CABINET MEETING – 10/03/10

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:
COMPREHENSIVE AREA ASSESSMENT (CAA) USE OF RESOURCES IMPROVEMENT PLAN

Author(s):
Chief Executive

Purpose of Report:
To seek Cabinet approval for the council's CAA use of resources improvement plan, which details the council's priorities for improvement in the management and use of its resources. This would support the council in its ambition of improving its CAA use of resources assessment scores in 2010 towards an ultimate ambition of securing level 4 performance overall.

Description of Decision:
Cabinet is recommended to approve the use of resources improvement plan.

Is the decision consistent with the Budget/Policy Framework? *Yes/~~No~~

If not, Council approval is required to change the Budget/Policy Framework

Suggested reason(s) for Decision:
The council's use of resources improvement plan will support the council on its improvement journey and enable it to more effectively and efficiently manage and use its resources, thus delivering value for money and better and sustainable outcomes for local people. This should in turn result in the council achieving improved scores within the use of resources assessment, which would enable the council to continue to be recognised as a high performer in the management of its resources.

Alternative options to be considered and recommended to be rejected:
The alternative option is to not approve the council's use of resources improvement plan. The consequences of this would be that the council does not maximise the value for money from its use of resources, which is essential within the current economic climate. Failure to improve upon the council's use of resources scores will also risk the council being 'left behind' by other improving councils and could lead the AC to arrive at the conclusion that the council is 'coasting'. This would be harmful to the council's reputation, as it has previously been considered a high performer in the management of its resources.

Is this a "Key Decision" as defined in the Constitution? ~~Yes~~/No **Is it included in the Forward Plan? ~~Yes~~/No**	**Relevant Scrutiny Committee:** **Management Scrutiny Committee**

CABINET **10 March 2010**

COMPREHENSIVE AREA ASSESSMENT (CAA) USE OF RESOURCES IMPROVEMENT PLAN

Report of the Chief Executive

1.0 Purpose of the report

1.1 To seek Cabinet approval for the council's CAA use of resources improvement plan, which details the council's priorities for improvement in the management and use of its resources. This would support the council in its ambition of improving its CAA use of resources assessment scores in 2010 towards an ultimate ambition of securing level 4 performance overall.

2.0 Description of Decision (Recommendations)

2.1 Cabinet is recommended to approve the use of resources improvement plan.

3.0 Introduction / Background

Use of resources in Sunderland

3.1 Comprehensive Area Assessment was introduced in April 2009 to provide an independent assessment of how local public services are working in partnership to deliver outcomes for an area. It replaces Comprehensive Performance Assessment (CPA).

3.2 The first CAA results were reported on the new Oneplace website (www.oneplace.direct.gov.uk) on 9 December 2009 and were reported to Cabinet at its meeting on 13 January 2010.

3.3 The organisational assessment combines a scored use of resources assessment and a scored managing performance assessment into a combined assessment of organisational effectiveness scored on a scale from 1 (lowest) to 4 (highest). The council scored 3 out of 4 (i.e. exceeds minimum requirements - performs well) for its organisational assessment and both of its component assessments i.e.

	Score	Assessment	Score
Organisational assessment	3	Managing performance	3
		Use of resources	3

3.4 The use of resources assessment was a feature of CPA; however within CAA it has been expanded and focuses on broader issues including how the council is using its resources such as finance, staff, assets and natural resources. There is a much stronger focus on partnerships and outcomes and the value for money judgement is mainstreamed within the overall judgement rather than as a separate element under CPA. The standard to demonstrate a level 3 performance has been raised and to achieve a level 4 performance (i.e. significantly exceeds minimum requirements – performs excellently) organisations councils needs to be able to demonstrate innovation and excellence, which clearly sets them above others and demonstrate consistent impacts upon priority outcomes. This is the first time the council

has received the new use of resources assessment and due to the changes in the framework there is no comparison with previous years.

3.5 The overall use of resources score is arrived at through a series of scored themes and Key Lines of Enquiry (KLOEs). The council's scores are set out below:

Theme	Score	KLOE	Score
Managing finances	3	1.1 Financial planning	4
		1.2 Understanding costs & achieving efficiencies	3
		1.3 Financial reporting	3
Governing the business	3	2.1 Commissioning & procurement	3
		2.2 Data quality & use of information	3
		2.3 Good governance	3
		2.4 Risk management & internal control	4
Managing resources	2	3.1 Natural resources	2
		3.2 Strategic asset management	2
		3.3 Workforce	Not assessed
OVERALL	**3**		

3.6 The use of resources report recognised that Sunderland successfully integrates service and financial planning and has secured significant efficiency savings in recent years whilst at the same time investing in corporate priorities and improvements for local people. Processes for good governance and internal control are also considered to be well established and effective.

3.7 The report identified that there are elements of particularly strong performance including financial planning and risk management and internal control where the council scored 4 out of 4, which means that it is classed as a national exemplar from which others can learn.

3.8 Although the council was able to demonstrate a clear corporate commitment to improve asset management and sustainability, the report identified key improvement areas which will support using its resources to deliver value for money and better and sustainable outcomes for local people.

Use of resources - national and regionally

3.9 The council's score of 3 (performing well) for its use of resources assessment is comparable with others both nationally and regionally - 52% of councils achieved this score. Only three councils nationally (i.e. 2%) achieved a score of 4 overall for use of resources - one of which was in the North East (i.e. Stockton). Only 11 scores of 4 were awarded for any of the three themes which inform the overall use of resources score (three of which were awarded to councils in the North East).

	Overall		Managing finances		Governing the business		Managing resources	
Score	**Number**	**Percentage**	**Number**	**Percentage**	**Number**	**Percentage**	**Number**	**Percentage**
4	3	2.0%	3	2.0%	4	2.7%	4	2.7%
3	**76**	**51.7%**	**92**	**62.6%**	**67**	**45.6%**	49	33.3%
2	67	45.6%	50	34.0%	75	51.0%	**94**	**63.9%**
1	1	0.7%	2	1.4%	1	0.7%	0	0.0%
Councils receiving a score of 4	Camden Stockton Tameside		Camden Stockton Tameside		Kensington & Chelsea Stockton Tameside Westminster		Camden Islington Middlesbrough Sutton	

NB 147 single tier and county councils were assessed. 5 were not assessed. Sunderland City Council's scores are highlighted in the table.

3.10 In terms of the use of resources themes, councils are clearly higher performing in relation to the managing finances themes than the governing the business theme. Councils are in turn significantly higher performing in both these themes than they are in relation to the managing resources theme. This latter trend is reflective of the position in Sunderland.

4.0 Use of resources assessment 2010

4.1 The council is subject (as under CPA) to an annual use of resources assessment and the Audit Commission is proposing that for the 2010 assessment a more proportionate and risk based approach will be taken than in 2009, which was a baseline year. CAA differs from CPA in that it is a year round assessment process and to this end, the new Audit Manager has agreed a protocol with the council, to support ongoing conversation with the council rather than an inspection event. This will include drawing evidence from performance against the LAA and community strategy, national indicator set, local performance information and views of local people and organisations using local services.

4.2 For the 2010 assessment the timescales for evidence gathering have been brought forward and the Audit Manager needs to submit the council's scores to the national moderators by mid April 2010. Clearly this timescale has implications for the council in providing evidence of improvement before the end of March to impact positively on the assessment.

4.3 The use of resources is an annual assessment with each KLOE reassessed on an annual basis, with the exception of those KLOEs within the Managing Resources theme. The Managing Resources KLOEs are assessed on a cyclical basis, which means that they are only assessed twice in every three years i.e.

Managing Resources KLOE	Assessed in 2009	Assessed in 2010	Assessed in 2011 (presumed)
3.1 Natural resources	✓	X	✓
3.2 Asset management	✓	✓	X
3.3 Workforce	X	✓	✓

4.4 The Workforce KLOE which looks at how effective the council is at using its staff resources will be assessed for the first time in 2010. This will be informed by the findings of a mini-review, which the AC has been undertaking across Sunderland, Gateshead and North Tyneside during the winter.

4.5 Whilst the council's Natural Resources score will not be revisited until 2011, progress with the council's sustainability agenda (which includes natural resources) will however be reflected in both the area assessment and managing performance assessment in 2010.

Improvement strategy and actions

4.6 As part of its improvement programme, the council has already taken forward a number of actions which enable it to more effectively and efficiently manage and use its resources. These include:

- Adopted a new Sustainability Policy in January 2010, which also increased targets for reducing council carbon emissions and waste
- Revised and adopted a new Sustainable Construction Policy for new council buildings
- Established and implemented a system for the management and monitoring of rent reviews and lease compliance
- Agreed a Land Acquisition Policy in December 2009
- Strengthened the capacity of elected members in relation to performance management and developed Scrutiny's links to the Sunderland Partnership

4.7 An improvement plan (see **appendix 1**) has been developed with the improvement priorities informed in part by the Audit Commission's 2009 feedback. This should enable the council to demonstrate a clear commitment to using its resources effectively and efficiently, thus delivering better value for money and better and sustainable outcomes for local people which the council is confident will be reflected in improved scores against the KLOEs, which were assessed in 2009. Improvement actions for the tenth KLOE (i.e. Workforce) will be identified once the Audit Commission has shared the findings of its work in 2010.

4.8 The improvement plan has identified a number of actions to maintain a level 3 for the individual KLOE areas (which will demonstrate the council is managing its resources well in all areas) with level 4 arising from cross cutting programmes of work such as further embedding of sustainability, impact of smarter working on outcomes and the implementation of the Economic Masterplan which we believe have the potential to demonstrate real innovation in the way we manage our resources.

4.9 The three tiers around which the improvement plan has been developed are described in the following paragraphs.

4.10 **KLOE Actions:** These actions are within the responsibility or influence of the individual KLOE Lead in terms of implementation and ensuring the necessary impact is being achieved, although they will clearly require the support of council directorates. Key KLOE actions include:

- Further roll out of the Category Management approach within procurement
- Implementation of the 'Buy in Sunderland first' initiative
- Consistent disaggregation of performance information in terms of geography and user profiles
- Development of the format and presentation of performance information for decision makers
- Development of an employee training programme to support the new Sustainability Policy
- Development of a draft corporate waste plan
- Establishment of a baseline of the council's current resource consumption, which will enable the setting and monitoring of directorate reduction targets

- Further implementation of the Smarter Working Project and its various workstreams
- Development and implementation of a strategy to achieve 70% planned maintenance spend from the delivery of the council's buildings maintenance programme

4.11 **Corporate Actions:** Exemplar authorities for use of resources are able to demonstrate strong evidence of an organisation wide approach to managing the KLOEs as a corporate resource and evidence of its systematic integration into key corporate programmes and transformation agendas. To this end a series of actions have been identified for implementation which are wider than the individual KLOE but demonstrate the wider organisational approach to using council resources to meet the needs of local people in a way that provides value for money and which will positively impact upon individual KLOEs in terms of demonstrating good / exemplary practice. Key corporate actions include:

- Delivery of a Regeneration Strategy for the City
- Further embedding sustainability across the council for example, in all council decisions, contracts, projects (including construction) and financial plans
- Further development and roll out of the Improvement Programme and Operating Model Commissioning and Service Review workstream
- Implementation of the Scrutiny Service Improvement Plan 2009/10 and delivery of actions arising from the recent IDeA Scrutiny Fitness Check.
- Further development of the centralised collection and analysis of customer contact and complaints
- Review of the council's approach to partnerships, including consideration of how Partnership Leads are supported

4.12 **Demonstrating Best Practice / Outcomes:** Central to the use of resources assessment is the demonstration of how excellent practices are delivering outcomes for the council and the city as a whole - this is key to the achievement of level 4. Many of these examples cut across a number of KLOEs and therefore joint working and data collection and research arrangements have been put in place across the council by the KLOE leads and staff within the Corporate Policy and Performance Improvement Team, in order that approach case studies and information can be presented demonstrating the impact to the Audit Commission. Key projects and programmes for which outcomes will be identified include:

- Improvement Programme and Operating Model
- Community Leadership Programme
- Area committees / arrangements
- Achievements as a result of investment – for example BSF, Waste Partnership, Community Cohesion and Safer Sunderland Partnership.

4.13 The improvement plan is designed to be risk based and therefore proportionate i.e.

- The majority of actions are geared towards improving the two KLOEs that currently score 2 out of 4 (i.e. Natural resources and Asset management)

- A minimal number of actions have been developed to maintain scores for the council's two exemplar KLOEs that currently score 4 out of 4 (i.e. Financial planning and Risk management and Internal Control)
- The remainder of actions are designed to demonstrate exemplary practice and the achievement of outcomes for the five KLOEs which currently score 3 - which is key to achieving a score of 4.

4.14 Once agreed the improvement plan will be integrated into the Corporate Improvement Plan and individual Service Plans, with progress monitored through the council's performance monitoring arrangements.

5.0 Reasons for the decision

5.1 The council's use of resources improvement plan will support the council on its improvement journey and enable it to more effectively and efficiently manage and use its resources, thus delivering value for money and better and sustainable outcomes for local people. This should in turn result in the council achieving improved scores within the use of resources assessment, which would enable the council to continue to be recognised as a high performer in the management of its resources.

6.0 Alternative options

6.1 The alternative option is to not approve the council's use of resources improvement plan. The consequences of this would be that the council does not maximise the value for money from its use of resources, which is essential within the current economic climate. Failure to improve upon the council's use of resources scores will also risk the council being 'left behind' by other improving councils and could lead the AC to arrive at the conclusion that the council is 'coasting'. This would be harmful to the council's reputation, as it has previously been considered a high performer in the management of its resources.

7.0 Relevant considerations / consultations

(A) Financial considerations

There are no direct financial considerations. The use of resources assessment scores the council's financial management processes and internal governance. This is reflected in the council's Managing Finances and Governing the Business sub sections where scores of 3 out of 4 for each were achieved.

(B) Risk Analysis

There are no direct risk management considerations. However the use of resources improvement plan is a control action to mitigate the impact of not achieving Corporate Risk 15: Failures within the council to identify/ develop/ implement changes that enable it to meet the challenges of value for money and efficiency savings.

8.0 Glossary

AC	Audit Commission
CAA	Comprehensive Area Assessment
CPA	Comprehensive Performance Assessment
KLOE	Key Lines of Enquiry

9.0 List of appendices

1 Use of resources improvement plan

10.0 Background papers

Use of resources report – Sunderland City Council (Cabinet, 13 January 2010)