

REPORT OF THE STRATEGIC DIRECTOR  
TO THE EXECUTIVE 6 JUNE 2008

**Council Aspirations for future Performance Inspections**

**1.0 Introduction and Report Summary**

- 1.1 The national performance inspection regime for local government is changing. Previously the Council was inspected in accordance with the 'Comprehensive Performance Assessment' (CPA) rules. Under that regime the Council was formally assessed as being 'Fair' in 2004, which is the middle of five categories (Poor, Weak, Fair, Good and Excellent.)
- 1.2 In addition to the full CPA inspection in 2004, the Council has been annually inspected against a Use of Resources checklist, and in 2007 it's usual '2' score (adequate) on a scale of 1 - 4, improved to '3 (satisfactory).
- 1.3 The CPA regime is being phased out to be replaced with the Comprehensive Area Assessment (CAA) regime, which will consider the performance of all Oxfordshire councils together. The precise details are still being formulated by the Government and it is not yet possible to assess whether the duties and obligations arising from the new regime will be any less onerous than the CPA regime.
- 1.4 In the meantime, there are two performance obligations which will continue to fall on individual councils including the Vale. These will be inspected and so will affect the Council's perceived performance. The Council could choose to put more or less effort into them according to its aspirations. This report requests direction from the Executive.
- 1.5 The Contact Officer for this report is Steve Bishop, Strategic Director & Chief Finance Officer (01235 540332). Email: [steve.bishop@whitehorsedc.gov.uk](mailto:steve.bishop@whitehorsedc.gov.uk)

**2.0 Recommendations**

*The Executive is requested to agree that:*

*Either:*

- (a) No additional effort to that already provided for in service plans is expended by officers on achieving the statutory obligations in respect of the Use of Resources assessment and the Annual Governance Statement;*

*Or,*

*(b) The officers expend as much effort as is required to retain the '3' score in Use of Resources and obtain a complementary inspection opinion on the Annual Governance Statement, acknowledging that specific service plan commitments will need to be forsaken in order to free up the necessary staff resource.*

### 3.0 **Relationship with the Council's Vision, Strategies and Policies**

- (a) This report contributes to the Council's Vision and Aims, especially the provision of high quality public services.
- (b) Does not contradict or relate to any specific strategy.
- (c) Does not contradict or relate to any specific policy.

### 4.0 **Annual Use of Resources Assessment**

4.1 Each council is annually inspected against a checklist of criteria which relate to efficient and effective Use of Resources. The checklist comprises almost 200 individual questions spread across five categories. Within each category they are divided into Level 2 questions (which constitute 'adequate' assurance), level 3 questions (good assurance) and level 4 (excellent assurance). If we fail a Level 2 question we are deemed to be Level 1 (unsatisfactory).

4.2 The inspector assesses the evidence provided against each question and scores the Council accordingly. The inspector averages the different scores for questions within a category to generate a category score; and averages the category scores to generate an overall assessment score.

4.3 For 2006/07 the Council scored as follows:

Financial reporting	2
Financial management	3
Financial standing	3
Internal control	2
Vale for money	3
<b>Overall</b>	<b>3</b>

4.4 Each year the checklist is revised and the criteria become tougher. For the 2007/08 assessment this year, the Council would need to address many areas to provide the necessary extra assurance to guarantee another '3' score. This would take up significant officer time across the organisation which is currently fully committed in service plans.

4.5 If Members aspire to retain a '3' score for Use of Resources, officer resource will need to be diverted from service-focused projects, developments and 'dayjob' tasks to making the changes needed to address unmet criteria. Examples of changes needed to attain Level 3 include:

- Linking budgets to operational activity indicators (Question 2.1.16)
- Regular 'fit for purpose' reviews of the financial management arrangements (Q 2.1.17)
- Substantial improvements in risk management processes - annual revisions, assurances around partnership risks, regular reporting on corporate business risks (Q 4.1.6 onward)

4.6 The changes would undoubtedly provide some benefit to the Council and its community, but would be at the expense of locally-determined priorities. Service plans would need to be revised accordingly and some service commitments would need to be forsaken.

4.7 However, if Members are content for the Use of Resources score to slip back to a '2', resources would not need to be diverted and service plans could remain intact.

## 5.0 **Annual Governance Statement**

4.8 Previously the Council had a statutory duty to publish a 'Statement on Internal Control' (SIC). This requirement arose two years ago and in its first year the Council received praise from the inspectors in adopting a rigorous approach to compiling the SIC. Conversely, when the Council adopted a 'light touch' approach in the second year, we received a critical opinion from the inspector.

4.9 The SIC has now been superseded by a new Annual Governance Statement (AGS). This document comprises the same material as the SIC, plus additional information to explain the systems and processes, culture and values by which the Council is directed and controlled and through which we account to the community and lead the community.

4.10 The Government, Audit Commission and local government professional institutes are encouraging councils to use the AGS as an opportunity to involve the whole authority and engage the public in comprehensively reviewing the entire governance framework.

4.11 Good practice guidance and templates have been issued. But councils are still free to decide whether they wish to take a 'big bang' or minimalist approach. Depending upon this decision, officers and Members will either need to invest substantial effort (which will require resources to be diverted from other tasks) or not.

4.12 The AGS will be inspected and the inspector's opinion will count towards the Council's overall performance assessment. There is therefore a simple trade-off between:

- minimal additional effort and continuing to focus on local service commitments (probably leading to a poorer corporate assessment); or,

- 'big bang' approach requiring significant resources to be diverted from services (leading to a better corporate assessment).

## 5 **Conclusion**

- 5.1 The Members are asked to determine the Council's relative aspirations between corporate performance assessment (reflected in the Use of Resources score and Annual Governance Statement) and local service priorities (as set out in the Corporate Plan and service plans).
- 5.2 The Council has limited officer resources, all of which have been committed in 2008/09 service plans. Some officer time has been earmarked in the service plans for corporate assessment work, but most has been directed towards local priorities. The resource available for corporate assessment work is limited, aimed at low level evidence gathering and maintenance, not the creation of new processes and policies.
- 5.3 If Members wish to divert resources to maintain or improve the corporate performance assessment, this can be accommodated and specific service plan commitments will need to be forsaken. If Members wish to safeguard service plan commitments, the Council will need to adopt a minimalist approach to the Use of Resources and Annual Governance Statement which may lead to adverse corporate assessments.
- 5.4 Members are recommended to determine this question.

STEVE BISHOP  
STRATEGIC DIRECTOR & CHIEF FINANCE OFFICER

**Background Papers:** Use of Resources Key Lines of Enquiry  
CIPFA/SOLACE Governance Framework