

OFFICE OF THE DEPUTY PRIME MINISTER

ODPM Circular 02/2004
Office of the Deputy Prime Minister
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1 March 2004

LOCAL GOVERNMENT ACT 1999: PART 1 BEST VALUE AND PERFORMANCE IMPROVEMENT

ADDENDUM TO ODPM Circular 03/2003 -
Local Government Act 1999: Part 1 Best Value and
Performance Improvement

GUIDANCE ON BEST VALUE PERFORMANCE PLANS

SCOPE OF THE GUIDANCE

1. With the exception of Police authorities¹, the following guidance applies to all best value authorities in England. It explains how these authorities might meet the requirements of Part I of the Local Government Act 1999 in preparing Best Value Performance Plans. Paragraphs 3-18 and Annex A consist of statutory guidance and replace paragraphs 65-76 and Annex E of Circular 03/2003².

PLANNING IMPROVED PERFORMANCE

Importance of Effective Improvement Planning

2. All effective organisations need to have effective systems in place to measure and improve performance. They need to be able to identify their strengths and weaknesses, so that they can exploit opportunities for improvement and take steps to improve any areas that are under-performing.
3. This is especially important for best value authorities, given their vital role in delivering high quality, essential public services. Indeed, it is fundamental to their duty of best value, which requires them to secure continuous improvement in the way that functions are exercised, having regard to a combination of economy, efficiency and effectiveness. For this reason, the quality of authorities' planning is one of the key components of the CPA assessment of corporate capacity.

Focus of Performance Plans

4. The Local Government Act 1999 requires all best value authorities to prepare an annual Performance Plan and this is a key element of best value. But it is important that the plan does not become an end in its own right. It is a means to an end and is less important than either the planning process that underlies it, or the planned improvements that result.
5. The statutory requirement to prepare a Performance Plan provides an opportunity for authorities to articulate their proposals for improvement for the coming year, including how weaknesses will be addressed, opportunities exploited and better outcomes delivered for local people. It should contain targets for future performance.

¹ Police authorities should continue to follow guidance contained in *Best Value and Planning Guidance for Police Authorities*, Home Office, August 2003.

² For Best Value Town and Parish Councils it replaces Annex D of Circular 09/2003; for the Greater London Authority, London Development Agency, and Transport for London it replaces Annex D of Circular 07/2003; for the National Park Authorities and the Broads Authority it replaces Annex E of ODPM Circular 10/2003 and Defra Circular 03/2003; for Metropolitan Passenger Transport Authorities it adds to the guidance in ODPM Circular 01/2004 and DfT Circular 01/2004; for single purpose fire authorities, it replaces Tony Hatch's letter of 7 April 2003; for Joint Waste Disposal Authorities it replaces Tony Hatch's letter of 22 April 2003.

6. It is important, therefore, that the plans are not prepared in isolation from authorities' business planning. All authorities should ensure that the improvement planning process that underlies the Performance Plan is integrated with authorities' corporate planning arrangements.

Audience for Performance Plans

7. One of the fundamental issues for authorities in preparing their Performance Plans is to ensure that they meet the needs of the intended audience. Circular 03/2003 explained that the primary audience for the plan should be the authority itself³. Elected Members and officers with responsibility for delivering quality local services need to be aware of the authority's improvement priorities and how they will be addressed over the coming year. Not least because they can influence the improvement measures being introduced.
8. The Government also has a significant interest in Performance Plans. The plans contain essential information that enables it to monitor performance by local government as a whole towards the National Public Service Agreement (PSA) for Local Government, as well as the targets contained in Departmental PSAs. The plans also enable performance by individual local authorities to be monitored.
9. While Performance Plans should be public documents, authorities should not view the public as the primary recipients of these plans. Indeed many authorities have found other means to engage with the public. However, it should be made available to those who request it.

Content of Performance Plans

10. In accordance with the Government's approach to deregulation it will no longer be necessary to provide any information that can be obtained from other sources. Hence it will no longer be necessary for authorities to provide the following information:
 - CPA scores;
 - summary financial information;
 - progress in implementing improvement measures over the past 3 years;
 - outcomes or impacts arising from those measures;
 - progress against Local Public Service Agreements.
11. Authorities may choose to include any, or all, of this information in their plans if they consider that it helps improve understanding of improvement proposals, or their context.

³ The principal audience for the TfL and LDA Performance Plans is the Mayor and appropriate members of the London Assembly, functional body board members, and staff, ODPM Circular 07/2003.

12. In addition, the Government has considered whether all authorities should continue to be covered by the same Performance Plan requirements. In line with its approach to delivering freedoms and flexibilities for better performing authorities, the Government is replacing the current ‘one size fits all’ approach with a differentiated approach that reflects CPA categorisation.
13. For authorities that are categorised in CPA as excellent and good, the Government has reduced its requirements further. Accordingly, for these authorities the Government will accept their annual corporate plan as meeting the statutory requirement to prepare a Performance Plan - providing that it is identified as such and contains the following information that is necessary for Government to monitor performance:
 - outturn data for Best Value Performance Indicators (BVPIs);
 - targets for BVPIs in the current year and subsequent 2 years; and
 - confirmation that they are adopting the Code of Practice in their approach to workforce matters and contracting.

This information could simply be annexed to the annual corporate plans/ Performance Plans.

14. For authorities categorised as fair, weak and poor, and at authorities where there has not been a CPA, the Government has set only four Performance Plan requirements. Listed at Annex A, these are intended to capture the information necessary to monitor performance and provide a structured framework around which authorities can develop and articulate their improvement planning arrangements. If an authority is recategorised in CPA, the arrangements set out at Annex B will apply.
15. For other best value authorities, the Government has set four Performance Plan requirements, which are intended to capture the information necessary to monitor performance in the absence of CPA. These requirements will also help authorities to explain how they are securing continuous improvement in services, reflecting their self-assessment of risks, opportunities and weaknesses.
16. Annex A sets out the information that the different best value authorities must include in their Performance Plans published by June 2004 and in subsequent years.

Timing of Performance Plans

17. Consideration has also been given to the timing of Performance Plans. Many authorities carry out their business/ corporate planning arrangements well ahead of the new financial year, often to coincide with budget setting timescales. The preparation of Performance Plans should fit with the timescales that authorities currently operate for their business planning arrangements. Authorities will therefore be able to prepare and publish their Performance Plans at any time up to the end of June. However, recognising that one of the requirements for all authorities is to provide outturn BVPI data, authorities must ensure that their BVPI data is annexed to, or incorporated within, their Performance Plan by the end of June.

Audit of Performance Plans

18. The Government intends to discuss the statutory requirement for the audit of the Performance Plan with the Audit Commission and other stakeholders. In the meantime, the audit provides validation of BVPIs and reassurance about the application of the Code of Practice, and should continue in its current form.

Summary Performance Information

19. In the light of responses to the consultation on draft guidance on Performance Plans, the Government also intends to discuss with key stakeholders the current arrangements for producing and publishing summary performance information, set out in paragraphs 80-83 of ODPM Circular 03/2003⁴. In the meantime, all best value authorities, with the exception of the National Park Authorities and the Broads Authority, should continue to prepare summary performance information by March each year⁵.

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⁴ Paragraphs 47-48 of ODPM Circular 07/2003; paragraphs 63-64 of ODPM Circular 09/2003; paragraphs 42-44 of ODPM Circular 10/2003 and Defra Circular 03/2003; and paragraphs 57-59 of ODPM Circular 01/2004 and DfT Circular 01/2004.

⁵ The arrangements for the National Park Authorities and the Broads Authority are set out in paragraphs 42-44 of ODPM Circular 10/2003 and Defra Circular 03/2003.

PERFORMANCE PLAN REQUIREMENTS

(a) Excellent and good authorities

1. The following requirements are issued under Section 6 of the Local Government Act 1999.
2. All authorities categorised in CPA as excellent and good must include the following items in their Performance Plan published by June 2004, and in subsequent years:
 - (a) Details of performance:
 - out-turn performance over the past year on all Best Value Performance Indicators (BVPIs)⁶;
 - targets for the current year and subsequent 2 years for all BVPIs.
 - (b) A brief statement on contracts. The authority should state and certify that all individual contracts awarded during the past year which involve a transfer of staff comply, where applicable, with the requirements in the Code of Practice on Workforce Matters in Local Authority Service Contracts.

⁶ For plans published by June 2004, the reference to 'past year' relates to 2003/04.

(b) Fair, weak and poor authority and any district council or single purpose fire authority where a CPA has not reported

1. The following requirements are issued under Section 6 of the Local Government Act 1999.
2. All authorities categorised in CPA as fair, weak or poor and any district council or single purpose fire authority where a CPA has not reported, must include the following items in their Performance Plan published by June 2004, and in subsequent years:
 - (a) A brief summary of the authority's strategic objectives and priorities for improvement. This should reflect its corporate/ business planning processes and community strategy.
 - (b) Arrangements for addressing the authority's improvement priorities, particularly the opportunities and weaknesses identified in CPA (or self-assessment where a CPA has not reported), and the outcomes that are expected to be achieved as a result.
 - (c) Details of performance:
 - outturn performance over the past year on all Best Value Performance Indicators (BVPIs)⁷;
 - targets for the current year and subsequent 2 years for all BVPIs.
 - (d) A brief statement on contracts. The authority should state and certify that all individual contracts awarded during the past year which involve a transfer of staff comply, where applicable, with the requirements in the Code of Practice on Workforce Matters in Local Authority Service Contracts.

⁷ For plans published by June 2004, the reference to 'past year' relates to 2003/04

(c) Other Best Value authorities⁸

1. The following requirements are issued under Section 6 of the Local Government Act 1999.
2. These authorities must include the following items in their Performance Plan published by June 2004, and in subsequent years:
 - (a) A brief summary of the organisation's strategic objectives and priorities for improvement. This should be drawn from its corporate/ business planning processes and overall vision.
 - (b) Arrangements for addressing the organisation's improvement priorities, including any opportunities and weaknesses identified in best value reviews and inspections, and the outcomes that are expected to be achieved as a result.
 - (c) Details of performance⁹:
 - outturn performance over the past year on Best Value Performance Indicators (BVPIs) that apply to the organisation¹⁰;
 - targets for the current year for the above BVPIs¹¹.
 - (d) A brief statement on contracts. The organisation should state and certify that all individual contracts awarded during the past year which involve a transfer of staff comply, where applicable, with the requirements in the Code of Practice on Workforce Matters in Local Authority Service Contracts.

⁸ Best Value Town and Parish Councils, National Park Authorities and the Broads Authority, Joint Waste Disposal Authorities, Metropolitan Passenger Transport Authorities, the Greater London Authority, London Development Agency and Transport for London.

⁹ Best Value Town and Parish Councils should record out-turn performance for local indicators used to measure performance in priority areas, and progress towards any targets attached to those indicators.

¹⁰ For plans published by June 2004, the reference to 'past year' relates to 2003/04.

¹¹ In line with the requirements on principal authorities, Joint Waste Disposal Authorities are required to set targets for the current year and subsequent 2 years for all relevant BVPIs.

CPA RECATEGORISATION

The following arrangements apply where an authority is recategorised, following CPA. They are based on the existing recategorisation principles agreed for excellent authorities.

- Performance Plan requirements for **Excellent** and **Good** authorities are the same. Therefore if, following CPA recategorisation, authorities change from Excellent to Good, or Good to Excellent, this will not have any effect the statutory requirements to be followed.
- Authorities that move from **Fair** (or below) to **Good/Excellent** as a result of CPA will be able to follow the more streamlined requirements for Excellent and Good authorities with immediate effect.
- Authorities that move from **Excellent/Good** to **Fair** will have a period of grace, and will be able to continue to follow the more streamlined requirements for Excellent and Good authorities for their next Performance Plan. Thereafter, they should follow the requirements for Fair, Weak and Poor authorities, unless they have been recategorised in the meantime. In which case, if they regain their Excellent/Good status, they can follow the streamlined requirements for Excellent and Good authorities with immediate effect. However, if following recategorisation, these authorities are again classified as Fair or move to Weak or Poor, they should follow the requirements for Fair, Weak and Poor authorities with immediate effect.
- Authorities that move from **Excellent/Good** to **Weak** or **Poor** should follow the requirements for Fair, Weak and Poor authorities with immediate effect.

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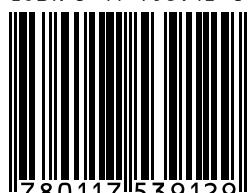
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