



## Local Government Taskforce

### Performance Management Sub-Group

**Note of meeting, 12<sup>th</sup> June 2006, Hilton Hotel, Lanyon Place, Belfast**

<b>Present:</b>	Cynthia Smith	Department of the Environment NI
	Cllr Alan McDowell	Alliance Party
	Cllr Michelle McIlveen	DUP
	Cllr Michael Carr	SDLP
	Cllr Diana Peacocke	UUP
	Cllr Janice Austin	Sinn Féin
	Cllr Michael Coyle	NAC
	Pat Cumiskey	Banbridge District Council
	Ronnie McBride	Ballymena Borough Council
	Stephen Martin	Department for Social Development
	Ronan Cregan	Belfast City Council
	Paula Kerr	Dungannon & South Tyrone Borough Council
	Mike Fisher	IDeA
	Cllr Graham Chapman	IDeA
	Claire Thompson	DoE Planning Service
	Denver Lynn	NI Audit Office
	Graeme Bannister	CEHOG
	Ellen Cavanagh	APSE
	Damian McKeivitt	DoE Local Government Reform Unit
	Jim Stewart	DoE Local Government Division
	Tommy McCormick	DoE Local Government Division
	Claire Devlin	DoE Local Government Reform Unit

#### **1. Apologies**

Apologies were received from Philip Faithfull, Strabane District Council, and Eleanor Gill, NI Consumer Council.

#### **2. Welcome and Introduction**

The Chair of the Sub-Group, Cynthia Smith, welcomed all those attending and invited them to briefly introduce themselves and indicate the organisation they were representing on the Performance Management Sub-Group.

She updated the group on recent meetings with the Taskforce Working Group and Political Panel, stating that a number of similar themes were emerging from several of the other Sub-Groups.

### **3. Minutes of Previous meeting**

The minutes of the previous meeting of the sub group held on May 5<sup>th</sup> 2006 were accepted as an accurate record of that meeting.

### **4. Matters Arising**

There were no matters arising that were not on the main agenda.

### **5. Draft Terms of Reference for the Performance Management Sub-Group**

The amended Terms of Reference were approved by the sub-group, and it was agreed that these would now be posted on the DOE website.

### **6. Review of Papers from the Project Team**

#### **6.1. Draft Report**

Cllr Graham Chapman gave an overview of the draft report, highlighting the issues that had been progressed since the Planning Awayday and a meeting of the Project Team. The key issues were the creation of a group supported by Local Government rather than an external body; a requirement to publish Performance Indicators; and the question of to what degree should requirements be prescribed within any proposed legislation.

The paper outlined ten key principles and three key areas of responsibility: local government; the Department of the Environment; and the Auditor.

#### **6.2. Models for a Local Government Improvement Service**

Ronan Cregan outlined several models for a local government improvement service. In Scotland, the Improvement Service has a budget of £4.5 million over three years; their business plan is available on their website [www.improvementservice.co.uk](http://www.improvementservice.co.uk). Audit Scotland and the Accounts Commission consider how the public sector performs, both within each sector and across sectors.

In England, the Improvement and Development Agency (IDeA) is wholly owned by the Local Government Association; it has an annual budget of £50 million. The IDeA will carry the risk in new initiatives and pilot schemes, and can also offer direct support if a local authority is experience difficulties in specific areas of performance. The Audit Commission in England offers solutions as well as identifying problems.

There were issues in respect of local government in Northern Ireland being able to sustain an IDeA type organisation; issues of scale, sustainability and capacity would need to be very critically examined. It may be necessary to consider a public sector wide improvement body or to set up a regional arm of the IDeA, perhaps during the initial first years of the re-structured councils.

It was suggested that a group which cuts across local government, central government and audit should be established post 30 June in order to look in greater detail at the setting up of an improvement body.

### **6.3. Best Value Provisions**

Tommy McCormick from DOE Local Government Division gave an overview of existing Best Value legislation in Scotland, England and Wales as well as in Northern Ireland. In addition to primary legislation, England issued Guidance to local authorities; this is under review at present as it was felt to be too prescriptive. Wales issued guidance in the form of Circular, and Scotland also issued Guidance to local authorities.

In 2002 the Department of the Environment issued a consultation and draft regulations following the same route as in England. However the NI Assembly Environmental Committee, then operating, reviewed the proposals and made recommendations to the Department who took them on board and amended the legislation. Local government in Northern Ireland currently has a broad duty in relation to best value, unlike in some of the other jurisdictions.

Pat Cumiskey offered additional insights to the best value system from a local government perspective. Initially Best Value had been undertaken on a voluntary basis, between 1997 and 2002. When the consultation document on the draft Best Value legislation was issued, councils realised that they would face a highly prescribed best value system, and raised the issues at the Environment committee. The outcome was that the Local Government Act 2002 did not prescribe a role for audit. This situation has recently been amended with a new facility to allow audit to carry out Best Value reviews.

He proposed that the sub group should consider the complexity of any proposed performance management system, together with the relevance of any performance indicators selected. The group should consider any concerns they had in relation to the auditor undertaking the review of performance indicators, and posed the question of whether a body like APSE or similar new body could undertake this responsibility. Any Performance indicators should be developed inclusively with elected members and officers, and should not be imposed on them.

#### 6.4. The Role of Audit

Denver Lynn, the Deputy Chief Local Government Auditor, gave a brief overview of the audit arrangements in England, Scotland and Wales. He had visited all three audit bodies over the course of ten days; they are all members of the Audit Forum, which will allow the NI audit Office to take advantage of their knowledge and experience in relation to performance management auditing.

He identified common themes across the three jurisdictions:

- All have Value for Money powers, and this power has also been extended to Northern Ireland Auditors in a recent change to legislation.
- All have Best Value audit responsibility, and each has interpreted it in a slightly different way.
- Each audit authority believes their role and their interpretation of performance management has helped the performance of local government.
- It is an ongoing process in each of the jurisdictions; the systems are still evolving.

The systems vary between the different jurisdictions. Because of the huge scale in England, the CPA regime is strict and controlled. The Audit Commission uses an independent officer and councillor as part of their regime, in effect building in peer review to their system.

In Scotland, Best Value has been in place since the 1990s, but not audited until 2003. There is a three-yearly review process, and each local authority produces an improvement plan annually. However, there is no rating process in Scotland.

In Wales there is an annual process that begins with self-assessment, and there is no rating system.

He highlighted that there were common themes in all of the jurisdictions, yet quite distinct responses; Northern Ireland has the opportunity to learn from how they have all responded differently.

The group divided into three discussion groups comprised of elected representatives, officers, and 'others'. The key points from their discussions were:

6.5. **Members** wanted to stress at the outset that they were speaking as individuals, and not on behalf of their parties; they expressed concerns about the tight timescale involved, and stressed that the role of members in the process must be reinforced, identifying a need to inform elected representatives of the process. They preferred the term 'citizens' to 'customers', and suggested this term should be used throughout the report.

- With regard to the role of the auditor, they argued that while audit currently has a financial perspective, capacity building may be needed to enable it to undertake performance management evaluation, etc. A new development agency could undertake the development work, but if a council does not comply, the ultimate sanction should rest with a government Minister.
- They discussed the setting of performance standards as well as performance measures, with a small selection of key indicators. These should be developed in the transitional period by the new development agency, rather than NILGA; ultimately this responsibility might rest with NILGA, but with an extended broader NILGA.
- Resourcing of the development agency is very important – they stressed that local government alone could not fund the agency, and favoured the English model in terms of funding. It should be Chaired by an elected member.
- Although they generally agreed that there should be a statutory obligation to publish Performance Indicators, it should be up to each council to decide where and how they should be published.
- Any rating system should be imposed by local government itself.
- Greater consideration needed to be given to the make-up, structure and remit of an improvement agency.

6.6. The key points made by the group representing **officers** were:

- They would like to see a common performance framework across the entire public sector; they posed the question of where central government fits in.
- There should be a responsible body at national level;
- There should be local area agreements, and a set of Performance indicators that relate both to locality and to the community planning process.
- The role of the auditor should be to provide assurance on the overall framework at local and sectoral level.

- There should be a statutory duty to publish, but each authority should decide which media they use.
- There were mixed views on the usefulness of a rating system for what would be a small group of Councils, with the majority opposed. However, there was consensus that if the new regime wanted a rating system it should be designed and agreed by local government; it should not resemble the English Star System and it should not be implemented for the first three years to allow the new Councils to become established.
- There were different views on the peer review process and what it involved. Some agreed in principle, but did not want prescriptive legislation.
- The auditor should not be given statutory powers to intervene. It was suggested that there should be an escalation process within the sector. The development agency could provide sectoral support in terms of bringing an authority round rather than involving the auditor.
- There should be a statutory duty on local authorities to produce a corporate plan.
- Guidelines or codes of practice should be issued by the improvement body and the body representing elected members.

6.7. **Other members** of the group, including representatives from Local Government Audit and from central government stated that:

- There should be an enhanced role for the auditor, but not a policing role; this should rest with central government. The auditor's role is to provide assurance that local government follows whatever system is introduced. If they do not comply, the Department takes enforcement action, not the auditor.
- The view of this group was that legislation should ensure that the default power sits very clearly with the relevant government department; the auditor will have an enhanced role but not be a policeman.
- The group referred to the partnership panel which is one of the recommendations of the Central / Local Government Relations Group and suggested that this body should agree the Performance Indicators through dialogue with local authorities. It is important to ensure there is consultation with local government.
- Performance Indicators should be published, although the group had no strong views about which media should be used.

- The group supported the creation of a core number of indicators, but expressed concerns that elsewhere in the United Kingdom, the number of core indicators was steadily increasing.
- The group expressed differing views in relation to ratings systems; some felt that the statutory power should be taken but not activated; others however queried why the power would be taken if it is not going to be implemented.
- With regard to the improvement agency, the group stressed that there was a need for further work in this area.

### **6.8. Next Steps**

Stephen Martin provided a discussion paper on the way forward after 30<sup>th</sup> June, suggesting a two-tier structure to take forward any additional work.

He proposed a smaller sub-group with 10-12 members, primarily driven by politicians, with four working groups to consider:

- secondary legislation or guidelines;
- transitional issues;
- a range of performance management systems;
- the role and remit of a new improvement body.

There was general discussion of whether the issues should be taken forward after 30<sup>th</sup> June by members from the existing sub-group, or a new membership. It was agreed that clarity of roles was needed to ensure that there would not be several groups looking at the same issue such as an improvement body.

6.9. Mike Fisher summarised the views expressed above by the three groups, and agreed to amend the draft report to reflect these views.

## **7. Communications**

The Chair informed the sub-group that the Department of the Environment website now included a section on the Local Government Taskforce and the Review of Public Administration. The agreed Terms of Reference will be posted on the DOE Website, along with any cleared working papers and ratified minutes. The final report will also be posted on the website.

## **8. Update on arrangements for study visit**

The group were undertaking a study visit to Nottingham City Council and Nottinghamshire County Council on Monday 19<sup>th</sup> and Tuesday 20<sup>th</sup>; all the elected representatives planned to attend, together with one of the officers and representatives from the Department of the Environment. Thanks

were expressed to Cllr Graham Chapman for organising the visit to his Council.

#### **9. Schedule for Next meetings of the Sub-Group**

The Project Team would meet again on 21<sup>st</sup> June to consider the revised report.

The full sub-group would meet again on 27<sup>th</sup> June to finalise the report, which would be presented to the Taskforce Working Group and the Political Panel during July.

#### **10. Any Other Notified Business**

The Chair expressed her sincere thanks to all those who had invested so much time and effort in producing the report.

**CLAIRE DEVLIN**  
**Local Government Reform Unit**