

## **Leeds City Council**

# **Corporate Assessment**

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**Conduct of the corporate assessment**

**24**

# Framework for Corporate Assessment

The white paper '*Strong Local Leadership – Quality Public Services*' acknowledges the importance of strong leadership in local government:

“High quality council services rely on strong corporate governance from their political and administrative leaders. Where individual services fail the reason often lies in political or administrative shortcomings at the heart of the organization.”

For this reason Corporate Assessment (CA) is an important component of the Comprehensive Performance Assessment (CPA). It sits alongside service and audit assessments in providing key information to feed into the comprehensive assessment framework. Its aim is to assess your community leadership as well as corporate arrangements and capacity to support services in delivering improvements. The outcome of the CA is one judgement about a council's ability to improve services. The methodology for CA has been developed from the following tried and tested approaches:

- The framework for governance developed by CIPFA and SOLACE, which the Audit Commission has developed and used in its first year of corporate governance inspections.
- Code of audit practice used by the Audit Commission's appointed auditors for local government.
- The critical success factors for improvement set out in the Audit Commission's publication *Changing Gear*.

Corporate Assessment seeks to answer four fundamental questions which are underpinned by specific themes:

1. What is the council trying to achieve?
  - Ambition
  - Focus
  - Prioritisation
2. How has the council set about delivering its priorities?
  - Capacity
  - Performance management
3. What has the council achieved / not achieved to date?
  - Achievement
  - Investment
4. In light of what has been learnt, what does the council plan to do next?
  - Learning
  - Future plans

Appendix 1 sets out the work that has been done by the Audit Commission's Corporate Assessment Team to assess the council's performance against these themes. Each of the themes has been given a score between 1 and 4, based on the following scale:

1. Very weak: few or no identifiable strengths
2. Fairly weak: some strengths, but on balance these are outweighed by weaknesses
3. Fairly strong: some weaknesses, but on balance these are outweighed by strengths
4. Very strong: few or no identifiable weaknesses

The scores for the themes will be used to inform the overall judgement:

**What is the council's ability to improve services?**

# Summary and Scoping of Corporate Assessment judgements

- 1 Leeds City Council has a clear vision and priorities, which are owned by Councillors, partners and staff. It has a ten year history of partnership working on a vision and direction for Leeds and has contributed to the city's increasing prosperity over that period. Its vision and plans take account of national priorities and are well-grounded in consultation with local people. Community planning has been enhanced through the formation of local Community Involvement Teams. It has become better at focusing on its priorities and its draft corporate plan for 2002-2005 is directed to 'closing the gap' and bringing the benefits of Leeds prosperity to currently excluded communities.
- 2 The council has improved its management capacity over the last two years. The roles, responsibilities and accountabilities of Councillors and officers are clear. Meetings are well run and decision-making is aided by a good framework of plans and strategies. Senior managers have been through a programme of leadership training and managers and staff know the council's priorities and are beginning to be held accountable for their delivery. Partnership working is a strength and there are examples of successful projects delivered in partnership. Best value reviews are the main mechanism used to improve poor performing services.
- 3 During the period of the last corporate plan, 1999-2002, the council has had mixed success in achieving its targets and found some of them difficult to monitor and report. Some services have improved and some projects have brought benefits for local people, but other priority areas perform poorly and there has been little or no improvement. While performance indicators show improvement over the last 2 years, progress has been relatively slow. There remain barriers to improvement: the council is unclear about what is not a priority and it has only marginally realigned its mainstream funding to support its priority areas. Some working practices hinder flexibility and the council is not fully committed to alternative means of service provision. The council does not always evaluate what it does and use the learning to drive improvement.
- 4 Looking to the future, the council is building on its record of partnership working and is developing a revised longer term vision for the city with its partners in the Leeds Initiative. It is becoming more focused on managing performance effectively and making improvements in priority areas. It is continuing to invest in management development and has recognised that its current structure makes work on area-based and cross-cutting priorities more difficult. It is in the process of restructuring and is planning to become more area based and customer focussed. It faces a challenging agenda in making real improvements in priority areas such as education. The council is aware of the barriers to improvement that remain and has the capacity to overcome them.

## Corporate Assessment Score

| <b>Corporate Assessment Score</b>   |                               |                          |                       |
|---|-------------------------------|--------------------------|-----------------------|
| <b>Key Question</b>   | <b>Theme</b>                  | <b>Un-Weighted Score</b> | <b>Weighted Score</b> |
| What is the council trying to achieve ?                                   | <b>Ambition</b>               | 3                        | 3                     |
|   | <b>Focus</b>                  | 3                        | 3                     |
|   | <b>Prioritisation</b>         | 3                        | 3                     |
| How has the council set about delivering its priorities ?                 | <b>Capacity</b>               | 3                        | 3                     |
|   | <b>Performance Management</b> | 2                        | 2                     |
| What has the council achieved/not achieved to date ?                      | <b>Achievement</b>            | 2                        | 6                     |
|   | <b>Investment</b>             | 3                        | 6                     |
| In light of what has been learnt, what does the council plan to do next ? | <b>Learning</b>               | 3                        | 3                     |
|   | <b>Future Plans</b>           | 3                        | 3                     |
| <b>TOTAL THEME SCORE</b>  |                               |                          | <b>32</b>             |
| <b>OVERALL CORPORATE ASSESSMENT SCORE</b>                                 |                               |                          | <b>3</b>              |

## Recommendations

In order to improve prioritisation and align mainstream funding to priority areas, the council should:

- ◆ identify which areas of current operation are low priority;
- ◆ establish levels of current mainstream and one-off funding against relative priorities; and
- ◆ develop a financial plan which realigns resources with the priorities in the corporate plan 2002-2005.

In order to ensure that the council obtains value for money, improves performance and builds capacity, it should review areas of high cost and/or low performance and examine whether other mixes of provision could improve services.

In order to enhance the council's capacity to improve its services, it should introduce and implement new employment policies and procedures to help demonstrate value for money and aid flexibility.

In order to improve learning about what works and build on successful initiatives, the council should:

- ◆ routinely monitor and evaluate initiatives and pilot work and report to the appropriate scrutiny boards; and
- ◆ disseminate good practice through internal communication channels such as the intranet.

# Context

## The locality

- 5 Leeds City is considered to be the capital of the Yorkshire and Humberside region and is the third largest city and the second largest metropolitan district council in England. The population of the district is 727,000, living within 310,000 households. Six per cent of the population are from black and ethnic minority communities, though in the council's schools this rises to an average 13 per cent of children.
- 6 390,000 people work in the area. Traditional manufacturing activity is giving way to expanding service industries and Leeds is a growing professional centre with 40,000 new jobs forecast to be created over the next five years. Unemployment for the city overall stands at an average of 3 per cent which is lower than the national average. Seven wards rank amongst the 10 per cent most deprived wards in the country using the index of multiple deprivation, but this number rises if individual domains such as health, education and child poverty are assessed. This contrast makes evident the claim that Leeds possesses a *'two speed economy'*; the vibrant progressive city centre with its affluent surroundings being adjacent to areas suffering significant levels of social and economic deprivation.

## The Council

- 7 Leeds City Council comprises 99 councillors with 57 Labour, 20 Liberal Democrat, 18 Conservative, 3 Green Party and 1 Independent Members covering the 33 wards. The business of the council is governed by a modernised leader and cabinet structure, with a cross party executive board, regulatory and scrutiny panels, plus a standards committee. 16 Community Involvement Teams (CITs) have been formed to assist with the decision making process. The council is a leading partner in the *'Leeds Initiative'*, a long-standing, city wide partnership which brings together representatives from the private, community, public and voluntary sectors. This partnership was recently accredited as the Local Strategic Partnership (LSP) for the area. The council's stated mission is:

***'To bring the benefits of a prosperous, vibrant and attractive city to all the people of Leeds'.***

# What is the Council trying to achieve?

## Ambition

- 8 The council has clear ambitions and priorities and demonstrates leadership in the wider community. It has many strengths in this area which outweigh its weaknesses.
- 9 The council has a clear vision and priorities, which are owned by Councillors, partners and staff. The Leeds Initiative was established ten years ago and has the full support of all the private, public and voluntary key agencies. It has developed the Leeds Vision, which is updated to reflect achievements over the past five years and to determine the future priorities for the LSP. Members play a prominent role, with the Leader chairing the Leeds Initiative, which has now been accredited as the LSP for the area. The council's key priority for the future is to address the issue of '*the two-speed Leeds*', aspiring to bring the benefits of rapid and significant economic growth to all the people of Leeds.
- 10 The council's corporate plan for 1999 – 2002 is clearly linked to both the Leeds Vision and to national priorities. These are widely understood both inside and outside the council. Whilst the city centre is not explicitly made reference to in the corporate plan as one of the key priorities, it is nonetheless a major driver of development. The council has established Community Involvement Teams (CITs) whose primary function is to ensure that the needs of local areas are fully represented. In developing community plans for each of the CIT areas, members have consulted widely with local residents on their priorities. The CITs aim to address local priorities, particularly those related to quality of life issues. This has been a positive step forward. There is a tension between the priority given to the city centre as a focus for inward investment and the drive to improve conditions in the poorer outlying areas where social inclusion is a real issue.
- 11 Areas that are not priorities for the council are less clear. Key documents focus on priority areas and are not generally explicit about what is less important. This makes it more difficult for the council to make radical changes in provision to support its priorities, for example in funding, to realign resources with priorities, or in how best to deliver services to make the maximum impact. The council has found it difficult to implement plans which require the closure of facilities to move to new ways of working. For example plans to close day centres in favour of a more modernised approach to service delivery were over-turned by members and plans to move to one stop shops from area offices have made slow progress.
- 12 Members and senior managers provide clear leadership within the council and within the wider community. The council plays a positive role in the Leeds Initiative where a mature relationship has developed between the partners. Staff have confidence in the management of the organisation and positive working relationships have been established with partners.
- 13 The Corporate Plan 2002-2005 '*closing the gap*' refers to Leeds as a regionally and nationally significant city, making comparisons with other major cities in Europe. It contains ambitious targets in priority areas, including floor targets from the Neighbourhood Renewal Strategy.

## Focus

- 14 The council has put mechanisms in place, particularly over the last 2 years, to ensure a continuing focus on priorities. Strengths now outweigh weaknesses.
- 15 The 1999-2002 corporate plan and other major plans set out priorities and the council has organised management meetings to maintain a focus on delivery of the corporate priorities, such as regeneration, across departmental boundaries. This has meant that service directors only spend time in meetings where there is an obvious benefit in doing so and directors can focus on broader themes and issues beyond departmental or functional concerns. For example, the strategic management team for Neighbourhoods and Regeneration (one of four 'portfolio' management teams organised on a cyclical basis) brings together a range of directors from social services to planning and leisure services to look at relevant cross-cutting issues such as progress on community safety. The council has also used its programme of best value reviews to focus on making improvements in services showing poor performance.
- 16 The council has obtained IIP for the whole organisation. A system of departmental and service plans and staff appraisal, has meant that the majority of staff are aware of and able to articulate the priorities for Leeds.
- 17 The council has monitored progress on the corporate plan and taken action where it has identified that targets may not be met. However, some of the targets in the plan have proved difficult to measure. The council has learnt from this experience and the corporate plan for 2002 -2005 has more concise and measurable targets.
- 18 The council's lack of clarity around what is not a priority and the lack of alignment between mainstream funding and priority areas such as community safety creates unnecessary burdens on financial planning. Tensions also arise where the corporate priorities impact at local level and require the closure of, or change to, local facilities. The non-closure of day centres is an example of this.
- 19 There are occasions where the council has aptly demonstrated sustained focus in dealing with contentious issues. It is currently implementing a primary and secondary school review which has involved the closure of a number of schools. This is being driven by the council's priority to make improvements in the education service.
- 20 For the future, the Local Public Service Agreement focuses the council on the achievement of stretch targets across a range of services and cross-cutting themes. This focus on cross-cutting areas such as social inclusion is a strength.

## Prioritisation

- 21 Prioritisation has good strengths in intelligence gathering and consultation which has led to high level strategies and priorities but there are weaknesses in communicating priorities to citizens and in focusing resources toward priorities.
- 22 The council has good intelligence about its external environment, drawing on the research capacity of the local universities. There has been extensive consultation to produce high level strategies and priorities. In particular, consultation with public,

private and voluntary organisations, along with all households, led to the articulation of the council's primary aim, *'to bring the benefits of a prosperous, vibrant and attractive city to all the people of Leeds'*. Development of the next Vision for Leeds is now underway, and the Executive Board has approved a new corporate plan, BVPP and Medium Term Financial Strategy. Directors and staff have been engaged in the production of the new corporate plan, whereas the previous version was largely written by the corporate centre. This has ensured that corporate plan priorities are reflected in departmental and service plans. National and regional priorities are well integrated into plans and are a key criterion in the assessment of bids for growth.

- 23 With the introduction of CITs there has been improved consultation with local people to determine their needs and priorities. These have been reflected in the local community plans for each area. However at this stage, awareness of the existence or role of the CITs amongst local communities is patchy. There has been consultation on priorities and on spending plans. Service users are consulted during best value reviews and their views are used to shape future service priorities.
- 24 The council's priorities are widely understood by partner organisations and staff. However, despite the accreditation of the LSP, there is not yet a shared set of priorities covering the health service, the police and the council, although there are some shared interface performance indicators and many examples of cross-agency working.
- 25 The Leeds Initiative is used extensively to ensure consistent communication between the partner organisations at a strategic level. However, communication with ordinary citizens is less robust. The council has set up a citizen's panel and has a tenant involvement committee which provides opportunities for consultation with tenants and residents associations. Recent best value inspections have highlighted a number of problems with communication including lack of clear service standards and information about services, a mismatch between user needs and service aims (highway maintenance) and consultation mechanisms involving a relatively small number of tenants.
- 26 The council has found it difficult to shift mainstream resources away from areas of lower priority toward areas of high priority. Although the council produced a three-year financial plan to accompany the corporate plan 1999-2002, this was not subject to annual review in the same way as the corporate plan. Adjustments have been by way of an annual budget round based on bids for growth and savings. The council fully passes on increases in SSA to social services and education. There are also incremental movements of budgets through best value reviews and one-off savings. This leaves a small amount of mainstream funding available for growth. The council adds this to external funds available for national priorities, and directs this, where permitted, to key areas such as community safety. Small budgets are allocated to CITs to spend on areas of local priority. In the overall context of the budget, these shifts are marginal and are insufficient to support the priorities that the council has committed itself to.

# How has the council set about delivering its priorities?

## Capacity

- 27 The council has invested to improve its capacity over the last 2 years. Strengths in capacity outweigh weaknesses.
- 28 The respective roles, responsibilities and accountabilities of councillors and officers are clear. The council has adopted a modernised structure and did this at an early stage. Executive and scrutiny members have had training and support for their new roles. Scrutiny is most effective when it is based on cross cutting portfolio areas as opposed to areas that would have been covered by a traditional service committee. Reporting on performance is an area in development and members need further support, particularly within scrutiny, around the interpretation and use of performance information. Many ward members have welcomed the introduction of the CITs as giving a proper focus on local issues. The move to Executive and Scrutiny has resulted in some members feeling disengaged and outside of the democratic process.
- 29 The officer organisational structure is being changed and it will complement the political structure. The council sees this as an opportunity to help it deliver complex priorities in an integrated way.
- 30 Member and officer meetings are conducted in an efficient and business like way. Papers are professionally written and appropriate to the meeting, and administrative support is good. The relevant strategies and plans are in place and provide a context for consistent and informed decision-making.
- 31 Human resource management is improving. A human resources strategy has been produced to support the new corporate plan and to ensure that there is capacity in the organisation to deliver it. The council has invested heavily in its senior managers. The Leeds Leadership programme is focused on developing the top 150 managers across the organisation and it has had significant benefits. A tailored programme is now being developed to extend the approach to the next 1400 managers. Relationships with the trades unions are good and structures are in place for consultation and negotiation.
- 32 The council recognises that there are still some significant challenges in ensuring the workforce is as diverse as the community it represents. Attracting women into senior management positions and ensuring balance of ethnicity through the tiers are two examples of this. The council has made some positive approaches to dealing with these issues, including mentoring for black and minority ethnic staff. However, recruitment could be used more effectively. It has only recently been agreed that posts at Director level or above must be advertised externally; advertisements have been relatively low profile and recruitment packs lack basic details to attract applicants external to Leeds.

- 33 Issues of consistency in human resource practice including appraisals are being addressed. However, wider workforce planning is underdeveloped and there is no clear overall picture of future skills and labour requirements. This is set against a backdrop of low (and reducing) local and regional unemployment and a consequent tightening of the labour market. Work to address this is planned during 2002. Information systems to support this work are currently weak.
- 34 The council recognises that it can not deliver the Leeds Vision on its own. It has worked in an innovative way with partners both at a strategic level through the Leeds Initiative and at an operational level. This approach can be seen particularly in the Economic Development Strategy. It can provide examples of how partnership working has directly improved people's lives, for example the Job Guarantee Scheme with Tesco where over 90per cent of the local people who participated in the scheme secured jobs compared to a national training programme average of 40per cent.
- 35 The council has developed some innovative approaches to procurement, including advances in electronic purchasing. This focuses primarily on the acquisition of goods and capital equipment. On capital schemes, the council has shown its willingness to embrace PFI and good practice on partnering emerging from the Byatt Report on Procurement.
- 36 A relatively low proportion of mainstream service provision is provided by the independent sector. This is particularly the case in Social Services where there is a comparatively low level of independent sector domiciliary care provision. Best value inspections have found shortcomings in the approach to competition during best value reviews. The council sets out to seek a mixed economy of provision and to be business friendly, but the current level of in house provision does not reflect this intent.

## Performance Management

- 37 Overall, the council has put good structures in place for performance management but these are yet to be fully used to drive performance. This is an area where improvements have been made but weaknesses still outweigh strengths.
- 38 The performance management structure has been developed and improved over the last 2 years. The corporate plan is the council's contribution to the Vision for Leeds and incorporates national as well as local priorities. It is supported by a range of 'daughter strategies' to the vision (such as the Economic Development Strategy), statutory plans and departmental and service plans. Service plans have improved in the last year and are now clearly linked to the corporate plan and include targets and comparative information. Staff appraisal is in place. It had previously been inconsistently applied and work is in progress to improve this.
- 39 Performance management in relation to the 1999-2002 corporate plan has some weaknesses in relation to target setting and performance analysis. Experience with this plan has led to the identification of difficulties with monitoring and reporting. Some targets were not SMART, and the cost of collection of others would be prohibitive. The council's BVPP reports that it met 63% of targets from the first plan.

- 40 Managers and staff are aware of the council's priorities and how the performance management framework applies to them. The management training referred to previously has given senior managers greater ownership of the council's priorities and staff performance. Managers can refer to good examples of joint working between departments to deliver services more effectively (for example between the library service and housing to make better use of available buildings). However, it is not always clear who is responsible for remedial action when targets are not being met.
- 41 Historically, risks have been assessed for major projects, but not routinely. One deputy chief executive has taken on a champion role to ensure that a robust approach to risk assessment and management is embedded in day-to-day service delivery. The council has been working with District Audit to develop understanding and systems in this area and progress is being made
- 42 Sound financial management arrangements are in place. Reserves are within tolerances acceptable to the external auditor. However, as described previously, the council is overly reliant on external funding to support some of its key priorities and has limited flexibility in deploying its mainstream resources. There is a clear intent to make savings from best value reviews that can be redirected towards priorities. The best value review for procurement has realised £2.1m but it is less clear that other reviews are making similar levels of savings.

# What has the council achieved/not achieved to date?

## Achievement

- 43 The council has made considerable progress in changing its political structures and internal arrangements to drive improvement. It is becoming more focused on making a difference in the most deprived areas of the city and has significant plans which promise to deliver real improvement. At this stage, however, there is a mixed picture across the council's priority areas and services and, in terms of outcomes, weaknesses outweigh strengths.
- 44 Over the last ten years, Leeds has become an increasingly prosperous and successful city. 40,000 employee jobs were created between 1996 and 1999 which is more than in any other major city. During the 1990's there was £1.8 billion of property development. Unemployment stood at 10per cent ten years ago and is now 3per cent overall against a national average of 3.2per cent. The Leeds Initiative, which is now accredited as the Local Strategic Partnership, has been critical to creating and maintaining the conditions for economic growth. Within the Initiative, the council is seen by its partners as providing stability and pragmatism and acting as a catalyst for economic development. This is a positive reflection of the council's contribution to the city's prosperity.
- 45 Community safety is a priority for local people and rates of crime overall are high. Some indicators on community safety for 2001/2002 have deteriorated significantly, for example the rate of domestic burglary and vehicle crime. This is in contrast to an improvement trend over the previous two years. However the rate of robbery has increased consistently over the last three years from 2.4 per thousand population in 1999/2000 to 4.6 in 2001/2002. The council has recognised that it needs to become more focussed to succeed and its new draft corporate plan is about creating and maintaining that focus.
- 46 Within the council itself, there is considerable evidence of change in political structures, internal processes and culture. As yet, though, improvement in key service and priority areas is variable. Social Services Inspectorate has assessed children's and adult's services as 'two star – serving some people well in adults services and most people well in children services, both with 'promising prospects' for improvement. The recent education inspection graded the service as unsatisfactory overall, although highlighted improvement in the last year and good prospects for further improvement.
- 47 There have been many positive developments over the last few years. Community plans have been produced which are aimed at meeting the concerns and priorities of local communities. The council is using best value to drive change in under performing areas, and inspection results have been favourable in terms of future prospects for improvement. Good progress has been made in improving the benefits service since it was reviewed two years ago.
- 48 The council has also had success in gaining Beacon status in each of the last three years for its work on:

- ◆ Supported independent living (for older people)
- ◆ Libraries as a community resource
- ◆ Housing and council tax benefits

49 The council has had achievements in other areas, such as:

- ◆ improvements in some key services, recognised by residents, for example, refuse collection and recycling;
- ◆ better performance in determining homelessness applications based on in-year monitoring; and
- ◆ achieving corporate IIP accreditation in 2001;

50 Generally, performance in Leeds is mixed. The council's best value performance plan reports performance in the 2001-2002 financial year and shows a generally even spread of performance across all four quartiles when compared against other metropolitan councils. This highlights approximately 25 per cent of performance indicators in the bottom quartile of which about half relate to priority areas. The majority of performance indicators have improved during 2001/2002 although about one third declined in performance.

51 Performance within some services is also mixed for example:

- ◆ the Social Services independent living scheme has beacon status, but comparatively the council supports lower numbers of older people with intensive care packages;
- ◆ in Housing, there is good performance on completing non urgent repairs within set timescales, but time taken to re-let properties is high; and
- ◆ in Education, provisional secondary examination results for 2002 show improvement for the first time for a number of years, although from a relatively low base.

## Investment

52 Leeds has put in place some key building blocks for future improvement, the cultural change within the council has been recognised as an improvement by its partners. Strengths outweigh weaknesses. The council has developed:

- ◆ a modernised political structure and clear understanding of roles and responsibilities of Members and officers;
- ◆ improved corporate planning, including a new approach to performance monitoring;
- ◆ whole council IIP accreditation;
- ◆ significant investment in management capacity through the Leeds Leadership programme;

- ◆ new approaches to the procurement of goods;
  - ◆ a clear approach to driving change through best value reviews; and
  - ◆ good partnership arrangements.
- 53 The council's 2002-2005 corporate plan contains a more concise set of targets and the council has identified key indicators, "the Leeds 50" which are being monitored quarterly by the Central Executive Team and reported to members on a regular basis (6 monthly to executive board). Some departments are using a system of "red light, green light" to highlight those areas where intervention might be required (or where performance improvements deserve recognition). This approach has also been adopted at a corporate level for 'the Leeds 50'.
- 54 The CITs have brought local priorities into greater prominence and the council is reviewing its structure to increase devolution of services to local areas. The engagement of a majority of ward members is crucial in this process, and the council has made substantial progress recently on developing the area management arrangements.
- 55 The council has opened itself up to external scrutiny in several ways, including:
- ◆ external input in best value reviews;
  - ◆ the recent IDeA review;
  - ◆ significant RDA and GOYH involvement in the Leeds Leadership Programme;
  - ◆ involvement in IIP, Beacon applications, and Chartermark;
  - ◆ co-opting members onto scrutiny boards (e.g. Experienced (retired) Health professional onto Social Care Scrutiny); and
  - ◆ participating as a pathfinder for CPA.
- 56 Inspection reports published over the last six months give a consistent message of positive prospects for improvement. Rent collection and debt recovery, and personnel and payroll inspections received a score of promising prospects for improvement. The benefits inspection and the education inspection both received a score of good prospects for improvement. Responsive repairs and maintenance received excellent prospects for improvement.
- 57 Leeds now makes extensive use of the core cities group and the metropolitan group for benchmarking its performance. The 2002/2003 BVPP details Leeds performance against the core cities median, metropolitan average and metropolitan top quartile performance. Largely, the comparison with the core cities shows Leeds in a more favourable position than the metropolitan council data. In broad terms Leeds ranks second overall out of the eight core cities, although they rank generally mid table position against the 36 metropolitan councils. Over the last six months Leeds has invested resources in improving the rigour of setting demanding target. This has brought greater transparency and consistency to targets set within published plans.

- 58 Leeds City Council has retained a number of long established working practices some of which are now outdated. Although the procurement strategy is sound, until recently there has been a lack of serious willingness to engage in alternative means of service provision. However reports produced in the last six months have shown a full evaluation of options. Members still have concerns around TUPE that affects their views on outsourcing. The trades unions are opposed to outsourcing, including plans within Housing to move to arms length management organisations (ALMO's), although plans are continuing.
- 59 Some existing terms and conditions present a barrier to the council in demonstrating value for money and flexibility – for example there is currently lifetime salary protection in the event of redeployment. There is also a widespread belief amongst the trades unions that the council has a no-redundancy policy. The council has taken steps recently to address these issues by moving to introduce new policies and procedures which, provided they are followed through, will enhance the council's capacity to improve its services.
- 60 The degree of challenge achieved by the Scrutiny process is mixed – on some boards members are finding it hard to move from traditional approaches, but on others there are signs of robust questioning and follow through which is characteristic of a modernised approach.
- 61 The council's priority over the last 3 years has been to 'bring the benefits of a prosperous, vibrant and attractive city to all the people of Leeds'. It has been successful in attracting external funding to Leeds for regeneration work for example through the SRB programme which has brought in £125m. However, progress on cross-cutting community priorities such as regeneration/social inclusion and community safety has been mixed. There have been some successful projects such as the Tesco's Job Guarantee scheme which have made a difference locally. There are a number of major regeneration schemes in progress, for example, in the Aire Valley and the development of the Supertram, but these are at too early a stage to have realised improvements in the local environment.
- 62 A number of plans are in place or developing. These cover both service improvements and corporate developments (for example a school closure review programme, PFI and ALMO plans for Housing) that should lead to a better fit between priorities and improvement in future. Plans are generally reviewed and updated at appropriate intervals to take account of emerging national priorities and changing local circumstances. The corporate plan 2002-2005 has a clear focus on social inclusion, grounded in both the national priority and the continuing challenge of "two-speed Leeds".

# In the light of what the council has learned to date, what does it plan to do next?

## Learning

- 63 The council is beginning to become a learning organisation that can recognise and build on its strengths. Partnership working, particularly on economic development through the Leeds Initiative, has benefited from a learning approach. The council has been slower to apply learning to analysis of its services and their contribution to the citizens of Leeds but it has started to do so. Strengths marginally outweigh weaknesses.
- 64 The council's assessment of its performance covers both its contribution to 'making Leeds a better place to live and work' and action to improve council services'. In the former it cites indicators such as falling unemployment as evidence that Leeds is a thriving and increasingly prosperous city. It is clear that the Leeds Initiative – the City Council and partner organisations – has created a climate in Leeds that encourages investment and business confidence. The council's role in this is seen by partners and agencies as providing pragmatism and stability and acting as a catalyst for development, for example through the positive use of assets. The Leeds Initiative has set up a 'Vision' group, which is looking at future challenges for Leeds, to build on this successful partnership working.
- 65 The council has acted to improve some of its services through best value reviews, for example, refuse collection. It learned lessons from early reviews, in particular the review of the sports service. This has led to consistently positive inspection outcomes from later reviews. Best value reviews and stronger performance management are rightly seen as the main vehicles for improving poor performing services. The council has also responded positively to criticisms in inspection reports, particularly the Ofsted inspection of the education service which triggered the setting up an arms length company (Education Leeds), wholly owned by the council, with the support of the Department for Education and Skills. This is now delivering services in partnership with Capita.
- 66 However, a number of services and priority areas have not improved at the rate planned – for example secondary education examination results and community safety. Social Inclusion was an issue for the period of the first corporate plan and has become the major theme of the second. These are complex priorities and require that the council evaluates its successes and failures and applies the learning to future plans. While the council can produce examples of evaluation, it is not routine and embedded in the organisation. Where it has evaluated programmes, for example the first year of best value reviews, the evaluation has been used well to direct future work. However it does not routinely evaluate what it does. A District Audit study as part of the core audit found that in community planning, there was a wide variety of practice across the city in each CIT but no systematic learning and dissemination of good practice.
- 67 Systems and processes are in place to help the council monitor and evaluate what it does more systematically. There is also a shared perception within the council and

among its partners that the culture of the organisation is changing and improving. Historically, because of the lack of corporate monitoring, the council has been slow to intervene in poor performing areas. The new corporate performance management framework has good prospects for impacting on performance and the council is developing an awareness that monitoring performance will not only allow it to measure what has been achieved and what has not, but presents opportunities to identify why things are working and to transfer good practice across the council.

- 68 The council's perception of itself is of a modernising council willing to overcome barriers to change. The conditions for this to happen have been created and gains have recently been made in education and social services. However, limited flexibility in the use of resources and the low priority given to the possibilities for outsourcing, could continue to adversely impact on the council's ability to secure further improvement.

## Future Plans

- 69 The council faces a number of serious challenges and difficult decisions in the short to medium term. It has set a clear direction and some plans are well developed. Others are at an earlier stage and lack detail although the council has set a timetable for their completion. Strengths marginally outweigh weaknesses.
- 70 The council demonstrates a sustained and long term vision for Leeds, with a high level of involvement, challenge and ownership from partners and other stakeholders. Medium term planning, by way of the corporate plan, is linked to the delivery of the long term vision. The corporate plan for 2002-2005 is well developed and the corporate planning framework is in place to link the corporate plan, other major plans and improvement plans from best value reviews into service plans and objectives for staff.
- 71 The council recognises that the current departmental structure makes it more difficult to deliver complex cross-cutting priorities such as regeneration. Its review of the officer structure this year will begin to address this and align officer roles with the portfolio responsibilities of the Executive Board. It also aims to bring greater devolution of services to area level. Alongside this, longer term work on workforce planning is due to start in 2002. Currently, Leeds has little to inform its longer-term skills and capacity needs. The council's recently approved Medium Term Financial Strategy starts to make the links between service and financial planning.
- 72 The next phase of the Leeds Leadership programme promises to bring about the cultural change necessary to deliver continual improvement in services. The first 150 managers believe that the programme and culture encourage them to be innovative at a local level and support a reasonable degree of risk taking.
- 73 The council has also determined its approach to improve monitoring of performance at the corporate and executive level, in order to identify slippage at an early enough stage for remedial action to be taken.
- 74 A major plan for the future is the development of the Aire Valley which will be the most significant opportunity for economic development and regeneration in West Yorkshire. The council has made substantial progress including work with local landowners to move this scheme beyond the feasibility stage.

- 75 The council's plans for restructuring have been approved, but the details about area working are yet to be developed. Area working will require investment in systems, particularly on the financial side to support devolved management. The priorities that the authority is aiming to tackle are complex ones. It faces difficult decisions in devolving services. It has significant challenges in the education service to raise standards at secondary level. It also has difficult issues to resolve in housing where 55per cent of the housing stock fails to meet decency standards although it has well developed plans. Overall the agenda for the short to medium term is a tough one.
- 76 The council faces a number of barriers to improvement: it is unclear about areas of low priority and has only marginally realigned its resources to support priority areas; some working practices inhibit flexibility; and there has been a lack of serious willingness to engage in alternative means of service provision. It has recognised these issues as barriers and is beginning to overcome them.

## Summary of theme scores and strengths / weaknesses

| Theme                  | Grade | Strengths  | Weaknesses   |
|------------------------|-------|--|--|
| Ambition               | 3     | <ul style="list-style-type: none"> <li>Clarity on what is to be achieved for local people and how council services contribute</li> <li>Visible management and leadership</li> <li>Ownership of priorities by all stakeholders</li> <li>Clear political leadership of the council fosters credibility with external partners</li> </ul>   | <ul style="list-style-type: none"> <li>Unclear what areas are not priorities</li> </ul>  |
| Focus                  | 3     | <ul style="list-style-type: none"> <li>Clear and consistent priorities set out in Corporate Plan</li> <li>Main focus has been on priority areas</li> <li>LPSA agreed with stretch targets</li> </ul>   | <ul style="list-style-type: none"> <li>Lack of alignment between mainstream funding and priorities creates unnecessary burdens for financial planning.</li> </ul>  |
| Prioritisation         | 3     | <ul style="list-style-type: none"> <li>Good intelligence about local area used to inform priorities</li> <li>Consultation with residents about priorities and individual service performance in BVR's</li> <li>Clear links to national and regional priorities</li> <li>Secures non mainstream funds and targeting these to corporate priorities</li> <li>Funding directed to local priorities through CITs</li> <li>Sets priorities following consultation with partners</li> </ul> | <ul style="list-style-type: none"> <li>Some problems in communication with residents/service users</li> <li>Marginal movement of resources to support priorities</li> </ul>  |
| Capacity               | 3     | <ul style="list-style-type: none"> <li>Clarity of roles, responsibilities and accountabilities</li> <li>Partnership working to aid delivery of Leeds Vision</li> <li>Improvements to HR and procurement generally</li> <li>Investment in organisational development – Leeds Leadership, IIP, Appraisal</li> </ul>  | <ul style="list-style-type: none"> <li>Under-developed workforce planning and weak underpinning systems</li> <li>Still to achieve workforce diversity at senior level (above EO) for women and BEM staff</li> <li>Approach to alternative means of service provision lacks rigour</li> </ul>   |
| Performance management | 2     | <ul style="list-style-type: none"> <li>Corporate planning framework translates corporate priorities into departmental and service plans</li> <li>IIP and appraisal in place</li> <li>Record of stable financial management</li> </ul>  | <ul style="list-style-type: none"> <li>Improvements over last corporate plan period are ambiguous</li> <li>Weak on target setting and performance analysis in relation to 1999 -2002 corporate plan</li> <li>Risk assessment and management not thoroughly embedded</li> <li>Limited flexibility in re-deploying mainstream resources</li> </ul> |
| Achievement            | 2     | <ul style="list-style-type: none"> <li>Contribution to overall economic success in Leeds via Leeds Initiative</li> </ul>   | <ul style="list-style-type: none"> <li>Mixed success in cross-cutting priorities</li> <li>Performance information shows very mixed performance across the council and</li> </ul>   |

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|              |   | <ul style="list-style-type: none"> <li>Improvement in some services (e.g. refuse collection, benefits)</li> </ul>   | <ul style="list-style-type: none"> <li>within departments in priority areas</li> <li>Internal changes have not yet impacted on overall performance improvement</li> <li>The council has not achieved the targets it set in some key service and priority areas</li> </ul>   |
| Investment   | 3 | <ul style="list-style-type: none"> <li>Some key building blocks now in place</li> <li>Promising prospects for improvement through major regeneration projects</li> <li>Improved approach to monitoring performance</li> <li>Partners involved in bringing external challenge to the council's approaches</li> <li>Plans have been reviewed and updated</li> <li>Investment in community capacity building through CITs</li> <li>Agreement reached and starting to tackle out dated working practices</li> <li>Positive inspection scores on future prospects for improvement</li> </ul> | <ul style="list-style-type: none"> <li>Some barriers to improvement remain e.g. working practices</li> </ul>  |
| Learning     | 3 | <ul style="list-style-type: none"> <li>Building on successful partnership working</li> <li>Recent improvements in developing SMARTer targets based on the experience from the first Corporate Plan</li> <li>Better awareness of what remains to be achieved – clear carry forward of issues to the second corporate plan with improved focus</li> <li>Creating climate for positive change</li> </ul>   | <ul style="list-style-type: none"> <li>No clear strategies for dealing with some barriers to change</li> <li>Assessment of what has been achieved lacks clarity</li> <li>Systematic learning from experience is not in place</li> </ul>   |
| Future Plans | 3 | <ul style="list-style-type: none"> <li>Clear long term vision with supporting planning framework</li> <li>Improved performance monitoring should lead to earlier identification of slippage</li> <li>The council is developing a culture of improvement driven from the top</li> <li>Willingness to tackle barriers to improvement</li> </ul>   | <ul style="list-style-type: none"> <li>Plans for area working are in outline only</li> <li>Significant challenges to be overcome in key services and to meet key priority of social inclusion</li> <li>Plans still to be developed to deal with barriers to improvement</li> <li>Workforce Planning only at a very early stage</li> </ul> |

## Conduct of the corporate assessment

- 77 The corporate assessment of the council's ability to improve services was carried out under the Local Government Act 1999. Local councils have a general duty under Section 3 of this act to secure continuous improvement in the exercise of their functions. Section 10 gives the Audit Commission the power to inspect councils' performance of the general duty of improvement.
- 78 The assessment took place in April 2002 over the period from 12 April to 25 April. The assessment team was led by the Audit Commission and comprised two inspectors, a representative from external audit, a peer chief executive and a peer elected councillor from other authorities. The council's education service was being reinspected by Ofsted over the same period. This assessment therefore did not cover the education service in detail.
- 79 The council's own self-assessment provided the focus for the main part of the inspection. The assessment team discussed and challenged the self-assessment statement with the authority alongside existing performance data on the Council. This determined the scope of on-site fieldwork which included:
- ◆ Interviews with Council officers and members.
  - ◆ Meetings with external partners and other stakeholders including the Government office.
  - ◆ Focus groups/discussions with tenants, citizens, users, council staff and members.
  - ◆ Review of key documentation.
  - ◆ Observation of officer and member meetings
  - ◆ Case studies on local priorities
- 80 The report has been discussed with the local authority, which has been given the opportunity to examine the Audit Commission's assessment. This in turn will contribute to the Comprehensive Performance Assessment for the local authority to be published in late autumn.