

OFFICE OF THE DEPUTY PRIME MINISTER

ODPM Circular 05/2006
Office of the Deputy Prime Minister
Eland House, Bressenden Place, London SW1E 5DU

11 April 2006

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

ADDENDUM TO ODPM Circular 02/2004 -
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 3-6, Annex A and Annex B consist of statutory guidance and replace paragraphs 13-16, Annex A and Annex B of Circular 02/2004².

PLANNING IMPROVED PERFORMANCE

CONTENT OF PERFORMANCE PLANS

2. The introduction of the new star rating and harder test for upper tier and unitary authorities in CPA 2005 has provided the opportunity for Government to review the requirements local authorities must adhere to in their Best Value Performance Plans. In line with its approach for delivering freedoms and flexibilities for better performing authorities the Government has decided to further streamline the requirements for these authorities.
3. For authorities that are categorised in CPA or IPA³ as excellent or good or 4 star, 3 star or 2 star 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, necessary for Government to monitor performance:
 - outturn data for Best Value Performance Indicators (BVPIs);
 - targets for BVPIs in the current year and subsequent 2 years⁴; 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 annual corporate plans/ Performance Plans.

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

² ODPM Circular 02/2004 replaced: paragraphs 65-76 and Annex E of ODPM Circular 03/2003; Annex D of Circular 09/2003 (Best Value Town and Parish Councils); Annex D of Circular 07/2003 (Greater London Authority, London Development Agency, and Transport for London); Annex E of ODPM Circular 10/2003 and Defra Circular 03/2003 (National Park Authorities and the Broads Authority); and added to the guidance in ODPM Circular 01/2004 and DfT Circular 01/2004 (Metropolitan Passenger Transport Authorities); for single-purpose fire authorities, it replaced Tony Hatch's letter of 7 April 2003; for Joint Waste Disposal Authorities it replaced Tony Hatch's letter of 22 April 2003.

³ The Greater London Authority, Transport for London, London Development Agency and London Emergency Planning and Fire Authority are subject to Initial Performance Assessment (IPA) rather than Comprehensive Performance Assessment (CPA).

⁴ The Greater London Authority, Transport for London, London Development Agency and London Emergency Planning and Fire Authority only need to provide targets for the current year.

4. For authorities categorised as fair, weak and poor, or 1 or 0 star, the Government has set 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 subsequently recategorised in CPA or IPA, the arrangements set out in Annex B will apply.
5. 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
6. Annex A sets out the information that the different best value authorities must include in their Performance Plans published by June 2006 and in subsequent years.

Sarah Sturrock
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ANNEX A

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 or IPA⁵ as excellent or good must include the following items in their Performance Plan published by June 2006, and in subsequent years:-
 - (a) details of performance:
 - outturn performance over the past year on all Best Value Performance Indicators (BVPIs)⁶;
 - targets for the current year and subsequent 2 years for all BVPIs⁷.
 - 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.

(b) Fair, weak and poor authorities

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 must include the following items in their Performance Plan published by June 2006, 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, and the outcomes that are expected to be achieved as a result.

⁵ The Greater London Authority, Transport for London, London Development Agency and London Emergency Planning and Fire Authority are subject to Initial Performance Assessment (IPA) rather than Comprehensive Performance Assessment (CPA).

⁶ For plans published by June 2006, the reference to 'past year' relates to 2005/06.

⁷ The Greater London Authority, Transport for London, London Development Agency and London Emergency Planning and Fire Authority only need to provide targets for the current year.

- (c) details of performance:
 - outturn performance over the past year on all Best Value Performance Indicators (BVPIs);⁸
 - 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.

(c) 4 star, 3 star and 2 star authorities

1. The following requirements are issued under Section 6 of the Local Government Act 1999.
2. All authorities categorised in CPA as 4 star, 3 star or 2 star must include the following items in their Performance Plan published by June 2006, and in subsequent years:-
 - (a) details of performance:
 - outturn performance over the past year on all Best Value Performance Indicators (BVPIs)⁹;
 - 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

(d) 1 Star and 0 Star authorities

1. The following requirements are issued under Section 6 of the Local Government Act 1999.
2. All authorities categorised in CPA as 1 star or 0 star must include the following items in their Performance Plan published by June 2006, 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 IPA, and the outcomes that are expected to be achieved as a result.

⁸ For plans published by June 2006, the reference to 'past year' relates to 2005/06

⁹ For plans published by June 2006, the reference to 'past year' relates to 2005/06

- c. details of performance:
 - outturn performance over the past year on all Best Value Performance Indicators (BVPIs);¹⁰
 - 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.

(e) Other Best Value Authorities¹¹

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 2006, 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 performance:¹²
 - outturn performance over the past year on Best Value Performance Indicators (BVPIs) that apply to the organisation;¹³
 - targets for the current year for the above BVPIs.¹⁴
 - (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.

¹⁰ For plans published by June 2006, the reference to 'past year' relates to 2005/06

¹¹ Best Value Town and Parish Councils, National Park Authorities and the Broads Authority, Joint Waste Disposal Authorities, Metropolitan Passenger Transport Authorities.

¹² Best Value Town and Parish Councils should record outturn performance for local indicators used to measure performance in priority areas, and progress towards any targets attached to those indicators.

¹³ For plans published by June 2006, the reference to 'past year' relates to 2005/06.

¹⁴ 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.

ANNEX B

CPA RECATEGORISATION

(a) Excellent, good, fair, weak and poor authorities

The following arrangements apply where an authority is recategorised, following CPA or IPA¹⁵.

- Performance Plan requirements for **Excellent** and **Good** authorities are the same. Therefore if, following CPA or IPA recategorisation, authorities change from Excellent to Good or Good to Excellent, this will not have any effect on the statutory requirements to be followed.
- Authorities that move from **Fair** (or below) to **Good** or **Excellent** as a result of CPA or IPA 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** or **Good** to **Weak** or **Poor** should follow the requirements for Fair, Weak and Poor authorities with immediate effect.

(b) 4 star, 3 star, 2 star, 1 star and 0 star authorities

The following arrangements apply where an authority is recategorised, following CPA.

- Performance Plan requirements for **4 Star**, **3 Star** and **2 Star** authorities are the same. Therefore if, following CPA recategorisation, authorities change from 4 Star to 3 Star, 3 Star to 2 Star or 2 Star to 3 Star, 3 Star to 4 Star, this will not have any effect the statutory requirements to be followed.
- Authorities that move from **1 Star** or from **0 Star** to **4 Star**, **3 Star** or **2 Star** as a result of CPA will be able to follow the more streamlined requirements for 4 Star, 3 Star or 2 Star authorities with immediate effect.

¹⁵ The Greater London Authority, Transport for London, London Development Agency and London Emergency Planning and Fire Authority are subject to Initial Performance Assessment (IPA) rather than Comprehensive Performance Assessment (CPA)

- Authorities that move from **4 star**, **3 star** or **2 star** to **1 star** or **0 star** within six months of the latest required publication date of their next Performance Plan will have a period of grace, and will be able to continue to follow the more streamlined requirements for 4 star, 3 star and 2 star authorities for their next Performance Plan. Thereafter, they should follow the requirements for 1 star and 0 star authorities, unless they have been recategorised in the meantime. In which case, if they regain their 4 star, 3 star or 2 star status, they can follow the streamlined requirements for 4 star, 3 star or 2 star authorities with immediate effect. However, if, as a result of recategorisation, these authorities are again classified as 1 star or 0 star, they should follow the requirements for 1 star and 0 star authorities with immediate effect.

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