

PART 1 (OPEN TO THE PUBLIC)

ITEM NO

REPORT OF THE CHIEF EXECUTIVE

TO THE CABINET ON 16TH APRIL, 2002

TITLE: FINAL INSPECTION REPORT - AUDIT COMMISSION
INSPECTION OF BEST VALUE PROCESSES

RECOMMENDATIONS: That the Audit Commission 's final report and the
recommendations put forward be referred to Peer Review Group 1 - Best Value,
Performance Management and Scrutiny.

EXECUTIVE SUMMARY: The Audit Commission Best Value Inspectorate has now
delivered their final report on the Authority's Best Value processes. Many of the
points raised by the Authority on the draft report have now been reflected in the final
version.

BACKGROUND DOCUMENTS
(Available for public inspection)

Audit Commission final report

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WARD(S) TO WHICH REPORT RELATE(S)

KEY COUNCIL POLICIES: Best Value
 Performance Management

City of Salford

Best Value Processes

March 2002



Improving public services

The Government has placed a duty of local Councils to deliver services to clear standards of cost and quality by the most economic, efficient and effective means available. 'Best value' is a challenging framework designed to improve local services. Councils are required to assess their own performance and put in place measures to ensure continuous improvement in all of their services.

Councils must show that they have applied the four Cs of best value:

- ◆ **challenging** why and how a service is being provided;
- ◆ **comparing** their performance with others' (including organisations in the private and voluntary sectors);
- ◆ embracing fair **competition** as a means of securing efficient and effective services; and
- ◆ **consulting** with local taxpayers, customers and the wider business community.

The Government has decided that each Council should be scrutinised by an independent inspectorate. The Audit Commission's Inspection Service performs this role.

The purpose of the inspection and of this report is to:

- ◆ enable the public to see whether best value is being delivered;
- ◆ enable the Council to see how well it is doing;
- ◆ enable the Government to see how well its policies are working on the ground;
- ◆ identify failing services where remedial action may be necessary; and
- ◆ identify and disseminate best practice.

¹ This report has been prepared by the Audit Commission ('the Commission') following an inspection under Section 10 of the Local Government Act 1999, and issued in accordance with its duty under Section 13 of the 1999 Act.

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Summary and recommendations

Summary

- 1 Salford is situated on the western side of the Greater Manchester conurbation. It has a population of 224,800, which is declining by about 1,000 per year. Two point two per cent of the population are from black and ethnic minority communities. The authority covers an area of 9,690 hectares.
- 2 The last 20-30 years has seen a changing employment picture with the loss of traditional industry including the docks and manufacturing industry. Salford contains areas of significant social deprivation and is the 28th most deprived Council area in England. There are areas of dereliction alongside highly acclaimed regeneration areas on Salford Quays and major redevelopment/regeneration activities including, The Lowry and Metrolink.
- 3 The Council has severe budget pressures and with some areas of the city suffering from very poor health, housing, educational achievement and employment prospects. The Council realises that this context makes it even more important that it continues to drive improvements to provide a better quality of life for local residents and uses best value as an effective tool.
- 4 Recently the Council has identified six pledges to the community, which the Council intends to use to lead the corporate and service planning process.
- 5 Although the Council has implemented several major changes, it has experienced some difficulty progressing and completing best value reviews according to plan and is concerned about this. The district auditor identified this as a problem in the audit of the best value performance plan 2001/2002. We inspected the Council's best value processes to identify the factors limiting the effectiveness of the best value process and to make recommendations for improvement.
- 6 Our conclusion is that although the Council has proven ability to improve services and Councillors and staff are committed to service improvement, Salford City Council has not implemented best value well. This is evidenced by delays in completing reviews, delays in implementing improvements and a shared disappointment across the Council about what best value has achieved.
- 7 The main causes of this failure to make the most of best value relate to lack of strong leadership amongst the corporate management team, the need for improved performance management systems and the need for improved processes to conduct reviews.

8 The lack of leadership for best value is illustrated by:

- ◆ the chief executive and directors failing to take a personal role in leading reviews, allocating resources and monitoring delivery;
- ◆ a similar lack of priority given to best value by the newly formed cabinet; and
- ◆ a lack of action to ensure improvement plans are delivered as planned.

9 The need for improved performance management systems is illustrated by:

- ◆ non alignment of service planning, financial planning and outputs from best value reviews;
- ◆ the directors' meeting failing to receive and act on performance management reports as a corporate team;
- ◆ delays in gathering performance data and reporting it to the Council in time for action to be taken to bring the achievement of targets back in line; and
- ◆ the cabinet simply 'noting' the six month report on performance in January 2002 that identified 52 per cent of indicators to be behind target with no indication from the political leadership whether this overall picture is acceptable, when improvement can be expected and whether all the proposed actions are accepted.

10 We also found that the conduct of reviews undertaken so far, suffered from:

- ◆ lack of clarity about roles, responsibilities, accountability and ownership;
- ◆ variable project management skills;
- ◆ a perceived lack of flexibility over the application of the best value manual;
- ◆ lengthy reports to scrutiny committees that focussed more on the process than on the intended outcomes;
- ◆ a prevailing belief that associated best value with cuts to budgets and services;
- ◆ conducting reviews over two years which was too long to maintain the momentum and commitment of the review teams;
- ◆ a lack of prioritisation - everything being a priority, particularly responding to current delivery needs, with no time to reflect and think; and
- ◆ confusion concerning procurement policies that gave the perception to some that the Council was not open to challenge about who is best to deliver services and to others that best value directly threatened their employment.

- 11 These were some of the main problems we found. However, we acknowledge that the Council has started to tackle some of the issues raised. In particular more direct involvement of the chief executive and directors in the best value process and improved ability to collate and report performance data.
- 12 The Council has responded well to the district auditor's recommendation to improve performance management and integrate processes and has produced a corporate planning and performance management model. We found that:
 - ◆ service plans were being produced by all directorates following a corporate guide and now with a structure based on the six pledges; and
 - ◆ the best value performance plan has been integrated with the previous corporate plan and five levels of performance management established flowing from the strategy and performance plan down to individual targets in appraisals.
- 13 We note that the Council achieved improvements in services before best value was introduced. In particular regeneration in Salford Quays, the building of The Lowry Arts Centre and reductions in unemployment. The Council has also achieved very positive reports from the Social Services Inspectorate and from OFSTED (Schools).
- 14 The Council has also been positive in addressing local priorities in its best value review programme. For example, the Council chose to review 'crime and disorder', reflecting the priority issue identified in the quality of life survey in 1998. We also acknowledge that the Council responded to feedback from the Audit Commission in 2001 to review wider, more cross-cutting subject areas and that the choice of the 'office accommodation' and 'procurement' reviews was made because of the potential to make cost savings.
- 15 With further attention to the issues raised under the four building blocks of best value, in particular greater leadership of best value and the management of performance, the Council can achieve more. Recommendations are made throughout this report to help the Council improve. The Council should produce an action plan by 1 May 2002 to address all the recommendations in this report. A number of key recommendations are now detailed below.

Recommendations

Ownership of problems and willingness to change

- 16 Appoint a champion amongst the directors for every review with responsibility to ensure the review progresses according to plan; to lead on any high level problem solving associated with the review and to make sure it results in significant service improvements. In the case of cross-cutting reviews where more than one director may be involved, a single director should be given responsibility for the progress of the review until improvement plans have been agreed.
- 17 Effectively communicate how the Council's approach to competitiveness will achieve best value for money services for the public of Salford.
- 18 Review respective roles of cabinet and the scrutiny committees with the objectives of:
 - ◆ strengthening the sense of ownership by the cabinet and linkages of reviews to corporate priorities; and
 - ◆ assigning responsibility for maintaining a strategic overview of best value and the benefits arising for citizens.

A sustained focus on what matters

- 19 Review how well both local needs and central government policies are reflected within the six pledges and then promote greater ownership of the pledges amongst all staff and ensure activity is targeted so that it reflects the agreed priorities.
- 20 Develop both the cabinet and directors' teams to take a more collective, corporate responsibility for both delivery and improvement in services in order to achieve an organisation that demonstrates a common sense of purpose and direction and is self-supporting with shared learning.

Capacity and systems to deliver performance an improvement

- 21 Clarify the role, responsibility and the extent of authority of review team leaders as well as to whom they are accountable.
- 22 Involve directors, the best value group, managers and experienced review team leaders in the review of the role of the best value corporate team ensuring style, skills, approaches and processes of the team best serve the needs of departments.

- 23 Schedule all reviews to be completed within one year to ensure that service improvements are achieved more quickly and that the motivation of review teams is maintained.
- 24 Introduce effective project management processes, for example PRINCE, into the corporate best value programme and for the management of complex reviews.
- 25 Include within the directors' meeting a monthly overview report of best value covering:
 - ◆ progress with current reviews and identification of any actions necessary to improve their effectiveness;
 - ◆ progress with implementing improvement plans and how the outcomes are being measured; and
 - ◆ corporate issues, linkages to other or future reviews as these might affect improvement plans or the scoping of future reviews.
- 26 Report to cabinet on service performance within a month of the end of each quarter, clearly highlighting successes and under-performance both in relation to the pledges and specifically in relation to performance indicators. Summarise in the minutes from cabinet the key actions required to sustain improved performance.

Integrate best value into day to day management

- 27 Express all improvement activity in terms of what it will do for the customer.
- 28 Within service planning, integrate all improvement activity alongside delivery activity under the six pledges (whether it arises from best value reviews, EFQM assessments, feedback from IDeA peer review or recommendations from the Audit Commission)
- 29 Align the completion of reviews with the business planning and financial planning cycles.
- 30 We would like to thank the Councillors and staff of City of Salford who made us welcome and who met our requests efficiently and courteously.

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Inspectors

Dates of inspection: 21 January to 28 January 2002

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