measurable achievements for local residents. This is a reasonable stage of development for the Council considering that this was a significant area of weakness in the initial CPA report.
- 17 Community engagement and consultation activity has improved well in both the range of activity and its utilisation. There is good support for the Local Strategic Partnership (LSP) and there are sufficient connections with the county-wide Cumbria Strategic Partnership to provide for a positive alignment of local and sub regional objectives. The community networks, established during the development of the Community Strategy, continue to be used to debate issues and progress and will be supported by the new LSP website. Council decision making has been informed through 2006-07 budget consultation and a resident's newspaper was issued for the first time in October 2005.

10 Progress Assessment | What is the Council trying to achieve?

Cabinet meetings are now held at various locations around the district and there is an 'open forum' opportunity for the public and local organisations to ask direct questions of the cabinet. The Council's leaders and management are now more active in their community leadership role, having an improved interface both to local and strategic issues.

How has the Council set about delivering its priorities?

- 18 The Council has strengthened its capacity to deliver its improvement agenda, but some of the key building blocks are still not in place.
- 19 There have been significant improvements in the Council's management capacity to deliver its improvement programme over the last year. At the time of reporting the last progress assessment three senior management positions were affected by suspensions and significant resource was being deployed to conduct disciplinary investigations and staff pay structure negotiations. The Council has stabilised the situation and has recovered and enhanced its capacity to be in an overall improved position to that identified in the initial CPA report.
- 20 This organisation is now radically different from the previous situation requiring significant interim management support, which had existed for more than eighteen months. A new management structure with three directors and a streamlined 'heads of service' structure supporting the Chief Executive is now established and fully staffed.
- 21 Important weaknesses remain in the management of financial resources and human resources within the Council, which are key activities to support the top priority of delivering excellent services and to achieve value for money in its activities.
- 22 The pay and grading issues and associated management suspensions, that represented a significant risk and drain on the organisation's capacity, have been resolved. The new pay and grading structure agreed provides the Council with a known pay cost structure that addresses equal value considerations. However, our work on the internal control procedures at the Council during 2004/05 identified that there was a complete lack of any corporate budgetary control procedures in place and the Council failed in its statutory duty to keep the Housing Revenue Account (HRA) in balance at the financial year-end. The pay and grading issue, weaknesses in budgetary control during 2004/05 and the failure to keep the HRA in balance, have all contributed to the Council being assessed as failing to meet adequate standards under the Use of Resources assessment for the Financial Management criteria. The Council did however, manage to meet adequate standards for the overall assessment.
- 23 The organisation's planning for its future workforce development needs remains an area of weakness. The potential for changing skill and competency requirements within the workforce are clear as services respond to changing access and delivery requirements eg customer contact centres, shared service arrangements and integration with partner organisations. The Council has limited information on the current skills and knowledge of its workforce and any key differences from what may be required within the medium term.

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

- 24 The Council has increased its resources to support improvement through using alternative means of service delivery, where this can provide enhanced investment and service. The Arms Length Management Organisation (ALMO) established by the Council for housing management was assessed as providing a good, two-star service that has promising prospects for improvement. As the housing service meets Government two star criteria it has therefore had access to additional capital funding to improve the condition of its homes. The Council has clear targets for increasing the amount of affordable housing in the district and is benefiting from the sub regional work under the Cumbria Strategic Housing Group on this theme. A leisure trust has been established for the management of leisure facilities and resources for investment in facilities are now being made available. During this year the Council has decided to transfer its design and property services to a private sector partner and is currently developing a joint project with the neighbouring councils for Lancaster and Barrow for the delivery of building control services.
- 25 Arrangements for the monitoring of performance have made good progress over the last eighteen months, whereas this had been a significant weakness over recent years. Fundamental service reviews have been used extensively to review service cost and performance through cabinet, management and scrutiny functions and to focus on areas for efficiency savings and improvements. A Cabinet Performance Group (CPG) has met monthly since June 2005 to review performance against key indicators, progress at key partnerships, budgets and corporate risks. This is a positive development that establishes more frequent and integrated monitoring of performance and is expected to identify earlier intervention with portfolio holders and service heads where plans are not being met.
- 26 The quality of performance information was previously poor but is now far more reliable and the current introduction of new software is expected to make the information more accessible for use and interpretation within the organisation. Intelligence regarding the different needs of particular groups or locations within the community is not yet built into the planning and management of services. The improvements in monitoring arrangements have yet to show impact in enabling targeted intervention to ensure continuous improvement.
- 27 Risk management arrangements have been formally established but are still to be fully understood and integrated within the management of the organisation. The Risk Management Policy and its Action Plan for 2005/06 was approved by the Cabinet on 27 July 2005 and the corporate risk register has been updated. Risk management is monitored through the CPG and reports to members now highlight a more appropriate range of risks for members to consider. Training and reporting structures continue to be developed.
- 28 The rapid progress made during 2004 in enabling the Council's business to be conducted electronically had been sustained in 2005 and the web site continues to be developed to support access to services and information. Discussions with the County Council are at an early stage in exploring how customer contact for services may be integrated to provide improved services for the public.

- 29 The Council is improving its approach towards partnership working that can benefit its community. The Council has been active and has taken key responsibilities to support the Market Towns Initiative and the development project for the Lancaster Canal at Kendal. This year has seen positive effort applied to exploring potential for improvement through sub-regional approaches and collaboration with councils in Barrow and Lancaster.

What has the Council achieved/not achieved to date?

- 30 The Council has strengthened its performance in priority areas during the last year, however, the focus on improving corporate capacity has resulted in a lack of progress in some important areas.
- 31 South Lakeland continues to be a safe and healthy area in which to live, with low levels of crime and high life expectancy. There is high performance for all Quality of Life indicators relating to anti-social behaviour, although the national trends for increased levels of recorded violent crime are reflected locally. Most culture related performance measures show high satisfaction:
- parks and open spaces – best quartile and improving;
 - sports/leisure – second quartile satisfaction and improving; and
 - art activities and museums/galleries best quartile.
- 32 Waste management has been a high cost service which has made a poor contribution to the Council's environmental priorities. Recycling has shown significant progress in the last two years from low performance levels. The recycling and composting rate has continued to increase sharply, at a rate faster than the national trend and the 2005/06 statutory target has already been exceeded. Waste collection costs remain at a comparatively high level. An agreement with the waste disposal authority on transfer costs will reduce this cost element in 2005-06, but increased recycling activity will introduce further cost pressures. The quantity of waste collected remains very high and is not improving, although the latest information for 2005-06 indicates that the amount of waste going to landfill is starting to reduce. The Council is now achieving impact in this area through strategic partnership working across the county area leading to improved planning for sustainable waste management in the medium and long term.
- 33 Sub-regional work with other councils and social landlords is also starting to provide improved co-ordination of activity and capacity for housing. The Cumbria Strategic Housing Group has strengthened its role in developing co-ordinated policies that reflect housing markets in Cumbria rather than authority boundaries. A task group focussing on affordability problems is of particular benefit to this priority issue for the district. A Cumbria wide housing strategy that focuses all partner activity is to be submitted to Government Office North West (GONW) in July 2006 and is likely to be the first such strategy in the country.

- 34 The Council has not been able to sustain improvement across service areas or community related issues that support priorities. Over recent years the Council has had a reasonable profile of performance across service areas with an acceptable proportion of performance indicators in the upper two quartiles of comparative performance. During 2004-05 a number of important areas have not improved or are showing deteriorating performance.
- Planning services have good public satisfaction feedback but in 2004-05 failed to meet government targets for the prompt processing of major, minor and 'other' planning applications. Performance was in the worst quartile for 2004-05 for these applications and for the processing of land searches, although the latest information indicates improvement in 2005-06.
 - 2004-05 performance against the environmental health checklist of good practice is in the worst quartile.
 - 2004-05 performance remains weak against equality related measures such as disabled access to buildings, relative to the local population - the percentage of people at the most senior levels of the organisation (top 5 per cent earners) that are women, disabled or from ethnic minority background.

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

- 35 The Council is progressing reasonably well in the development of future plans to meet both internal and strategic challenges and has a structure for key plans to be regularly refreshed to maintain their relevance. The improvement programme will be reviewed by the end of March 2006 to confirm priorities for the next year and the Corporate Plan will be reviewed and published by June 2006. The Council has recognised the need to more clearly describe achievements and outcomes within plans, across all priority areas when updating the Corporate Plan.
- 36 The Council had commissioned a high level review of service costs in 2004 which has now been progressed during 2005-06 into a programme of fundamental service reviews. Ten service reviews have been progressed to recommendation stage and the Cabinet has prioritised them for review through Overview and Scrutiny Committees. This is a major exercise for the organisation that is expected to provide clearer alignment to strategic plans and the focus for the shaping of service delivery, financial and staff resources through the budget setting process to March 2006. The budget steering group that usually operates during budget preparation phase will now be sustained throughout the year to progressively focus resources on priority areas through to 2007-08.
- 37 Through the improvement programme, there have been opportunities for staff development to senior positions and the networks across service areas have developed and are encouraging the sharing of learning and ideas within the organisation.
- 38 A change programme to deliver the corporate priority for providing excellent services for the local community is planned for 2006 and will encompass any plans for improving access to services across a range of organisations. Service planning arrangements have already been strengthened to make plans for improvement more explicit and enable challenge at CPG.
- 39 The Council has recognised the need to strengthen its financial and human resource management and has recently agreed plans to:
- reorganise the finance function to make it 'fit for purpose';
 - support heads of service with financial management training;
 - review financial service processes to identify efficiency improvements;
 - increase funding for the human resources function; and
 - provide additional funding for ICT improvements.

- 40** Plans with partners are progressing towards a Local Area Agreement for Cumbria and the Council is undertaking a key role in ensuring developments are consistent with local needs expressed through the local strategic partnership.
- 41** The opportunities for joint work continue to be explored and plans are being developed with the Lake District National Park for a trust to be established for the delivery of lake services for the significant tourist destination of Lake Windermere from 2007-08.

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	Provides an outline framework for local improvement. Links made between strategies and with services.	Short term plan with unclear outcomes. Limited community involvement. Not demonstrating leadership in driving improvement. LSP not yet having impact.
Prioritisation	2	Capital expenditure model weights in favour of cross-cutting projects. Compliance with national priorities.	Local priorities not clear. Priorities not systematically informed by consultation.
Focus	2	Maintained focus during Foot & Mouth. Restructure offers potential for improvement. Workplans in place.	Weak links between Overview/Scrutiny and cabinet. Not supported by comprehensive and reliable information. Limited challenge, overview/scrutiny. Communications. Weak information.

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
Capacity	3	<p>Sound financial position – debt free with reserves.</p> <p>Fully funded capital programme.</p> <p>Partnerships delivering outcomes in some areas.</p> <p>Good working between councillors and officers.</p>	<p>Inconsistent application of appraisals.</p> <p>Chief Executive development needs not being met.</p> <p>Weak scrutiny and internal challenge.</p> <p>Procurement.</p>
Performance management	1		<p>Underdeveloped framework, inconsistently applied hence no performance management culture.</p> <p>Lacks corporate challenge, to service improvement.</p> <p>Performance management not on priorities and outcomes.</p> <p>Councillors not systematically involved in monitoring and challenging performance.</p> <p>Accuracy and relevance of information.</p>
Achievement	3	<p>High public satisfaction.</p> <p>Good PIs.</p> <p>Activities relevant to local context.</p>	<p>Some services high cost.</p> <p>Weaknesses in data collection undermine confidence.</p> <p>Strategic approach sometimes lacking.</p>
Achievement of improvement	3	<p>Improvements made in priority areas and cross-cutting improvement achieved in more deprived area.</p>	<p>Corporate drive for improvement in priority areas lacking.</p> <p>No framework to ensure systematic assessment of user needs.</p> <p>No emphasis on health.</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	3	<p>Recognises areas where investment is needed.</p> <p>Financial building block substantially in place.</p> <p>Connected Cumbria partnership.</p> <p>Developing strategic capacity.</p> <p>Developing procurement capacity.</p>	<p>Weak links between financial and business planning.</p> <p>Slow adoption of IT to improve service delivery.</p> <p>Risk management culture not embedded.</p>
Learning	1	<p>Learning from Leisure Trust being applied to ALMO.</p>	<p>No systematic evaluation of success or failure.</p> <p>Poor communication weakens dissemination.</p> <p>Recognise processes but not as tools for improvement.</p> <p>Active in networks but not always actively learning.</p>
Future Plans	1	<p>Plans to address process and strategy gaps.</p>	<p>Strategic thinking not apparent.</p> <p>Still no clarity on impacts sought.</p> <p>Absence of good practice in consultation and communication to transfer to LSP.</p> <p>Status quo is seen as 'fact' and not challenged.</p> <p>HR plans.</p> <p>No profile for 'health'.</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

- 1 The original comprehensive performance assessment was carried out under the Local Government Act 1999 and published in 2003/04.
- 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; and
 - reviews of key corporate documents including performance reports, committee papers and management reports.
- 4 This progress monitoring report for South Lakeland District Council was collated by the Audit Commission and reflects evidence gathered over the period from October 2003 to February 2006.
- 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 to any Monitoring Board and updating and improving any Improvement/Recovery Plan as appropriate.