Patterns for improvement

Learning from comprehensive performance assessment to achieve better public services
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Summary

Comprehensive Performance Assessment (CPA) has been a substantial achievement – and an investment – for all involved. For councils, it provides learning that they can apply to enhance their corporate effectiveness. Councils perform well when they have:

- political leadership that focuses on change and continuous improvement, and makes – and sticks to – tough decisions, even in politically sensitive areas;
- strong community leadership based on a shared vision for delivering local priorities and joint strategies with partners;
- clear frameworks for managing performance that support council priorities and link to planning and budget setting;
- people management strategies that harness staff energies and skills to deliver council objectives;
- a robust approach to procurement, based on a well-developed mixed economy; and
- a good understanding of their local context and the diversity within local communities in order to identify and meet the needs of those communities.

These corporate strengths directly influence performance patterns at a service level. In addition, specific actions that councils with high-performing services have taken include:

- in social care, ensuring that frontline staff and people who use the service are engaged in improving services;
- in education, effective leadership by members and senior officers;
- in environment, taking a preventive approach to environmental management and using services to contribute to sustainable development; and
- in housing, effectively balancing emergency and responsive repair work with planned maintenance, and making good use of housing needs and stock condition information to inform strategy.

CPA also provides learning for regulators and government that informs the way ahead for CPA and the future relationship between central and local government:

- enabling the Commission and other regulators to maximise regulatory value for money through Strategic Regulation. Strategic Regulation aims to promote improvement in public services by focusing regulatory attention where it is necessary and most productive, while continuing to provide assurance about public expenditure;
- putting service users first by focusing on the outcomes that service providers achieve;
- working more closely and effectively with other regulators to reduce bureaucracy, improve co-ordination and remove unnecessary duplication; and
- building trust between central and local government.
Introduction

Why has this report been written?

This report identifies learning from CPA in order to contribute to improvement on two levels:

- Firstly, for councils it provides learning that they can apply to enhance corporate effectiveness and drive service improvement.
- Secondly, for regulators and government, it provides learning that informs the way ahead for CPA and the future relationship between central and local government.

The first CPA results were published in December 2002 and set a clear baseline position for the 150 single tier and county councils [Exhibit 1, Ref. 1]. Each council’s overall CPA category (excellent, good, fair, weak or poor) is determined by combining its overall service score on current performance (based on existing information about council performance that is held by councils, government departments, auditors and inspectors) with a judgement about its ability to improve (based on a ‘corporate assessment’).

Exhibit 1

The overall results from CPA

Each council has been placed in one of five categories.

Source: Audit Commission
Since before December 2002 councils have been planning for improvement, drawing on the key findings of CPA. It is important that such work is based on a fuller understanding of what CPA is saying about council performance and the challenges that local government faces in delivering better services for local people.

**The evidence on which this paper is based**

The evidence gathered together for CPA is a valuable tool for diagnosing what the best councils do, and what other councils struggle with. Corporate assessment gets right to the heart of what well-governed, well-led councils are all about; service inspections, performance indicators (PIs) and government plan assessments all serve to focus on critical success factors.

Case studies in this report are drawn from a range of councils with different CPA categories because even relatively weak councils will have areas of strength.

CPA is a composite of many sources; including the judgements of other inspectorates; the Office for Standards in Education (OFSTED), Social Services Inspectorate (SSI) and Joint Reviews, the Benefit Fraud Inspectorate (BFI), as well as the Commission’s Housing Inspectorate. The Commission gratefully acknowledges the contributions from these inspectorates, not only to CPA but to the analysis contained in this bulletin.

**The public perspective**

CPA is a way of stimulating improvement and of making council performance relevant and understandable to the people that use their services. People benefit most from public services that are based on a real understanding of their needs. Councils should be able to tell people clearly how well they are performing and to get them involved in improving the services that they use.

The experience of local people is reflected in a number of ways in CPA. Inspectors routinely take account of the experience of service users by talking to them directly, by holding focus groups, by carrying out surveys of users and by trying out the services for themselves. PIs that measure satisfaction with services have also been included in the CPA framework and corporate assessment teams met and talked to users and their representatives to help them to assess councils’ ability to improve.

There is a clear correlation between citizen’s satisfaction with their council and the council’s CPA category. In other words, the councils that the Audit Commission thinks are doing better on CPA are broadly those that local people think perform well.
Areas where understanding needs to be developed

Information about some areas of council activity is incomplete because there are few PIs and no agreed national framework for measuring performance – this is particularly true of diversity, cross-cutting work on social inclusion, better health, community safety, and quality of life and the environment. The Commission recognises that information gaps exist in these areas. It is addressing the gaps in the development of CPA for district councils and is considering how the CPA framework can be improved in the medium term. The final section of this report focuses further on these gaps and how they might be filled by further work.

Learning from improvement

Chapter one of this report describes the fundamental and common building blocks for improvement, based on analysis of corporate assessment and other CPA evidence. It also indicates how these factors relate to people – users and their diverse needs – and to place – the influence of the local context.

Chapter two explores the patterns of performance of key services, the actions that good councils take, and what prevents others from doing well. It also describes what councils must do to relate services to cross-cutting achievements.

Chapters three and four then bring together what has been learned so far from improvement planning to enable councils to decide how to do better. It also states what the Commission, and others, will be doing in the future to build upon the first year of CPA.

This report forms part of the Commission’s commitment to provide learning from CPA. It is not the final word about all of the complex factors influencing local government performance – the Commission plans further work to explore some of these issues in more depth. But it does provide a baseline for future improvement in local public services.
Building blocks for improvement

CPA shows that councils perform well when they have the corporate building blocks in place for improvement.
Corporate assessment – what it says and what can be learnt from it

1 The CPA framework measures the effectiveness of the whole council. Its focus is on the leadership, systems and culture that lead to improved services, as well as on the current performance of those services.

2 Corporate assessment is a judgement about the council’s ability to improve services for local people and to deliver positive change for its communities. This judgement is based partly on a ‘self assessment’, which requires councils to answer four simple, but challenging, questions about their own performance:
   - What is the council trying to achieve?
   - How has the council set about delivering its priorities?
   - What has the council achieved to date?
   - In the light of what the council has learnt, what does it plan to do next?

3 Corporate assessments drew on the council’s own self assessment and were carried out by a small team, including officers and councillors from ‘peer’ councils. The team produced a high-level report on the council’s strengths and weaknesses and a judgement about its ability to improve. Judgements were made on a score of 1 (worst) to 4 (best).

4 The 150 corporate assessments carried out for the single tier and county council CPA provide valuable learning about what drives good performance and what the barriers are to improvement.

5 Corporate assessment is a powerful tool for identifying the key influences on current performance and improvement. A Picture of Performance (Ref. 2) highlighted ‘focusing and prioritising’, ‘managing performance’ and ‘building partnerships’. This chapter draws on a further analysis of the corporate assessments for all 150 single tier and county councils about the importance of:
   - political leadership;
   - community leadership;
   - leadership, performance and priorities;
   - matching resources to priorities – finance and people; and
   - building capacity through procurement and partnership.

   It also includes messages about how well councils have taken account of the public perspective, addressed diversity and understood the impact of place.
Political leadership

6 Councils have a unique status among local service providers in being governed by democratically elected local councillors. Councillors’ elected status gives them the authority to shape and decide local priorities, and to provide overall leadership to the council and to their local communities. The crucial role played by political leadership is shown in stark relief when it falls below the high standards demanded: the Commission’s research into failing council services concluded that ‘serious and sustained service failure is also a failure of leadership by senior councillors and top managers’ (Ref. 3).

7 The Commission recognised the importance of political leadership and reflected this importance in the way in which it designed CPA:

- council leaders were asked to personally sign off their council’s self-assessment, to demonstrate that they took ownership of the council’s own view of itself;
- the Commission involved councillors in its corporate assessment teams in order to ensure that the perspective of a peer councillor was reflected in the team’s analysis; and
- corporate assessment teams were specifically asked to identify how the council ‘offers leadership to the local community and to its own services’, highlighting leadership within the organisation and its influence on determining priorities.

8 Corporate assessment reports have commented on the role of elected councillors in three main areas:

- the role of executive councillors;
- the role of non-executive councillors; and
- the relationships between councillors and officers.

The role of executive councillors

9 The Local Government Act 2000 required councils to separate clearly their ‘executive’ from their ‘non-executive’ functions. The Act set out three models for achieving this separation. Most councils have opted for a cabinet and leader model, although ten councils have opted for an elected mayor and cabinet model and one for the elected mayor and council manager model. A number of councils have also opted for the ‘alternative arrangements’ allowed under the Act.
The evidence from corporate assessments is that in 83 councils these new executive arrangements are working well [Case study 1]. They are helping to provide clear and identifiable political leadership, effective decision making and a clear focus on priorities. Executive councillors often have cross-cutting areas of responsibility, which link to the council's political priorities. There is evidence in 29 assessment reports of executives making and sticking to difficult decisions, including those in politically sensitive areas, like outsourcing services, closing libraries or re-organising schools. The high quality and calibre of executive councillors is referred to in 19 corporate assessment reports.

The role of non-executive councillors

In general, non-executive councillors are less clear about their roles than executive councillors. Eighteen assessment reports suggested that non-executive councillors feel isolated, lacking in influence, removed from decision making or unclear about the way in which the council’s priorities have been identified. However, in 15 councils non-executive councillors are being well supported and are successfully putting their energies into their role as community leaders, often as a result of the development of local fora or committees. They are providing a connection between their community, the council and other agencies, to tackle issues that concern local people.

In particular, non-executive councillors are struggling with their role in ‘scrutiny’, whereby they hold their executive colleagues and other organisations to account, develop policy proposals and review services. There are examples of good practice, but 97 councils had a need to develop their work on scrutiny.

The relationship between councillors and officers

Good working relationships between councillors and officers are cited in 59 reports. Where relationships work well there is mutual respect and councillors focus on their strategic role, but they are also able to challenge officers when necessary. However, on the rare occasions when the relationship between councillors and officers was poor or had broken down, the consequences for the operation of the council could be serious. In one of these councils, lack of trust led to a paralysis of decision making and to constant challenges to even minor recommendations from officers. In another council, intimidation of officers by councillors made it impossible to recruit and retain able staff; and in one council officers who disagreed with corporate management decisions had sometimes been able to get them overturned by councillors, undermining the effectiveness of corporate decision making.
The importance of political leadership is reflected in councils’ priorities for improvement. In statements that detail their improvement priorities following CPA, 53 per cent of councils identified at least one improvement priority related to councillors, and 42 per cent identified a need to develop scrutiny or councillor training and development.

Case study 1
Northumberland County Council
CPA rating: Good

Northumberland County Council has a strong culture of political leadership, for which it is highly regarded within the region. The council demonstrates a high level of self-awareness with a leader and chief executive who are accessible to local organisations and partners. The role of the leader has been key in setting direction and leading change. There is a clear vision linked to improvement in the quality of life of local people. A clear sense of direction is shared by members of all parties, senior managers, staff and partners.

As a result of this strong leadership, staff and external partners have seen a clear difference in how the council is now being led and there is widespread support for the change in emphasis towards placing local people and service users at the centre of the council’s objectives.

Political management arrangements work effectively. A post of secretary to the cabinet (an elected member but not an executive member) ensures that there is a balance between executive, scrutiny and policy activities. Scrutiny boards of services are all chaired by opposition group leaders, who provide good challenge and can commission specific studies.

To improve capacity, the council has introduced officer and member support and training programmes in partnership with the University of Northumbria. Member training is tailored for individuals and each member has an annual training review. The council also makes good use of a range of informed members through various short-term working groups.

In short, effective leadership is embedded within all levels of the political management of the authority.

Source: Audit Commission corporate assessment report
Community leadership

The Local Government Act 2000 has given councils a clear role in leading their communities, as ‘the organisations best placed to take a comprehensive overview of the needs and priorities of their local communities and lead the work to meet those needs and priorities in the round’ (Ref. 4). But community leadership is not a new concept: councils have always had some community leadership functions and the best councils have been ‘leading’ their communities effectively for decades. Community leadership has three aspects:

- local democratic leadership;
- leadership through partnership; and
- communities leading themselves.

Corporate assessments examined the way in which councils were fulfilling their community leadership role. Most councils had positive stories to tell. In 102 authorities, community leadership was developing well. Seventy-two of the councils assessed demonstrated strong community leadership and commitment to extending this leadership – particularly through partnerships, including the local strategic partnership (LSP). The better councils were using the LSP as the focal point for community leadership and partnership working. They had gone a long way down the road of developing a shared vision as a framework for delivering local priorities. LSPs are still in their early days, and the better councils had an understanding of the strengths and weaknesses of the LSP and its partners and were developing joint strategies to improve capacity and performance. For some councils, this could mean drawing on the strengths of their partners in order to enhance their own capacity.

Councils performing their community leadership roles well had prepared ambitious community plans that had been consulted on and were owned by other partners. In these places, corporate assessment reports referred to ‘strong leadership of LSP’, ‘shared ambitions developed’, ‘community strategy is well prioritised, targeted and tied to partners’ plans’, ‘enhanced capacity through development of partnerships’, and ‘leadership acknowledged by partners’. Many councils engage in partnership activity encouraged by the new power to promote economic, social and environmental well-being.

Corporate assessment teams noted a weakness in strategic planning in 31 authorities that had an adverse impact on the council’s ability to undertake its community leadership role. This weakness often led to difficulties in creating delivery plans and timetables. Where community leadership was weak, criticism in corporate assessment reports included details of partners feeling ‘coerced’ rather than involved, ‘process driven’, ‘not sufficiently prioritised by the council’ and ‘a lack of ambition and aspiration’.
Councillors with positive community leadership generally demonstrated an understanding of their area. Twenty-two councils with weak community leadership were found to be ‘inward looking’ and unable to focus externally. These councils showed little understanding of their area. The weakest councils (about 10 per cent) had no community plans, or were struggling to produce something meaningful. They were finding it difficult to work with partners and were generally adversely affected by a lack of confidence from other partners, no ownership of plans and a wide acknowledgement that the council was not a community leader. Corporate assessment teams identified four councils that were having problems relinquishing control.

Leadership, performance and priorities

CPA has demonstrated that the majority of councils have high levels of ambition for their area, but that only the best councils effectively harness their capacity to match their high levels of ambition. A Picture of Performance (Ref. 2) identified performance management as being one of the keys to linking capacity with ambition. One of the biggest differences between excellent and good councils lay in their corporate assessment scores for performance management (on average, excellent councils scored just over 3, good councils scored 2.5).

Those excellent councils with strong performance management arrangements had clear frameworks that support council priorities and link to planning and budget setting. Their monitoring centered on key, priority PIs that were focused on outcomes and that could give early warnings of potential failure. Reporting was regular and clear and the data produced was used systematically. In these councils a comprehensive performance management culture existed. Local Public Service Agreements (LPSAs), where matched to priorities, were seen to be driving good target setting. Some councils undertook joint performance monitoring with partners. Where there were failings there were clear timetabled plans for improvement.

In 97 councils, while there were pockets of good practice, overall performance management was weak. There was either no comprehensive system in place or the systems that did exist were not consistently applied. Much of the performance data produced was inaccurate or of poor quality, and its use lacked rigorous analysis. The indicators and progress monitored did not link with the council’s priorities, its scrutiny function or its best value process. Performance management in these councils rarely informed decision making, and it was not followed through at member or senior management level. The information focused on processes and not outcomes and either access to the data was poor or the data was in an inaccessible format.
Service and financial planning generated the most comments. Almost every corporate assessment had something to say – positive or negative – on this issue. In three excellent councils corporate assessment reports referred to good service planning with prioritisation underpinning their budget processes. These councils were characterised by an alignment of community plan, vision, priorities and planning/performance systems, where the hierarchy of plans worked well and priorities cascaded down to individual performance plans.

The majority of councils were working hard to achieve good planning frameworks and had developed corporate plans based on priorities. The main remaining weaknesses were poor risk management, failure to cascade priorities and inadequate medium-term financial planning.

One hundred and twelve councils, particularly those in the categories weak, fair and good, beginning to tie their budgets to their priorities, beginning to see the benefits of integrating their plans and experiencing greater efficiency and focus as a result. In many instances, however, implementation was not going as well as they would have liked, or was limited to best value reviews or LPSAs. Strategies were slow to develop and many new planning processes were yet to be tested. There were gaps in some of the building blocks, and budgeting was still not robust. Again, risk management was a major omission. Often these councils were having problems with the cascade of priorities, sometimes due to components of the whole being produced out of order.

Twenty-eight councils were scored 1 – lowest – on service and business planning. These had no long-term planning, limited financial planning, were not clear on priorities, had no medium-term financial strategy, no detailed service plans and an undeveloped approach to risk management.

Matching resources to priorities

Finance

Local government funding is complex. A recent review of local authority funding has resulted in new grant distribution arrangements being introduced for the 2003/04 financial settlement. It is not in the scope of this paper to explore such issues, but it is clear that it is the ability to manage and control resources – and to make tough decisions, such as redirecting spending and outsourcing – that is likely to influence improvement. How resources are allocated and utilised will also affect the quality of services provided for the user by councils.
The CPA scores show a very positive picture of councils’ performance on use of resources with over 75 per cent having more strengths than weaknesses.

The findings reflect the generally positive view that auditors have of councils’ financial standing and stewardship, although there are a number of councils where concerns remain. However, financial planning and, in particular, allocating or re-directing resources to priorities, remains a big challenge. The Commission is planning to do further work in this area.

People

While 58 authorities were cited as having sound people management policies and processes linking in to achieving the council’s priorities, 56 were failing in this respect. In around 30 authorities this was because policies and procedures were ‘stand alone’, rather than being part of an overall council system.

The quality of the staff in 42 councils was praised in their corporate assessments, with the workforce being described as ‘committed’, ‘capable’, ‘skilled’ and ‘dedicated’. In these councils there is often substantial investment in training and development, increasing the capacity of the authority to meet new challenges.

Fourteen councils placed a significant level of emphasis on the importance of understanding the level of people skills. They had systematically identified the skills required by the authority and were clear about what the authority is doing to develop such skills in training programmes.

Training has usually been associated with traditional, service-based areas and in skills such as information technology (IT). But corporate assessments are now highlighting newer areas, such as equalities, customer services and procurement. Thirty-three councils were cited as investing in developing their managers, with dedicated programmes and courses linked to achieving the qualities and skills that they required.

One-hundred councils had an appraisal system linking staff performance and development to competencies based around service and council priorities in place – either fully or partially. At their best, these systems ensure that staff throughout the organisation know their part in delivering the council’s overall priorities. But in 54 authorities staff appraisal systems were faltering or, at best, failing to make the most of the work invested. These were described as ‘not consistent’, ‘not linking to priorities’ and ‘patchy’. In these authorities it was also often the case that training was insufficient for the level of need or was poorly organised, tending to be reactive, rather than planned according to an identified training needs analysis.

Investors in People (IIP) was highlighted as a significant tool in 30 authorities [Case study 2]. However, six of the authorities were criticised for not making the best of IIP for improving performance or for not responding to issues raised through the process.
In 17 authorities staff were described as being ‘stressed’, ‘overloaded’, of having ‘low morale’ or ‘untapped potential’. There was often a match with an identified lack of management skills, particularly at middle management level. Interestingly, the single biggest staff problem identified was sickness levels which, in a significant minority of authorities, were unacceptably high and were not being managed.

Recruitment and retention was raised as a problem in 53 authorities, particularly in the south and London, especially for frontline workers and those in social services. Large numbers of vacancies have an adverse impact on staff morale, and this in turn creates recruitment and retention problems. This problem particularly affects frontline managerial positions above all, and social services is the department most affected. Fourteen councils were highlighted for taking action to remedy this, pro-actively targeting key groups of staff, while 17 were identified as having yet to do so. Some councils were using imaginative contracting to fill skills gaps, while in others there was an over-reliance on agency staff.

Generally, workforce diversity was not well developed, with just 11 councils commended for good practice, such as Warrington, where ‘equality and diversity issues are well handled’ and Bristol where ‘high-level commitment’ was producing ‘positive outcomes’. Other authorities were criticised for not knowing the make-up of their workforce, or for lacking programmes to remedy low achievement or to tackle low promotion rates for women or ethnic minorities.

Other CPA evidence from performance and inspection confirms this mixed picture. The corporate health PIs on people management show that, overall, there is variation in the pattern of dealing with sickness and early retirement issues, with some councils successfully controlling levels of both, while others still have high levels. The corporate assessments show that a large proportion of councils need to review their human resources (HR) strategies to achieve a better fit with their service and skill needs and with their local labour markets.

Case study 2

Norfolk County Council

CPA rating: Good

Norfolk County Council is the biggest single employer in the county, with over 30,000 staff. The council’s approach to sustained improvement relies on developing its human resources by systematically increasing the capabilities of its members, its managers and its frontline staff.

The council was awarded corporate IIP status in March 2001. This shows that management effectiveness is high, employees are kept well informed about corporate priorities and these are cascaded through departmental plans into personal objectives and targets. Communication includes regular team briefings, use of the intranet, staff newsletters and press cuttings. The council has a well-constructed employment strategy, which covers recruitment and retention, personal development and training. It also offers guidance on work/life balance and stress management and conducts staff attitude surveys.
Staff turnover is average for the region, but where particular shortages have occurred, the council has responded with targeted recruitment activity, for example in the home care service. In April 2002 the council introduced a competency-based appraisal scheme, agreed by unions, to address performance issues and to reduce the need for more formal competency procedures. As a result, capacity and performance have improved.

There is an established programme of internal management development, including a county management team and senior managers’ forum, and action learning sets within the chief officers’ group. Similar initiatives have been implemented at service manager level.

In summary, Norfolk still has some way to go in improving its people management policies across the council and is addressing these through an ambitious, yet achievable, programme for its employees. This is evidenced by a well articulated and consistent set of goals, with staff and stakeholders signed up to the council’s priorities.

Source: Audit Commission corporate assessment report

Building capacity through procurement and partnership

Corporate procurement is a relatively new strategy and skill, but it is fundamental to achieving excellent services in a mixed economy.

Corporate assessment reports reveal diverse responses to the challenge of procurement – a handful of councils that have got to grips with it, those that have yet even to start to satisfactorily procure and a wide spectrum in between. Procurement is used broadly in many councils, with a range of contract sizes, from short-term appointment of single consultants to large-scale, long-term contracts with service-providing bodies.

Forty-nine councils were cited in corporate assessment reports as responding well to this challenge, with a mixed economy of provision, using a range of suppliers and partnerships to provide improved services. These councils have generally got to grips with most aspects of the procurement process.

Seventeen of these stronger councils showed a willingness to focus on the customer and not on the organisation that happens to provide the service. In these ‘commissioning’ councils there were good examples of alternative methods of service delivery in a developing ‘mixed market’. Durham County Council has developed a strategic alliance in building and civil engineering services with two private sector companies. Thirty of the councils in this group were enhancing their capacity through the appropriate use of consultants and other bodies, extending their expertise and knowledge. Early contracts were often inflexible and the better councils have learnt from this. Some of these councils are piloting e-procurement.
44 For the middle one-third of councils – 48 of them – the corporate procurement strategy was working reasonably well, but more development would further enhance capacity. In these councils, the contractors, on the whole, delivered good services, but the council was not being proactive enough in terms of seeking innovative and different ways to get the service to the consumer.

45 A further one-third of councils, 42 in total, had patchy experience in this area. Often their corporate strategy was new and not yet working. Of these councils, 39 either had no strategy, were not applying it properly or were not resourcing it. There was good practice in these councils, but, overall, few of these councils were working together or learning from experience.

46 When procurement took place, blockages were caused by a traditional approach to the client-contractor split and to contract management. This was constraining innovation and councils were not making full use of the experience of external providers. In seven authorities, work with existing staff was cited as having been poor and this had resulted in suspicion about the motivation for outsourcing. In 16 authorities there was a political or historical attachment to keeping services in-house. This was preventing the development of a mixed market and preventing other options being considered.

The public perspective

47 Involvement with service users at all levels needs to be encouraged throughout the council, from member engagement with their constituency communities to service-providing departments. Many councils (a total of 96) were commended for having good consultation arrangements. Many used existing systems to prepare their community priorities. Sixteen were particularly commended for their inclusivity and for reaching out to ‘hard-to-reach’ groups. A range of methods were used and many councils had a citizens’ panel or other representative polling, as well as local fora and targeted consultation exercises [Case study 3]. Thirty councils were specifically congratulated on the cycle of learning from consultation. York City Council was commended on its ‘track record of engaging/consulting with the public’ and, particularly, its local ward committees, where members were engaged in ‘beginning to involve and lead communities at a local level’.

48 However, 52 councils were identified as having poor systems of consultation or systems that were in need of review. There were key problems in the consultation cycle, such as limited feedback or no feedback at all to participants. This can leave participants feeling isolated or lacking confidence in the results making a difference. In 30 authorities this fear was justified, as consultation exercises had not produced any action. In 12 councils consultation was criticised for not being inclusive, often ignoring key minority groups. Two councils were criticised for consultation exercises that either did not do what they set out to do, or were ‘just going through the motions’.
Other factors influencing satisfaction include how the council relates to the community. This is not just about consultation exercises, but about the way in which the council communicates with and involves local people (Ref. 5) Councils that are seen as remote and impersonal are not well regarded. Councils need not just to connect with their citizens but to do so in a useful and approachable way.

Case study 3
Kirklees MBC
CPA Rating: Excellent

Kirklees Metropolitan Borough Council is developing new styles of working to improve its focus on service improvement. It has a broad range of mechanisms in place: targeted consultation exercises, a citizens’ panel, numerous networks and community groups, and local area committees. The council has a good awareness of national and local priorities and uses this to influence corporate priorities and service strategy. Examples of good practice include:

- a community strategy based on extensive consultation with community and voluntary groups, the public, other public sector organisations and the private sector, which has enabled the LSP to identify key local issues;
- revised approaches to reporting repairs and allocations, good relations with tenants’ groups through regular work with them to monitor the conditions of estates and implement local estate improvements, as well as housing policy and practice;
- extensive consultation in regeneration areas to shape local programmes; and
- working with community leaders to identify and respond to the priorities of minority ethnic communities within these areas.

The outcome of this approach is Kirklees’ Vision 2012 Community Strategy – setting the agenda for service improvements in its neighbourhood renewal strategy based on consultation with users, partners and stakeholders.

Source: Audit Commission corporate assessment report

Diversity

Diversity is about ensuring fair access to services and employment, and about how services respond to diverse needs. The results on equalities PIs reinforce the findings in the recent Audit Commission report on equalities, which found that performance on equality and diversity was poor. Evidence from CPA is not comprehensive. Only around 20 per cent of corporate assessments covered diversity issues explicitly. However, in London this figure rose to 50 per cent. The Commission will ensure that CPA has a more explicit focus on diversity in future.
Twenty-nine councils were praised for having good strategies and sound arrangements, but 15 need to award gender and disability strategies equal status with race equality. The Commission has identified four critical factors in successfully translating equality and diversity policies into practice:

1. commitment at the highest levels;
2. involving residents and service users;
3. mainstreaming equality and diversity into the way that councils run their businesses; and
4. maintaining momentum through monitoring and review (Ref. 6).

Action on diversity and equality must be managed effectively. This means addressing the agenda at strategic and policy level, active top level management support (not just lip service), middle management buy-in through building diversity issues into management as well as strategy, and mainstreaming diversity into organisational strategies, planning, performance, objectives and targets [Case study 4].

**Case study 4**

**London Borough of Southwark**

**CPA rating: Weak**

The London Borough of Southwark possesses a rich ethnic and cultural diversity, with black and other minority groups representing 33 per cent of the local population. The council has a strong awareness of diversity and inequality, evidenced by its approach to consultation and involvement. It has effective consultation arrangements in place for all council schemes and has worked hard to widen representation and to improve engagement.

The council has made good use of its community groups and panels to consult widely, both about services and about the wider quality of life concerns of local people. The outputs from these have been used to shape the council’s community strategy and to inform priorities. The council gives a strong emphasis to diversity and tackling inequality through both its LSP and its strategy for neighbourhood renewal and social inclusion. There is a race equality scheme, clearly linked to neighbourhood renewal, and all of these priorities and plans come together in a borough-wide strategy.

Although the council has a good track record on race and diversity issues and on engagement with the black and minority ethnic (BME) community, it is aware that there is still room for improvement in senior management recruitment and some areas of service provision. As a result the council has actively reviewed its equal opportunities policy, campaigned against hate crimes, and surveyed the needs of the BME community. Finally, the council’s response to the Stephen Lawrence enquiry report demonstrates effective learning on the council’s part and a continued drive to reduce inequalities within the community.

*Source: Audit Commission corporate assessment report*
The impact of place

Local factors, such as levels of poverty, unemployment or ill-health (often collectively referred to as ‘deprivation’), population turnover, the make-up of local populations, relative wage levels and local history can influence the quality of services that councils and their partners provide. They also have an impact on the type and volume of services that councils need to offer. For example, under certain circumstances there are some services for which, no matter how hard they try, some councils in areas of high deprivation do not achieve outcomes that are as good as those achieved by some councils in areas of low deprivation: this is true of GCSE results, for example. There are also services where high levels of deprivation mean that more of the service has to be provided, because need is related to deprivation – for instance, child protection services.

Further analysis shows that, even after taking account of deprivation within the CPA framework, there is some evidence of a weak relationship between the final CPA categories and deprivation. However, this relationship is not simple and it varies from region to region and between different types of authority. For example, when the relationship between deprivation and core service performance is analysed by council type, it is found for each council type, except for London boroughs, that there is little sign that scores for core services performance tend to be lower when levels of deprivation are higher. In London the position is different; there is a tendency for scores to be lower as the level of deprivation increases. These results show that any link between deprivation and performance is far from straightforward, and suggest that deprivation works in combination with other factors to influence performance.

The Commission will carry out further work during 2003 to explore the connection between these local factors and local performance. In particular, it will examine how some councils are able to overcome the challenges presented by deprivation and other local factors since, even where conditions are difficult, councils can be excellent.

A detailed statistical analysis of the relationship between deprivation and CPA scores is available on the Audit Commission’s website at www.audit-commission.gov.uk
Patterns of performance in services

This section draws together, in one place, the key important ingredients for different council services by describing the features of the best performing councils and where performance is poor.
Council performance is a combination of achievements in service performance and achievements in cross-cutting areas where, while council services may be able to contribute, progress is dependent upon the engagement of a wider range of people and organisations. The first section below on service performance describes the factors that influence the performance of individual services. The last part of this chapter is focused on the importance of cross-cutting priorities and explores the factors that have an impact on how well councils make progress in regeneration – a priority area for many councils and local communities.

Service performance

CPA shows that, for core services – social care, education, environment, housing, benefits and libraries and leisure – current performance varies [Exhibit 2].

Exhibit 2
Current performance scores on core services
For core services – social care, education, environment, housing, benefits and libraries and leisure – current performance varies.

Core services were scored from 4 (best) to 1 (worst). There is a wider ‘spread’ of scores from best to worst in some services than others – for example, the majority of councils do reasonably well in education, but only one-half score 3 or 4 in housing or social care.
Some services are less complex; we know what the best services look like and what actions improve performance. Other services operate in far more complex environments and the actions required to bring about change are less clear-cut. National priorities, ‘passported’ funding arrangements and the threat of intervention exert a strong influence on services such as education. But other services, such as culture or the environment, are governed more by local priority and discretion – where public satisfaction is more likely to be a lever than any externally imposed target.

This section of the report explains how each service was assessed, identifies what the best performing councils are doing, the common causes of poor performance and the key issues that have an impact on performance. This material draws on a range of evidence from external inspectorates and from recent Audit Commission reports (for example, on learning from audit and inspection), as well as from CPA. It is important to remember that CPA is based on available information existing at the time – the analysis set out in this chapter is not therefore the last word on service improvement.

Social care

The CPA judgement for social care is derived from the Social Services Inspectorate (SSI) Personal Social Services (PSS) ratings for councils with social services responsibilities. The ratings summarise the SSI’s independent judgements of performance across all social services, on a scale of zero to three stars, and cover both current performance and prospects for improvement. As well as the overall star rating, judgements for children and adults services are also given.

The overall distribution of the ratings across councils resulted in a small number of councils that receive the top score of 4 (11) and councils that receive the lowest score of 1 (12). There is a concentration of mid- to low-range performance. The underpinning judgements of the ratings give more detail. These show that, in adult services, 33 per cent of councils are serving all or most people well, 65 per cent of councils are serving some people well, and 2 per cent of councils are not serving people well. In children’s services 34 per cent of councils are serving all or most people well, 60 per cent of councils are serving some people well and 6 per cent of councils are not serving people well.

But looking at prospects for improving on this performance, the star ratings show that 73 per cent of councils have either ‘promising’ or ‘excellent’ prospects for improvement in their children’s services and 68 per cent of councils have either ‘promising’ or ‘excellent’ prospects for improvement in their adult services. Even in one star councils, more than 50 per cent were judged to have either ‘promising’ or ‘excellent’ prospects. There is considerable opportunity for councils to aim for higher ratings by realising this potential and improving their services. Table 1 summarises some of the most common features of good and poor performance in social care.
Councils are increasingly working in partnership with health services and professionals, the independent sector and voluntary agencies to find ways of delivering better social care services for those who need them within their communities. Councils and their NHS partners can now pool budgets and jointly commission care, and some are creating new organisational structures to respond better to the needs of users of services. A joined-up approach to social care, health, education and housing can have a very positive impact on the life chances of service users and can help them to live independently. Fragmented services and ineffective management of systems and resources can mean that needs are not adequately addressed and this can lead to those most at risk falling through the safety net.

### Table 1
Common features of good and poor performance

<table>
<thead>
<tr>
<th>The best performing councils</th>
<th>Common features of poor performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have a clear idea of the role of social care in the well-being of their community – and an over-arching vision.</td>
<td>Lack of political and corporate commitment to social services.</td>
</tr>
<tr>
<td>Translate vision into results on the ground.</td>
<td>Failure to consult service users effectively.</td>
</tr>
<tr>
<td>Are in touch with citizens and service users – contacts with them inform development and monitoring.</td>
<td>Failure to determine strategic priorities and to link resources to them.</td>
</tr>
<tr>
<td>Are competent in the management of resources (financial and human) – and recognise how day-to-day operations link to strategy.</td>
<td>Resources follow risks or historical patterns of demand.</td>
</tr>
<tr>
<td>Concentrate much more on what they want to do, not who does it.</td>
<td>Avoidance of difficult political decisions, such as reconfiguring services or moving from providing to commissioning.</td>
</tr>
<tr>
<td>Ensure good professional practice by developing skilled people who are equipped to do the job.</td>
<td>Inadequate quality assurance arrangements to ensure frontline services are delivered consistently.</td>
</tr>
<tr>
<td>Operate in partnership – within the council and with those outside it (health services, independent sector, voluntary sector) to deliver jointly commissioned services.</td>
<td>Inadequate support to staff and lack of strategy for staff recruitment or retention leading to high staff turnover and low morale.</td>
</tr>
<tr>
<td></td>
<td>Failure to agree joint strategies for meeting shared targets with health partners.</td>
</tr>
</tbody>
</table>

*Source: Social Services Inspectorate and Audit Commission Joint Review Team annual reports*
Despite some encouraging developments to promote independence, improvements in mainstream service delivery are slow to take effect. Some councils have struggled to help people to move from long-term hospital stays into local care – or to move easily between home and hospital for shorter periods. Nationally, there has been a shift of money from the NHS to local councils to reflect policy changes in this area. Most councils have responded well but now face the challenge of translating short-term gains into sustainable improvement. Councils have also faced problems where they have been unable to co-ordinate activity with health managers as a result of persistent changes to structures and organisation in the NHS.

There has been a major shift from local authority institutional care towards that commissioned from the private sector. This has occurred most rapidly since 1993. Indeed the overall level of admissions to homes increased in 2002 – reversing the decrease of the previous year. Latest figures indicate that 84 per cent of supported residents are in independent sector homes compared with 76 per cent in 1998 and 20 per cent in 1993. However, the capacity of the independent sector has declined significantly as property prices have risen and fee levels have fallen. Some councils have been left exposed, unable to commission other providers or to offer quality services themselves.

Successful councils predicted this trend – promoting a high-quality, mixed economy by developing effective commissioning and contracting arrangements to secure quality care and develop preventative and rehabilitative services.

Best value commissioning is equally important with children’s services, where placement costs can be high. Commissioning is less developed than in the adult sector and there is a greater emphasis on protection than support for families, which might help prevent higher levels of intervention. Most of the children who are looked after by councils are now also cared for in foster care as opposed to children’s homes.

Finally, shortages of skilled staff and increased numbers of referrals make it all the more important to manage frontline services well.

Further improvement depends on:

- Political, corporate and departmental leadership being able to take the tough decisions about priorities, develop strategic partnerships and reconsider how they need to commission services to meet the needs of people in the most effective and efficient way and to assure quality. This may lead to fundamental changes in the way services are provided. Avoiding such decisions can lead to escalating costs, budgets being tied up in buildings that do not meet standards, and inflexible responses to users needs.

- Engaging frontline staff and people who use services in deciding how to improve them.
Quality assessment, care management and frontline practice identifying need, safeguarding the welfare of vulnerable people, and ensuring fairness in service delivery.

Robust systems and processes for ensuring that services are accessible to those who need them, that assessments are offered promptly, performance is managed and quality is assured.

**Education**

The education performance assessment relied mainly upon a combination of judgements from OFSTED/Audit Commission inspections of local education authorities (LEAs), and school performance data. The majority of the information used focused on the performance of the schools in an LEA area, rather than specifically on the council’s contribution to education in its area. Of the 149 councils assessed, 32 achieved the top score of 4, 103 scored 3; 12 scored 2; and 2 were given the lowest score of 1.²

Both the evidence from local authority inspections and performance data show overall improvements in recent years and there are clear factors shared by education departments that perform well and those that perform badly [Table 2].

**Table 2**

**Areas where the performance of local education authorities is improving and where improvement is weaker**

<table>
<thead>
<tr>
<th>Significant improvements in the performance of education departments</th>
<th>Areas where improvement is weaker</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEA strategy for school improvement and the effectiveness of school improvement services.</td>
<td>Special educational needs (SEN) strategy, associated LEA functions and value for money.</td>
</tr>
<tr>
<td>Monitoring challenge and intervention in response to school performance to secure improvement.</td>
<td>Overall effectiveness in promoting social inclusion.</td>
</tr>
<tr>
<td>Implementation of national numeracy and literacy strategy.</td>
<td>Targeting of resources to focus on priorities.</td>
</tr>
<tr>
<td></td>
<td>Strategies to promote continuous improvement including best value.</td>
</tr>
<tr>
<td></td>
<td>Property services.</td>
</tr>
</tbody>
</table>

Source: Audit Commission analysis of inspection grades 1997 to 2003

1 150 councils were scored in overall terms for CPA, but for Walsall, the core service performance was scored but not reported.
The performance of education departments was enhanced by focused support from the corporate centre, strong leadership by officers and members and good financial management. The absence of these features was frequently associated with poorer performing departments.

Inspections of local authority education departments have not been able to demonstrate a link between the quality of a council’s school support services and the overall standards of educational attainment in its schools. Factors such as the effect of socio-economic disadvantage have more pronounced effects on pupil performance: standards are higher in schools in advantaged areas, even where a council’s education service gives poor support to its schools.

But inspections have shown that councils do deliver a key role in supporting schools with low attainment to improve their performance, and that good council education services can help raise standards of educational attainment in schools when intervention and support is well targeted. This is confirmed by the findings of the national survey of schools’ views of their LEA in 2002, which covered 117 LEAs.

The assessment of the performance of the education function in local authorities has focused mainly on the support that they provide to schools. It has not so far extended to the wider contribution that councils can make to shared national and local priorities through their work in education, such as the contribution of early years and after-school services, close working with colleges, Connexions and Learning and Skills Councils and the increased targeting of services to improve life chances for the most disadvantaged. The contribution of education was recognised in many corporate assessment reports; for example, the importance of youth services in combating drug abuse, teenage pregnancy and improving community safety; the role of lifelong learning in economic regeneration and reducing child poverty; and the role that education can play in helping all people to lead healthier lifestyles.

Education priorities are increasingly being delivered through partnerships and greater diversity in the way education services are provided. This is providing further challenges for councils’ performance management, procurement, partnership and focus, as well as for the future assessment of their overall performance and impact.

Environment

Less than one-half of councils do well on environmental services. Of the 149 councils, only 13 got a score of 4 and 53 a score of 3, with 20 councils scoring just 1.

The CPA judgement for environmental services brings together information on three areas – transport, planning and waste management. It is based on PIs, Audit Commission inspections and Department for Transport assessment of Local Transport Plans (LTPs). Table 3 summarises the common features of good and poor performance.
Table 3
Common features of good and poor performance

<table>
<thead>
<tr>
<th>The best performing councils</th>
<th>Common features of poor performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have good consultation mechanisms and focus on what matters to</td>
<td>Lack of focus on users or partners.</td>
</tr>
<tr>
<td>local people.</td>
<td>Achieve low levels of public satisfaction.</td>
</tr>
<tr>
<td>Take a preventative approach to environmental management.</td>
<td>Act in a reactive, rather than a preventative way.</td>
</tr>
<tr>
<td>Use environmental services to contribute to wider sustainable</td>
<td></td>
</tr>
<tr>
<td>development aims.</td>
<td></td>
</tr>
</tbody>
</table>

Source: Audit Commission corporate assessment reports

80 The Commission recognises, however, that CPA currently provides only a limited assessment of environmental performance. There are limited numbers of environmental PIs and so, depending on the type of council, in some areas there is limited PI evidence – for example, planning in counties and transport for metropolitan authorities and London boroughs. The latter also did not have LTP scores.

81 Wider environmental issues, such as biodiversity, climate change, energy efficiency, and environmental management and resource use were not explicitly covered, nor were the environmental aspects of sustainable development. In future the Commission will seek to address these gaps by developing a more holistic modular methodology for inspecting the environment, which will look at the environmental impact of service areas, such as planning, transport and waste, plus enforcement areas such as environmental health and trading standards, and an over-arching environmental policy module.

82 Because of the sheer range of issues covered by the environment it is difficult to be specific about critical success factors for environmental services. Obvious factors that can be identified in the best performing councils include generic good management practices, such as good partnership and consultation mechanisms, and a strong user focus. More specific to environmental services is taking a preventative approach – proactively identifying issues that could become problems and seeking solutions early on, rather than applying last minute actions that do not address the root cause of the problem – for example, seeking to reduce the impact of climate change by reducing energy consumption rather than by building higher flood defences. Other examples of good practice include:

- in highways maintenance – a strong approach to asset management that helps to identify road surface problems early on and enables cheaper remedial works to be delivered, rather than waiting for the problems to become so severe that expensive rectifying work becomes necessary;
in waste management – an effective approach to waste minimisation that prevents levels of waste from growing, together with an integrated waste management approach, which diverts the majority of municipal waste from landfill; and

in planning – using the community strategy as a framework for action, focusing priorities for development on community priorities, such as deprivation, crime reduction and regeneration over the longer term.

Housing services

A little less than one-half of the 115 housing authorities achieved the best scores of 4 or 3 in CPA. Fifty authorities scored 2, and 17 authorities scored just 1. On average, housing scores are slightly lower than the CPA overall service scores.

CPA for housing services took account of evidence from different sources: the council’s Government Office assessments, housing PIs and relevant best value inspections of:

- housing strategy and enabling services;
- housing management services, where an authority owned its own stock; and
- community housing services, which are provided by all housing authorities, regardless of whether they own housing stock. These include housing advice and homelessness, allocating social housing and working with private landlords and owner-occupiers on housing renewal, for example, covering grants to adapt property or improve poor quality private homes.

As inspection scores were given the highest weighting in the assessment framework, where there had been no inspection activity an inspection was programmed to take place. Where authorities did not have a relevant best value review available for inspection, inspections were undertaken of homelessness and housing advice for authorities that no longer own council houses (because the houses have been sold to one or more housing associations) and of repairs and maintenance for authorities with council houses.
Table 4 summarises the common features of good and poor performance.

**Table 4**

**Common features of good and poor performance**

<table>
<thead>
<tr>
<th>The best performing councils</th>
<th>Common features of poor performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are effective in increasing the supply or availability of new social housing in areas of high housing demand – while minimising the demand for permanent and temporary accommodation through homelessness prevention work.</td>
<td>Services that are not focused on the needs of service users, resulting in:</td>
</tr>
<tr>
<td>Where they are landlords, base their repairs and maintenance services on a robust business plan and involve tenants in decision making.</td>
<td>● poor or inconsistent quality;</td>
</tr>
<tr>
<td>Promote genuine competition in the selection of contractors and deliver the service increasingly through a partnering approach.</td>
<td>● services that are inconvenient or difficult for some people to access; and</td>
</tr>
<tr>
<td>Focus the service on users and on the quality of other local services.</td>
<td>● poor quality information for users.</td>
</tr>
<tr>
<td>Deliver other local priorities such as community safety, neighbourhood renewal and regeneration.</td>
<td>Recognised poor practice such as:</td>
</tr>
<tr>
<td></td>
<td>● not fulfilling statutory requirements, such as gas servicing;</td>
</tr>
<tr>
<td></td>
<td>● not dealing with complaints properly; and</td>
</tr>
<tr>
<td></td>
<td>● poor quality control of housing repairs.</td>
</tr>
<tr>
<td></td>
<td>Services that do not provide good value for money for the authority, such as:</td>
</tr>
<tr>
<td></td>
<td>● too much emergency or responsive repair work and too little planned maintenance; and</td>
</tr>
<tr>
<td></td>
<td>● poor procurement practice.</td>
</tr>
<tr>
<td></td>
<td>Lack of reliable information on which to base decisions, caused by:</td>
</tr>
<tr>
<td></td>
<td>● not involving tenants in decisions about services that affect them;</td>
</tr>
<tr>
<td></td>
<td>● inadequate computer systems; and</td>
</tr>
<tr>
<td></td>
<td>● lack of information on stock condition to inform planned repairs programmes.</td>
</tr>
</tbody>
</table>

*Source: Audit Commission*

There are some general patterns in the scores for housing authorities. They include:

- variations according to stock ownership: authorities that own more housing generally performed better than smaller authorities and authorities that had sold all of their council housing; and
Regional variations: London boroughs and northern authorities scored highest overall; central and southern authorities generally performed less well, with the central metropolitan councils scoring lowest overall.

But these general trends do not determine the performance of all authorities. There are some high-performing authorities that no longer own homes and top-performing landlord authorities exist in different regions of the country.

Service users see the performance of housing services as being related to wider issues and to the quality of other local services. Poor housing adversely affects people’s health and life chances, while effective delivery of other local priorities, such as community safety, can have a big impact on the quality of life on housing estates. Housing services must also be able to respond to long-term changes in the housing market, for example, an increase in local demand for affordable homes or in the size, location and type of homes required. The housing strategies should be an integral part of wider strategic aims, such as supporting older people to live independently and neighbourhood renewal and regeneration.

Benefits

Of the 115 councils with responsibility for benefits, 34 scored 4 and 42 scored 3, with only 16 councils scoring 1. CPA scores for housing and council tax benefit come directly from judgements made by the Benefits Fraud Inspectorate (BFI), based on achievement against BFI/Department of Work and Pensions (DWP) performance standards, best value PIs and other PIs. Table 5 summarises the common features of good and poor performance.
The economy, geography and demography in which a local authority operates can make the benefit service easier to deliver well, but inspection shows that similar authorities offer very different standards of service, suggesting that organisation and management can be equally if not more important. And many councils struggle with the complex system of rules and regulations within which central government requires them to operate.

### Libraries and leisure

Of the 149 councils assessed, less than one-half got the top score of 4 (6) or the second best score of 3 (59). The pattern of performance is mixed, since not all councils provide both libraries and leisure services (county councils do not provide leisure services).

Judgements about library services (part of the libraries and leisure block) rely on inspection, assessment of the mandatory library plans and some PIs. Judgements about leisure services (again, part of the libraries and leisure block) rely on inspections and on one (user satisfaction) PI. Table 6 summarises the common features of good and poor performance for these services.

#### Table 5
**Common features of good and poor performance**

<table>
<thead>
<tr>
<th>The best performing councils</th>
<th>Common features of poor performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value their service – linking benefits to corporate objectives, such as anti-poverty, better quality housing and neighbourhood renewal.</td>
<td>Long delays in paying housing benefit and failures of customer care cause hardship, anxiety and even the threat of eviction. Poor services add to social deprivation and to the problems that vulnerable people face.</td>
</tr>
<tr>
<td>Relate well to claimants, ensuring equality of access and getting details right first time.</td>
<td>Failing to manage workloads or to get to grips with backlogs.</td>
</tr>
<tr>
<td>Manage the service well, via strong leadership, good performance management and by tackling recruitment and retention issues.</td>
<td>Not getting the information from claimants’ right first time.</td>
</tr>
<tr>
<td>Have the capacity to deliver improvements, for example, in IT.</td>
<td>Not joining up with others involved in benefits, both inside and outside the council.</td>
</tr>
<tr>
<td>Have effective relationships in place with other council departments and with external organisations that are involved with housing benefit work.</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Audit Commission
Table 6
Common features of good and poor performance

<table>
<thead>
<tr>
<th>The best performing councils</th>
<th>Common features of poor performance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>For libraries</strong></td>
<td><strong>For libraries</strong></td>
</tr>
<tr>
<td>Engage with the public to identify the barriers to use and understand what people want.</td>
<td>Service and resource planning that isn’t focused on what the community wants and needs.</td>
</tr>
<tr>
<td>Involve staff and members in order to get commitment to making difficult decisions, encourage ownership of targets and plans, and minimise resistance to changes.</td>
<td>Failing to keep pace with demographic, cultural and community changes so that libraries become remote from the communities that they once served.</td>
</tr>
<tr>
<td>Challenge service priorities, balancing the needs of different groups in order to maximise the contribution made to wider council objectives and to provide a clear vision of the future of the service.</td>
<td><strong>For leisure services</strong></td>
</tr>
<tr>
<td>Provide easier access – at times that suit users – with the books and services they want made available in more convenient locations.</td>
<td>A focus on council provision rather than council investment.</td>
</tr>
<tr>
<td>Ensure a more pleasant user experience – with more welcoming environments, better customer service and improved library environments.</td>
<td>A lack of an integrated approach to service design – for example, failing to join up leisure and tourism.</td>
</tr>
<tr>
<td><strong>For leisure services</strong></td>
<td>Not understanding the market and how whole service solutions can be found.</td>
</tr>
<tr>
<td>Are clear about the purpose of sport and recreation services and link leisure strategies to corporate priorities.</td>
<td></td>
</tr>
<tr>
<td>Identify community need and work with staff to promote the widest access to sport and recreation.</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Audit Commission*
Cross-cutting priorities

Councils are responsible for more than the delivery of core services. The sum total of a council’s direct activity – and that which it engages in with partners – should have an impact on what people experience and on how they live their lives.

Chapter 2 of this report has shown what councils need to do to improve performance in each of their core services. But although the basic ‘building blocks’ of good service delivery have to be in place, a ‘silo’ approach won’t address wider cross-cutting goals. Councils need to bring together their activities – and those of partners and other providers – seamlessly in order to improve people’s quality of life and their life chances.

Councils have a valuable role to play in areas such as social inclusion, regeneration, promoting equality, achieving sustainable environments and developing safer, healthier communities. But poor council services can adversely affect the very things councils are attempting to address – poor quality housing or delays in benefit payments, for example, can increase poverty.

Although the first round of CPA did not explicitly score council performance in cross-cutting areas, regeneration and renewal did emerge as a theme in corporate assessment.

Regeneration and renewal

Corporate assessment identified councils where regeneration and renewal was seen to be an important issue for some or all of the local area. About one-half of these councils have very good regeneration strategies that are comprehensive and ambitious and that are being delivered. However, the rest either lack a strategy, or the strategy is unclear, unfunded or unsupported.

The majority of councils where regeneration was a priority can point to major regeneration achievements, often large structural or physical developments usually relating to a town centre or to a major estate [Case study 5].

The focus is now turning to regeneration of communities. However, just nine reports showed councils have made real advances in this latter area.

These councils have good regeneration partnerships (internally and externally) that are delivering a shared agenda through the strategy. However, the remaining one-third have poor partnerships or have plans that don’t link with other plans (either internal or external). This has caused problems with delivering the renewal agenda through mainstream services.
In summary, regeneration is a positive story for most councils. A minority have yet to get to grips with developing a good strategy, with costing it and with engaging partners and developing delivery mechanisms.

**Case study 5**  
**Manchester City Council**  
**CPA rating: Good**

Manchester City Council has experienced a major transformation over the last ten years. It is now recognised as the regional capital of the north west, with thriving finance, retail, cultural and creative industries. A number of significant regeneration programmes have dramatically changed the face of the city, such as the rebuilding of Hulme in the 1980s and reconstructing the city centre following the bombing of 1996. The programmes, along with hosting the Commonwealth Games and the rejuvenation of east Manchester, have generated inward investment and regeneration opportunities.

There is a genuine commitment from members towards economic regeneration and the council has a proven track record of leading on a number of other integrated economic, social and environmental programmes. The focused effort on areas such as east Manchester, Hulme and Moss Side is delivering positive social and economic outcomes for residents, evidenced by improvement across a range of headline PIs. For example, employment growth has risen by 6.3 per cent compared with 3.2 per cent nationally.

*Source: Audit Commission corporate assessment report*

**Summary**

These are useful lessons for councils but CPA also holds learning for those engaged in regulation and national Government who also wish to maximise improvement. The next two sections of the report describe the learning (so far) and the next steps to be taken.
The impact of CPA

The investment made in CPA by councils, government departments, regulators and the Commission has begun to pay back. The objectives the Commission set for CPA in December 2002 have begun to be realised.
In *A Picture of Performance* (Ref. 2) the Commission set out six objectives for CPA. We said that it:

- will demonstrate that the best councils can effectively manage their own affairs, helping to build trust between central and local government;
- will lead to additional freedoms and flexibilities for high-performing councils, and support for those that need it;
- is an additional opportunity to re-energise councils’ commitment to improvement;
- will help local people to understand better how their council performs;
- is a way to learn together; and
- will enable the Commission and other regulators to target inspection and audit, so that it has a greater impact where it is most needed.

To what extent have these objectives begun to be met since the CPA categories for single tier and county councils were published in December 2002?

### Building trust between central and local government

In many policy statements, central government has stated that the contribution of local government is vital to realising national policy objectives shared by central and local government alike. But central government has not always felt fully able to trust local government. It has not always been able sufficiently to ‘let go’ of the external constraints imposed on local government in order to allow innovation and local discretion to operate.

The relationship between central and local government has gone through four distinct phases in recent decades, depending on the extent to which central government has imposed these external constraints on local government, and the degree to which local government has itself been internally ‘joined-up’ [Exhibit 3 and Table 7].
Exhibit 3
Relationship between central and local government
The relationship between central and local government has gone through four distinct phases in recent decades.

Table 7
Relationship phases

<table>
<thead>
<tr>
<th>Individualist opportunism</th>
<th>Co-operative interdependence</th>
<th>Rational planning</th>
<th>Fatalist frustration</th>
</tr>
</thead>
</table>

**Individualist opportunism**: this is the period that many commentators identify as the ‘golden age’ of local government. This was the era of powerful, multi-purpose councils, providing major services using their own employees. Committee chairs and service directors had considerable freedom to set budgets and targets for services independently of other council committees, of central co-ordination within the council and of central government co-ordination from without.

**Fatalist frustration**: the era of individualist opportunism was perceived as leading to inflationary growth in spending, as there was little check on the ambitions of those responsible for individual services. In response, central government sought to impose more constraints on local government, including rate capping and compulsory competitive tendering. Government also sought to identify alternative providers of services and many service responsibilities were transferred away from local government to other providers. These increasing external constraints produced a ‘fatalistic frustration’ within local government, as officers and members increasingly felt that the scope for local autonomy had declined.

*Source: Audit Commission (Ref. 7).*
Rational planning: as a way of overcoming fatalism and giving drive and direction to local government, central government experimented with setting top-level objectives, and requiring these to be cascaded down through lower-level plans, through to measurable targets for frontline workers. Within local government this led to a rise in the number of such plans. Successive governments have also promoted a more ‘corporate’ approach to council policymaking, strengthening the roles of chief executives and the political executive to promote internal cohesion.

Co-operative interdependence: the rational planning approach can be effective for a time (the national numeracy and literacy strategies are a good example of effective, top-down initiatives), but it is hard to sustain for long and takes initiative away from those responsible for providing the service. It is also more effective at raising minimum standards of performance than it is in promoting excellence, and can reinforce service ‘chimney stacks’ or ‘silos’. To respond to this central government has increasingly required councils to work in partnership with other local agencies to specify and achieve shared objectives, and has used a number of tools (financial, legislative, empowering) to promote this co-operative interdependence.

Source: Audit Commission adaptation of Ref. 8

Co-operative interdependence is the approach most likely to address the sorts of cross-cutting issues that involve many different local and national organisations and that have a major impact on people’s lives – healthy living, sustainable communities, crime and disorder, and so on. But to succeed it requires a relatively low level of external constraints – local government and its partners must be free to make and implement local decisions about the best way to tackle these issues. And it is not an appropriate approach in all circumstances – for example, rational planning can be effective where there is a clear objective and little disagreement about the best way to achieve it.

CPA has been a contribution towards rebuilding trust between central and local government in a way that has allowed ministers to begin to relax the external constraints imposed on local government. CPA has drawn attention to the excellence that exists in local government. By demonstrating that many councils are already able effectively to manage their affairs, to work in partnership with others and to offer world-class public services, ‘the process of CPAs coupled with tough intervention powers for failing councils, will allow the government to feel more comfortable taking the localist road’. The CPA categories allow Government and regulators to distinguish between, and respond differently to, councils in different circumstances – in particular, those that already have high levels of internal cohesion (and can most effectively exploit extra freedoms) and those which do not. Councils with little internal cohesion may first need to adopt elements of the rational planning approach as part of a journey towards co-operative interdependence.
Leading to additional freedoms and flexibilities, and support for those that need it

One of the ways in which central government has begun to relax external constraints is by announcing a range of ‘freedoms and flexibilities’ that will be available to all councils (these include capital system changes, additional powers to charge for discretionary services, and a 75 per cent reduction in the number of required plans). And excellent councils have been promised the removal of all revenue ringfencing, excluding grants to schools, a three-year ‘inspection holiday’, removal of the requirement to produce all but two statutory plans, exemption from reserve council tax capping powers, complete freedom over use of income from some civil penalties and new trading powers (subject to the passing of the current Local Government Bill).

More recently the Government has announced new ways in which it will engage with poor and weak councils with little capacity to improve, and the Government and the Local Government Association (LGA) have announced a £27 million ‘capacity-building programme’ to provide support for officers and members in all councils, enabling them to develop and strengthen their capacity to improve.

This new approach represents a shift in the degree of external constraint imposed on local government; this is not due solely to CPA, but is a shift that the introduction of the CPA framework has encouraged. It is the right direction for central government to move in if the benefits of co-operative interdependence are to be realised, and should go further. For its part, the Commission has exceeded the 25 per cent reduction in inspection for good councils required by the Office of the Deputy Prime Minister (ODPM) and will reduce inspection and compulsory value-for-money studies in good councils by 50 per cent this year.

The creation of additional freedoms and flexibilities should be seen as part of a process that is not yet complete. The Government should experiment with additional freedoms and flexibilities to support councils’ efforts to improve, and they should be available to all councils that stand to benefit from them. The Commission has agreed to work with the Government’s ‘Innovation Forum’ for excellent councils as one way of identifying these additional freedoms and flexibilities. It will also explore ways of working with excellent councils to identify bold strategies for reducing constraints and opening up further opportunities.
Re-energising commitment to improvement and focusing attention on what must improve

113 The Commission has received clear and consistent feedback that CPA has given councils an opportunity to re-energise their commitment to improvement and to focus their attention on what must improve. This momentum has been carried through to the process of ‘improvement planning’ that follows CPA. The Commission has asked each council to identify a small number of top priorities for improvement, taking account of the findings of CPA. The aim was not for councils to produce new ‘improvement plans’, but to prioritise those actions that are already included in existing strategies and that are most important to future improvement.

114 The priority identified by more councils than any other is managing performance; and this is a high priority for councils across the CPA categories from excellent to poor. Excellent councils are focused on community leadership issues (which includes community planning and LSPs, access to services and e-government), good councils on managing their performance, fair councils identify budget setting and corporate planning as their top concerns, weak councils are focusing more on medium-term financial planning and a wide range of human resources and staff development issues. And poor councils are focusing on getting the key services right – social services is a priority for 90 per cent of poor councils, closely followed by housing, education and environmental services.

Helping local people to understand better how their councils perform

115 One of the objectives of CPA was to provide local people with a clear picture of the performance of their council. In part this objective was achieved by pulling together the wealth of information about council performance to provide an overall summary judgement about the performance of each single-tier and county council. The Commission’s strategy for communicating the CPA results to local people was to use local and national newspapers and radio and television. The Commission also worked with the ODPM, the LGA and the Improvement and Development Agency (IDeA) to provide clear guidance to councils about the best ways to communicate the final results of CPA to local people.

116 How successful was this communication with local people? Analysis of the press coverage of the CPA results carried out by Metrica, specialists in analysing media coverage, shows that news stories about CPA reached 21.6 million adults in the UK (46 per cent of the adult population), and that each person was exposed to an average of six articles (seeing at least two to four articles about a given subject is believed to be the most effective way of communicating key messages).
Learning together

The Commission wanted CPA to contribute to and reinforce the learning that already takes place within and between councils in many ways. In publishing *A Picture of Performance* (Ref. 2) and now this report, the Commission has contributed to sharing the learning from CPA by identifying the key factors that have enabled some councils to achieve excellence. The Commission will organise regional seminars to further disseminate this learning. It is also putting in place arrangements for district councils to learn from CPA in a way that provides councils with regular feedback about emerging issues, and is working jointly with the ODPM, the LGA and the IDeA on learning from the experience of recovery in poor performing councils.

In addition to this formal research-based learning, the way that CPA has been carried out has itself encouraged councils to learn from each other, and has enabled the Commission to learn from councils. The Commission learned a great deal from the pathfinder councils about the most effective way to design CPA and changed its approach in important ways as a result of consultation with the local government community. This consultation continues to influence the way that the Commission is developing CPA.

Enabling the Commission and other regulators to target inspection and audit, so that it has a greater impact where it is most needed

The priorities that councils have identified as part of their improvement planning have also formed the basis for ‘round table’ planning meetings. These meetings have, for the first time, brought together the council, the Commission and other external inspection and review organisations to produce an agreed audit and inspection programme for each council. These programmes will better follow councils’ priorities than the separate plans that were produced by each individual review body in the past. The Commission and other members of the Local Services Inspectorate Forum (LSIF) are committed to minimising the demands placed on councils by inspection and audit. They will undertake joint activity whenever appropriate, sharing information and measuring the inspection impact on councils by recording the number of days of on-site preparation, inspection, reporting and feedback involved (Ref. 9).
Conclusion

The first round of CPA for single tier and county councils represents a substantial investment on the part of all involved: councils, government departments, regulators and the Commission. That investment has begun to pay back, as the objectives that the Commission set for CPA in December 2002 have begun to be realised.

But the Commission recognises from the feedback it has received from councils that there are ways in which the CPA framework could be strengthened and developed.

- CPA could bring the experience of service users and citizens more to the fore, as the litmus test for service improvements.
- CPA could be developed to provide a better means of assessing the delivery of local priorities, as well as nationally identified priorities.
- CPA could take more account of the ‘shared priorities’ agreed by central and local government, and other drivers of local government policy such as local public service agreements (PSAs) and floor targets, when assessing council achievements.
- The corporate assessment could be strengthened to measure more effectively the influence and impact that a council has in its locality – reflecting the growing importance that partnership and new ways of delivering services have in improving quality of life locally. In the longer term, this could be developed to provide an assessment of the impact of public services on the quality of life in a locality.
- CPA could provide an effective measure of important cross-cutting initiatives, such as neighbourhood renewal and community safety, as well as the traditional blocks of key services.
- More could be done to reflect the impact of local factors, like geography and demography, within the CPA framework.
- The CPA framework will need to develop to take account of the impact of additional freedoms and flexibilities in reducing the information available for use in CPA in future, as there will be fewer inspection reports and fewer government assessments of council plans.

The next chapter explains how the Commission is proposing to develop CPA to address these issues.
Moving towards Strategic Regulation

The Commission aims to maximise regulatory value for money through Strategic Regulation. Strategic Regulation aims to promote improvement in public services by focusing regulatory attention where it is necessary and most productive, while continuing to provide assurance about public expenditure.
This section describes the ways in which the Commission is moving towards more strategic regulation, and explains how its proposals for the future of CPA, together with other changes in the way the Commission works, support the emerging shift towards more Strategic Regulation.

**Strategic Regulation**

The Commission has traditionally been most associated with the ‘rational planning’ approach to public service improvement. It has a strong tradition of applying clear, rational analysis to local and national problems, bringing evidence to bear, and setting out recommendations for improvement. But it is no longer enough that regulators just identify problems. The Commission must help councils to find solutions and to implement them in order to improve services. For the Commission, this means developing an approach to regulation that is more strategic. This would involve:

- putting service users, customers and citizens first by concentrating on the public service outcomes produced by public service providers;
- developing long-term relationships with councils that are based around joint problem-solving;
- maintaining a focus on economy, efficiency and effectiveness – ‘value for money’ – in its own work as well as on that of others;
- ensuring that audit and inspection work is proportionate to risk, by targeting it where it is most needed;
- working more effectively with other regulators in order to reduce bureaucracy, to improve co-ordination and to remove unnecessary duplication; and
- developing future frameworks for CPA in accordance with the principles of Strategic Regulation.

**Developing CPA for single tier and county councils**

The Commission believes that CPA for single tier and county councils should be developed so as to:

- encourage a focus on improvement in priority issues identified in the first round of CPA;
- encourage a focus on real service improvements, not on CPA scores;
- signal the direction of travel – the longer-term public service agenda; and
- ensure that there is sustained improvement across all key services.
Improvement reporting for 2003/04 and 2004/05

The Commission is proposing a system of annual ‘improvement reporting’ for 2003/04 and 2004/05. This would involve the minimum of change to the existing assessment framework, but would allow councils to move up through the CPA categories on the basis of real and measurable improvements in services and according to their ability to improve. Further corporate assessment visits would only be conducted where there was a demonstrable improvement in services or service performance was already at a high level, and where a change in corporate assessment score would result in a change in CPA category.

New CPA frameworks for 2006 and 2010

The Commission is also proposing that new CPA frameworks would be introduced in 2006 and 2010, which would allow assessment against the ‘shared priorities’ agreed by central and local government and other drivers of local government activity, such as LPSAs and floor targets. Assessments of key services would be retained, but a new CPA framework could capture more of the experiences of service users and citizens by examining the impact that councils have in their localities, looking beyond institutional boundaries to understand the leverage, co-ordination and leadership a council provides in order to improve the quality of life for local people. The Commission will be consulting later this year on the way in which new assessment frameworks could be developed.

CPA for district councils

The CPA framework for district councils has been developed to focus on the role of district councils in developing and contributing to sustainable social and economic environments for their communities and local areas. CPA for district councils will include a council self-assessment, accredited peer challenge of the council, a corporate assessment (in which the themes of diversity and community leadership will play a more prominent role than they did for single tier and county councils), and two diagnostic assessments of core areas of district council responsibility – ‘the management of public space’ and either ‘progress in meeting the decent homes standard’ (where the council owns its own housing stock) or ‘contribution to the management of housing markets’ (where the council does not own its own stock). The Commission is currently consulting on the way in which this information will be brought together to decide the CPA category for each district council.
Putting service users first by focusing on the outcomes that service providers achieve

The Commission exists to act in the public interest, and it will include a public perspective in its work in local government by:

- assuring the public about the financial probity and regularity, sound governance and management of councils;
- providing accessible information about public services to those who use them and to the wider public; and
- measuring service performance and challenging service providers from the perspective of their diverse service users, cutting across separate organisations and individual services.

Developing long-term relationships with councils

The Commission has merged its audit and inspection arms to form a new ‘Operations Directorate’. It has also appointed relationship managers to plan and co-ordinate the delivery and reporting of our local work. They will be the local face of the Commission. This change will allow the development of a longer-term, face-to-face relationship between regulators and councils.

The Commission also wants to experiment with working with groups of councils over time in a collaborative way, focusing on issues of common concern. As well as extending existing ‘benchmarking’ services, we will be piloting an action learning approach to improving the management of performance with volunteer councils. If successful, this would be offered to other councils in future. This approach will bring together the Commission’s accumulated knowledge about effectively managing performance, its research and analytical skills and the skills of its field force in working with councils and its experience in working with groups of councils like the core cities.

Maintaining a focus on economy, efficiency and effectiveness

There is a risk that moving too far in the direction of co-operative interdependence between regulators and councils would blur accountability for performance, that the constructive challenge that external scrutiny can bring would be dissipated and that a focus on relationships and process would crowd out a focus on outcomes. For the Commission, this implies a continued emphasis on rigorous external audit and inspection and the promotion of economy, efficiency and effectiveness – value for money. It is the style in which external scrutiny is carried out that must change, not the core purpose of scrutiny itself.

The continued emphasis on value for money applies to the Commission as much as to the bodies that it audits and inspects. This report has already summarised ways in which the Commission will reduce its fees for inspection and compulsory value-for-money studies at excellent and good councils this year. In future, the Commission’s strategic plans will also include challenging targets that will measure the success of
the Commission in terms of the extent to which it contributes to improvements in outcomes for service users and citizens.

**Targeting audit and inspection work where it is most needed**

This report has already described the way in which improvement planning following CPA is helping to create a shared understanding of each council’s priorities for improvement. This must be extended beyond a cataloguing of the issues that need to be addressed, towards a diagnosis of the underlying causes of those problems. Similar service problems in different councils can have quite different causes. Diagnosing these causes, preferably working alongside those who will be responsible for prescribing and administering their cure, is a valuable role for external review.

In carrying out this diagnosis, the Commission will focus on the areas where it has most to contribute and that have been identified as priorities through CPA:

- financial planning and allocation of resources to priorities;
- performance information and managing performance; and
- the management of risk.

The Commission will also work with other organisations in order to improve its own knowledge and understanding of the most effective ways of improving the quality of political, managerial and community leadership in local government.

**Working more effectively with other regulators**

As previously described, the Commission is working closely with other inspectorates through the LSIF (as well as through working with other inspectorates in the areas of health and criminal justice) to reduce bureaucracy, to improve co-ordination and to remove unnecessary duplication. The Commission and other regulators will also need to find new ways of providing rigorous assessment of council performance in a world of reduced inspection, audit and government assessments of council plans. This may involve finding ways to ‘trade off’ the more intensive forms of regulation, like audit and inspection, in favour of less intensive forms, such as strengthened PI frameworks and allowing greater scope for self-assessment, self-certification or peer review.
Conclusion

Many of the current challenges involved in the improvement of public services depend on this shift being sustained in the years to come. The Commission is supporting the shift toward Strategic Regulation by bringing a more strategic edge to its own work, in local government as well as in health and criminal justice. CPA will ultimately be successful if growing numbers of councils can be freed from the constraints under which they currently work, in order to co-operate more effectively with other organisations in the public, private and voluntary sectors, and to improve the quality of life of service users and citizens.
References

1 Audit Commission, CPA website – www.councilperformance.gov.uk

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Communicating Quality of Life Indicators: A Good Practice Guide. This practical guide suggests how to communicate quality of life indicators to local communities and offers case studies as good practice examples.

LAR2985, April 2003, £6


LCO2968, 1862404283, March 2003, £75

Connecting Users with Citizens. The report aims to inform public sector service providers on how to develop new and effective ways of involving local people in improving the services that they use. The guidance is centred on case studies of good practice from a range of sources, setting out how specific issues involved in consulting, communicating with and involving service users have been tackled.

GMP2907, 1862404135, January 2003, £25

Performance Breakthroughs. People have told us that they wanted insights into why managing performance can be so difficult, why some of the best attempts at improvement can fail, and how other people have begun to tackle problems. Performance Breakthroughs identifies how others have managed to overcome these difficulties to deliver better quality services to local people. This paper is for chief executives and senior managers in public sector organisations who are responsible for shaping and changing their organisation’s approaches to managing performance.

GAR2858, 1862403961, September 2002, £25

Accompanying this report is a wall chart designed to help organisations assess and improve the way that they manage their performance.

Pack of 10 wall charts, GSP2861, 186240397X, £8

Acting on Facts: Using PIs in Management. This management paper reviews the experiences of local authorities to show how performance indicators can be used to improve public services. It is intended to help organisations make performance measurement an everyday activity, generating good quality information that can be effectively monitored and acted on.

GMP2758, 1862403635, May 2002, £18
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