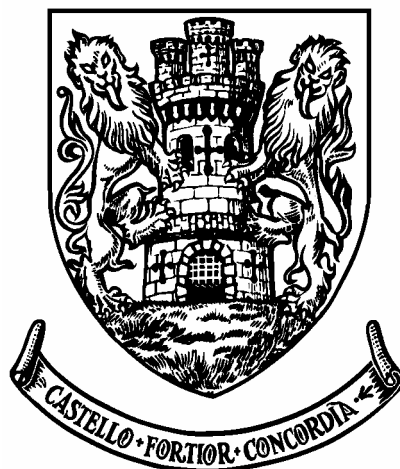


# NORTHAMPTON BOROUGH COUNCIL



## SPECIAL COUNCIL MEETING

Thursday, 21 July 2005

**YOU ARE SUMMONED TO ATTEND A MEETING OF NORTHAMPTON BOROUGH COUNCIL, WHICH WILL BE HELD AT THE GUILDHALL NORTHAMPTON ON THURSDAY, THE TWENTY FIRST DAY OF JULY, 2005 AT SIX THIRTY O'CLOCK IN THE EVENING WHEN THE FOLLOWING BUSINESS IS PROPOSED TO BE TRANSACTED:-**

- 1. APOLOGIES.**
- 2. DEPUTATIONS/PUBLIC ADDRESSES/QUESTIONS.**
- 3. CPA PROGRESS ASSESSMENT REPORT**
- 4. BEST VALUE PERFORMANCE PLAN**
- 5. POLITICAL STRUCTURES AND RECOVERY**
- 6. MATTERS OF URGENCY WHICH BY REASON OF SPECIAL CIRCUMSTANCES THE MAYOR IS OF THE OPINION SHOULD BE CONSIDERED.**

The Guildhall  
Northampton  
13<sup>th</sup> July, 2005

M McLean  
Chief Executive

CPA Progress Assessment

23 June 2005

# CPA Progress Assessment

**Northampton Borough Council**

The Audit Commission is an independent body responsible for ensuring that public money is spent economically, efficiently and effectively, to achieve high-quality local and national services for the public. Our remit covers more than 12,000 bodies which between them spend nearly £100 billion of public money every year. Our work covers local government, housing, health, criminal justice and fire and rescue services.

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## Progress assessments

In 2002, Comprehensive Performance Assessment (CPA) was introduced at single tier and county councils (ST&CCs) and at district councils in 2003/04, as a way of supporting councils to deliver improvements in services to local people.

CPA brought together existing information on service performance in councils with a corporate assessment of each council's ability to improve. This was used to reach an overall conclusion about whether a council was 'excellent', 'good', 'fair', 'weak' or 'poor'.

Those councils classified as 'poorly performing'<sup>1</sup>, were the subject of formal engagement by the Office of the Deputy Prime Minister (ODPM), and were required to produce a recovery/improvement plan following their CPA. Through its network of relationship managers, the Commission worked closely with the lead officials assigned by the ODPM in developing an appropriate monitoring programme for the recovery/improvement plan.

The progress assessment will measure the impact and sustainability of the Council's improvement activity. Where necessary, it will report on regress. The progress assessment is tailored to local circumstances, provides appropriate public assurance and contributes to improvement reporting. It will report an evidence based judgement on progress against the original corporate assessment criteria, but it will not give a score.

The progress assessment is part of the Commission's commitment to helping councils ensure continuous improvement to services for local people. It does this in the context of its strategic regulation principles which look to minimise the burden of regulation at the same time as maximising its impact. We are committed to working in partnership with other regulators and the ODPM in this aim.

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<sup>1</sup> 'Poorly performing' is defined as councils that were classified as 'poor' or 'weak' with a corporate assessment score of 1.

## Introduction

- 1 In March 2004, the Audit Commission published a Comprehensive Performance Assessment of Northampton Borough Council. This assessment categorised the Council as 'poor'. The key strengths and weaknesses from this assessment are set out in Appendix 1.
- 2 This report presents an analysis of the Council's progress to date based on the Council's implementation of its recovery plan and comparison with the baseline position of the Comprehensive Performance Assessment.

## Summary and recommendations

- 3 The Council has made slow progress in this initial phase of its long improvement journey. In the seven-month period after the publication of the CPA report in March 2004, progress was limited. The appointment of the new chief executive in November 2004 has lent impetus to the change process and a major management restructuring is underway. Staff are working hard to deliver change. However, the overall picture is still of a council which has not moved on much and where services have not improved for local people.
- 4 The Council is using the recovery plan to drive improvement and a corporate plan was agreed in April 2005 which has all party support. The links between the recovery plan and the corporate plan however are not sufficiently clear or understood. The corporate plan has priorities but is not clear about non-priorities. Consultation and community engagement are not yet used effectively and internal communication initiatives need further improvement.
- 5 The Council does not yet have the capacity it needs to deliver improvement. Some progress has been made. Key senior management appointments have been made and consultants/interim managers have been employed since March 2004 to strengthen management. The management restructuring is intended to increase capacity. However, the challenge of change is proving tough and this is impacting on staff morale which is low. Staff have also been confused by the roles of the interim managers and their relationship to each other. A review of political structures is under way and a development programme for councillors, funded by the ODPM, is about to commence. Councillor commitment, to the review and the development programme, is mixed. Councillors in general have not yet taken on board the changed roles expected of them: to help lead change and to actively drive the Councils' priorities forward.
- 6 The Council also lacks other key strategies and systems to underpin and inform its work. For example, there is: no human resources strategy, no performance management framework, no community engagement strategy, no IT strategy and no communication strategy. Moreover, the Council does not have a robust control over the overall change management programme and has no communication strategy for the recovery plan. Performance management is ineffective and should be a key driver for improvement.
- 7 Overall service performance is still poor. The Council has put in place some processes to improve services and some services have improved, for example, recycling rates and housing. However, at 31 March 2004, 64 per cent of best value performance indicators were below average and the rate of overall improvement had declined. Housing benefits is still a very poor service.
- 8 Learning has improved and a more open management culture has been fostered but this now needs to be become embedded and sustained. Many key future plans are absent, which are needed to take the Council forward. For instance, the Council faces major financial pressures but has not developed a medium-term financial plan setting out how these will be proactively managed.

- 9 It is recommended that the Council:
- actively and promptly shares the findings of this progress assessment with staff;
  - takes it to an appropriate public committee meeting; and
  - uses the key findings as the basis for revising the recovery plan in conjunction with any direction from the Monitoring Board.



## Context

### The locality

- 10 Northampton Borough Council is the largest district council in Northamptonshire with a population of about 194,500, living in 85,000 households. Minority ethnic communities form 8.5 per cent of the population. The town is part of the Milton Keynes and South Midlands area identified for economic and population growth as part of the ODPM's Sustainable Communities Plan. The newly formed Urban Development Corporation (UDC) is planned to deliver economic, social and housing growth in West Northamptonshire including Northampton.
- 11 The Council is ranked 168th out of 354 local authorities in the Indices of Deprivation. No wards are in the worst 10 per cent for deprivation but 33 per cent of Northampton's wards are in the 25 per cent of most deprived wards in England. Unemployment is lower than the national average with lower than average take-up of benefits by working age people.

### The Council

- 12 The Council comprises 47 councillors elected every four years. There is no overall political control of the Council. There are 19 Conservative, 17 Liberal Democrat and 11 Labour councillors. The Council has a leader and executive system; the executive includes the leader, deputy leader and five other councillors. All are Conservatives, and have individual portfolios covering: housing; environment; planning, regeneration and transportation; revenues and benefits; finance; community safety; health; community leadership; and e-government. Overview and scrutiny chairs are held by Liberal Democrat and Labour councillors.
- 13 Since CPA, the chief executive and three directors have left the Council and 23 service head posts have been disestablished. The new chief executive took up her post in November 2004. Two of the three new corporate directors were in post by February 2005; the third is now due in early May. Two existing service heads were appointed to the new corporate manager role. Seven further appointments are planned to be in place for September 2005. Interim support has provided and continues to provide management support and consultancy during this period.
- 14 The Council employs approximately 1,800 full and part-time employees. The Council's overall budget for the year 2004/05 is £27 million and the Housing Revenue Account (HRA) is about £50 million with a working balance of £3.1 million.

## What is the Council trying to achieve?

- 15 The Council is beginning to define its ambitions and priorities more clearly.
- 16 The Council has made some progress in taking forward its recovery plan. The Council identified the elements for recovery at an early stage and drew up its recovery plan. The recovery plan includes all the key elements highlighted by the CPA report. The latest version and its annex outlines the 43 different projects with actions and 'milestones' to be achieved. The projects are categorised under three corporate priorities and three major service areas:
  - political and managerial leadership;
  - cultural and organisational transformation;
  - citizen-focused services;
  - revenue and benefits;
  - improving housing management; and
  - street scene.
- 17 Delivery of the recovery plan is being monitored by the Council but the rigour applied is variable. The plan is monitored by councillors on a cross-party recovery board and also challenged by a government monitoring board led by a lead official from the ODPM.
- 18 The Council finally agreed a corporate plan for 2005/06 in April 2005, which clearly identifies its vision and values and its priorities. The plan has three key themes: citizen-focused services; strong political and managerial leadership; and how the Council will change. They are supported by eight current priorities:
  - working with partners to reduce crime and disorder across Northampton;
  - improve the cleanliness of the street scene in Northampton and reduce environmental crime;
  - continue to improve housing benefit and revenue services;
  - reduce deprivation in Northampton working with partners;
  - ensure the availability of decent and affordable homes for all;
  - invest in Neighbourhood Wardens;
  - improve the overall political and managerial leadership and efficiency of Northampton Borough Council; and
  - create and sustain an attractive economic environment for inward investment and regeneration.

## 10 CPA Progress Assessment | What is the Council trying to achieve?

- 19 Leading councillors are able to work together effectively. Leading councillors across all three parties developed the corporate plan with its new vision and a set of clear priorities for the Council. As a result, amongst these leading councillors, ownership of, and commitment to, the new plan as a key document is strong. Engagement with the plan amongst backbench councillors is variable. In particular, the plan's implications for the future direction of the Council and for service delivery, are not yet widely understood; not least due to the plan being finalised relatively recently in April.
- 20 The corporate plan commits the Council to 'doing things differently' and using service priorities to lead the budget. However, it does not overtly identify what is not a priority. Lower priority areas such as museums and leisure, are not identified in the plan, although there is a commitment to consider these services for trust status or other alternative means of delivery. Moreover, the links between the corporate plan and the recovery plan are not sufficiently clear or understood.
- 21 Consultation and community engagement are not used effectively by the Council. The Council does not yet have strategies in place to develop these tools. Local people were not directly involved in the development of the corporate plan although it was considered by the LSP and other partners.
- 22 Progress on internal communication is mixed. New initiatives have been put in place, for example a fortnightly 'Core brief', road shows and briefings jointly by senior managers and councillors, and a team of staff 'Change Champions' as two-way communicators. However, staff are still unclear about key messages.

## How has the Council set about delivering its priorities?

- 23 The Council does not currently have the capacity it needs to achieve full recovery and improvement.
- 24 Since March 2004 and the publication of the CPA report, the then chief executive and three directors have left the Council and 23 service head posts have been disestablished. This is part of a comprehensive restructuring aimed at strengthening capacity. The new chief executive took up her post in November 2004, and two of the three new corporate directors were in post by February 2005. The third is now due in early May 2005. Two existing service heads were appointed to the new corporate manager roles. Seven further appointments are planned to be in place for September 2005. Staff morale is however low and people are uncertain about their future. The challenge of change is proving tough. There is a willingness and commitment to improve but this has not as yet translated into overall service improvement.
- 25 The Council has established interim arrangements, and has also employed management support and consultants during the last year, to supplement capacity but this has had mixed success. The benefits service has received additional support and resources, including assistance from the Department of Work and Pensions (DWP), to improve the service but this has had limited impact. The Council has also established temporary management arrangement, involving interim managers, to deliver business pending the full-time appointments in September. These 'transitional authority' arrangements however, are not yet widely understood by permanent staff, who are confused about what interim staff are trying to achieve; their timetables and targets and the relationships they have with each other.
- 26 Progress to achieve two key objectives in the recovery plan – political and managerial leadership and cultural and organisational transformation – is mixed. The senior management structure has been approved by the Council and is being implemented. The review of managerial structures, 'Root and Branch', is underway. Root and Branch involves staff from all levels in six review teams who are looking at all the functions of the Council: for example e-government, community services. It is being facilitated by consultants and interim managers and the findings will be externally challenged. A review of political structures has just begun after a false start, and a development programme for councillors, funded by ODPM, is about to commence. Commitment amongst councillors, to the review and the development programme, is mixed. Leading councillors have sought to support the overall change agenda but have not sufficiently encouraged 'buy-in' to these developments from backbench councillors. Councillors in general have not yet taken on board the changed roles expected of them: to help lead change and to actively drive the Councils' priorities forward.

## 12 CPA Progress Assessment | How has the Council set about delivering its priorities?

- 27 The Council does not have key strategies and policies in place to enable it to function effectively. For example, there is: no human resources strategy; no performance management framework; no community engagement strategy; no IT strategy and no communication strategy. Moreover, the Council faces major financial pressures but has not developed a medium-term financial plan setting out how these will be proactively managed in the short (it will have to fund substantial redundancy costs in 2005/06) and medium-term. There is also no internal control over the programme management; no governance for the programme management and no communication strategy for the recovery plan. Work is underway to re-dress these weaknesses but it remains at an early stage.
- 28 Performance management is ineffective. The Council is developing a performance management framework but it has not yet developed reliable data collection systems and processes for managing and reporting performance are not yet effective. A high-level diagrammatic 'route map' has been developed, to measure the progress of the recovery plan, but this is still at an embryonic stage and is therefore not yet being used. Linking service plans to the corporate plan is at a development stage. There is also not an embedded culture of managing services or individuals effectively.
- 29 Change management is at an early undeveloped stage. The Council does not have a project manager for the overall change process nor does it have a detailed programme to underpin the recovery plan. The members of the recovery-change teams lack expertise in change management. They are not functioning as change agents but rather as programme managers and collators of information. Work is being undertaken to re-shape the culture. The Council has however, recently held staff roundtable meetings for the 80+ managers. This has resulted in valuable feedback for the corporate management team about change management in the Council. The Council has invested significantly in programme management but there is not sufficiently strong leadership from the top. Strong relationships, key to delivering large-scale change, have been forged with the Unions.
- 30 Risk management is progressing slowly. The Council faces a number of major risks; including: the identification of housing benefits cases, which have not been recorded; gaps in capacity; poor performance and management information and financial capacity. The Council is aware of these risks to varying degrees but is not responding to them all with equal rigour.

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

- 31 The Council is not delivering significant improvement for local people. Customer awareness is low and achievement is focused on internal improvements.
- 32 Performance to 31 March 2004 deteriorated according to audited best value performance indicators (BVPI) for 2003/04.

**Table 1 Best value performance indicators for 2003/04**

| NBC BVPI performance | Below average | Top quartile | Improved against previous year |
|----------------------|---------------|--------------|--------------------------------|
| 31 March 2003        | 62%           | 30%          | 62%                            |
| 31 March 2004        | 64%           | 24%          | 52%                            |

- 33 The Council's un-audited information to 31 May 2005 shows that 20 per cent of indicators have improved; 71 per cent have remained the same and 9 per cent have deteriorated.
- 34 Performance in housing benefits is significantly poor. During 2004/05, the Council's un-audited data shows that whilst there was sporadic improvement during the year, this was inconsistent and performance remains in the bottom quartile. The average length of stay in bed and breakfast accommodation for homeless people is in the bottom quartile at 11.63 weeks (bottom quartile nine weeks). Un-audited data for 2004/05 suggests that this has been reduced to four weeks.
- 35 Planning performance is also in the worst quartile for the percentage of applications determined (based on 2003/04 audited data):
- major applications in 13 weeks 32 per cent (worst quartile 40 per cent);
  - minor applications in 8 weeks 56 per cent (worst quartile 53 per cent); and
  - un-audited data for 2004/05 however suggests that (a) has improved to 64.6 per cent and (b) to 71.8 per cent.

- 36 In relation to crime, the Northampton crime and disorder reduction partnership (CDRP) is not performing well and is one of the 40 highest crime CDRPs in England.

**Table 2 Crime and disorder reduction partnership 2003/04**

| 2003/04  | NBC  | All England         |
|--|------|---------------------|
| Domestic burglaries per 1,000 households.            | 31.4 | Worst quartile 19.9 |
| Robberies per 1,000 persons.                         | 3.8  | Worst quartile 1.8  |
| Theft of a motor vehicle per 1,000 persons.          | 8.4  | Worst quartile 6.1  |
| Theft from a motor vehicle crimes per 1,000 persons. | 22.5 | Worst quartile 12.5 |
| Violence against the person per 1,000 population.    | 23.2 | Worst quartile 20.5 |
| Sexual offences per 1,000 population.                | 1.1  | Worst quartile 1.1  |

- 37 Service improvement overall has been limited. However, the Council has made some improvements in services which directly affect local people. For example, a new recycling scheme and a 'twin bin' initiative for household rubbish and garden waste has resulted in a significant increase in waste recycled from 13 per cent to more than 30 per cent – a positive achievement. A focused campaign by the Council's rent income section to highlight the need for tenants to pay their rent on time resulted in a 6.5 per cent reduction in arrears during 2004/05. The Audit Commission housing inspection in January 2005 judged the service to be fair with uncertain prospects for improvement, which was an improvement on the previous housing inspection which rated the service as poor.
- 38 The Council is investing in improvements which have yet to yield fruit. For example, new systems and processes for the benefits service have been introduced with external support. However, performance is not improving and the Council intends to look elsewhere for support and expertise to help deliver improvement. Considerable investment has gone into the physical re-siting of the one-stop shop but the Council recognises that this development needs to be linked more clearly to its overall customer focus strategy. The Council has also appointed 12 neighbourhood wardens with enforcement powers over anti-social behaviour such as litter, abandoned cars, fly tipping and graffiti. It plans to extend this initiative to a total of 12 communities.
- 39 Service improvement ideas and suggestions from staff at different levels are not being used effectively and systematically. Staff do not feel that in the 'transitional' stage, particularly whilst the Root and Branch review is being carried out, that they can usefully suggest service improvements as it appears to them that management is focused on internal matters.

- 40** The Council is beginning to focus its attention on the achievement of improvement. Targets for those BVPIs which are currently in the lower quartile are included within the corporate plan, with the aim of bringing them up to the upper quartile performance by 2007.



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

- 41 More people in the Council now accept the need for change. There is more self-awareness and a willingness to learn. However, significant gaps still exist in plans for the future.
- 42 The culture of the Council is changing. Previously, the organisation accepted a culture of fear, blame and bullying. The emerging culture encourages an open and nurturing atmosphere, where staff are encouraged and empowered and people are treated as equals and are expected to contribute and take decisions. The management team is not yet at establishment and those in post, especially the chief executive and two directors, are facing considerable work pressures, not least has staff need constant reassurance and a reiteration of the key messages. The management team has not received any executive support or mentoring capacity: to ensure that the culture change is consistent and effective; to put in place the necessary changes and to focus at a strategic level.
- 43 The Council is becoming much more aware of how other councils operate and is using a variety of learning opportunities to encourage improvements including visits and peer support. Councillors have visited other councils seeking best practice (Maidstone, Nottingham and Ipswich). A number of councillors work with peers from other authorities and councillors from excellent authorities have been involved in the political review. Staff are also planning similar exchanges. However, the Council does not have a systematic approach to the dissemination of its learning across the organisation.
- 44 The Council lacks key plans and strategies. The corporate plan and the recovery plan are the most recent and relevant plans for the emerging organisation together with the revised (2004) community strategy. Gaps in relevant plans, policies and strategies are recognised by the Council and work is planned for each area. The medium-term financial strategy is being developed and in its current form provides only a basic financial narrative rather than a full strategy. Some weaknesses in financial controls and management of the Council have been identified by the Council's auditors since the CPA. Work has only just begun on the Council's best value performance plan for 2005/06, which is due by 30 June 2005.

## Appendix 1 – Summary of theme scores and strengths/weaknesses as reported in the Comprehensive Performance Assessment in March 2004

| Theme    | Grade | Strengths   | Weaknesses  |
|----------|-------|---|---|
| Ambition | 2     | <ul style="list-style-type: none"> <li>• Clear high-level ambitions in community strategy following consultation.</li> <li>• Housing development, cleanliness and community safety clearest council ambitions.</li> <li>• Clear local plan.</li> <li>• Political ambition developing.</li> <li>• Led community in creation of LSP, community safety, flooding.</li> <li>• Examples of participation; tenants, town centre.</li> </ul> | <ul style="list-style-type: none"> <li>• No strategic objectives behind broad values and vision.</li> <li>• Scope of proposed ambition not realistic in financial context and need for consensus in NOC.</li> <li>• Housing plans not robust; HRA, DH – high risk of deficit by 2005/06 as SOA decision timed for April 2004.</li> <li>• Need and diversity of community not clearly incorporated, eg no strategy for social inclusion, race equality scheme lacks focus.</li> <li>• Lack of managerial leadership to drive change and ambitions; Staff continue to report lack of clear vision.</li> <li>• DH ambition weakened by latest investment decisions.</li> <li>• Ambitions and outcomes not defined, eg housing, leisure.</li> </ul> |

18 CPA Progress Assessment | Appendix 1 – Summary of theme scores and strengths/weaknesses as reported in the Comprehensive Performance Assessment in March 2004

| Theme          | Grade | Strengths   | Weaknesses   |
|----------------|-------|---|--|
| Focus          | 2     | <ul style="list-style-type: none"> <li>• Implemented modernised structure.</li> <li>• Stayed focused on key areas:               <ul style="list-style-type: none"> <li>- community safety;</li> <li>- regenerating sites; and</li> <li>- cleaner and greener.</li> </ul> </li> <li>• Organisational structure changes providing strategic focus on key areas.</li> </ul> | <ul style="list-style-type: none"> <li>• Not kept a focus on critical peer findings, eg O&amp;S, pace of change, corporate plan.</li> <li>• Not kept focus on housing management performance and DH programme.</li> <li>• Missed deadline of some elements of Secretary of State's direction.</li> <li>• Examples of slow to act on priority areas, eg benefits, graffiti.</li> <li>• New CMT format but corporate steer not given.</li> <li>• Scrutiny not part of system to consider performance and drive improvement.</li> </ul> |
| Prioritisation | 1     | <ul style="list-style-type: none"> <li>• People's panel used in budget consultation, some service specific consultation.</li> <li>• Balance of local and national housing priorities.</li> <li>• Developing evidence base and focus on youth work.</li> </ul>   | <ul style="list-style-type: none"> <li>• History of no clear priorities. Following elections/NOC detailed prioritisation not determined – no indication of what is not a priority.</li> <li>• No overall measurement of need to guide priorities, eg scale of total leisure provision.</li> <li>• Inconsistent communications to staff about council priorities and key developments.</li> <li>• Communication of plans/progress in BVPP is poor.</li> <li>• Resources not targeted, budget gaps continue.</li> </ul>                |

| Theme    | Grade | Strengths  | Weaknesses  |
|----------|-------|--|---|
| Capacity | 1     | <ul style="list-style-type: none"> <li>• Councillor contribution and direction.</li> <li>• Representative workforce, some good service heads.</li> <li>• Better than adequate reserves.</li> <li>• Strong record of leverage of external funds in partnership has led to improvements on the ground.</li> <li>• Section 106 agreements brought in financial capacity for schemes.</li> </ul> | <ul style="list-style-type: none"> <li>• Insufficient corporate management of organisation, no overall plan for change.</li> <li>• Lack of leadership repeatedly reported, directorate have own approaches.</li> <li>• Inadequate councillor support.</li> <li>• Ineffective HR management.</li> <li>• High sickness.</li> <li>• No corporate training strategy.</li> <li>• Scrutiny ineffective, less of priority for officer support.</li> <li>• Budget shortfalls continue. Deficit risks in housing. Medium-term financial strategy does not fill annual estimated gap.</li> <li>• LSP not affecting capacity and Council's attitude still criticised.</li> <li>• Slow to pursue large scale alternative options – in-house service decisions.</li> <li>• IT underdeveloped.</li> </ul> |

20 CPA Progress Assessment | Appendix 1 – Summary of theme scores and strengths/weaknesses as reported in the Comprehensive Performance Assessment in March 2004

| Theme                  | Grade | Strengths  | Weaknesses  |
|------------------------|-------|--|---|
| Performance management | 1     | <ul style="list-style-type: none"> <li>• Accountabilities framework in place. Corporate reporting systems active.</li> <li>• Some examples of resolving poor performance, eg fly tipping, abandoned cars.</li> </ul> | <ul style="list-style-type: none"> <li>• No corporate plan to shape priorities and outcomes.</li> <li>• Councillors not getting appropriate performance information.</li> <li>• Senior managers' views of Council's relative performance is unrealistic hindering improvement.</li> <li>• Service plans, target setting are inconsistent, of variable quality and not adhering to council policy.</li> <li>• Key gaps in risk assessments eg decent homes.</li> <li>• Lack of timely preventative or corrective action eg in housing, and a large percentage of targets are being missed.</li> <li>• Lack of local indicators and standards reflecting what matters to local people.</li> <li>• Poor handling of complaints.</li> <li>• Many areas not able to demonstrate VFM, eg trade waste, highways, housing maintenance.</li> </ul> |

| Theme       | Grade | Strengths   | Weaknesses  |
|-------------|-------|---|---|
| Achievement | 2     | <ul style="list-style-type: none"> <li>• National neighbourhood regeneration award.</li> <li>• Good brownfield development and acting on contaminated land.</li> <li>• Affordable homes delivery.</li> <li>• Private sector housing BV PIs top quartile, innovative services, eg energy improvements.</li> <li>• DDA access top quartile.</li> <li>• Most national environmental and planning national PIs best quartile 2001/02.</li> <li>• Top quartile satisfaction for museums, parks and open spaces, just below best quartile for leisure and cultural services.</li> </ul> | <ul style="list-style-type: none"> <li>• Majority of service PIs show bottom quartile performance.</li> <li>• Low public satisfaction overall – lower than levels of deprivation would predict.</li> <li>• Poor satisfaction with cleanliness of streets, waste collection and recycling facilities.</li> <li>• All aspects of public satisfaction with housing benefit are poor.</li> <li>• Key frontline services are poorly performing, eg housing management and benefits.</li> <li>• Local initiatives are having a limited impact on crime figures – majority of crime PIs in worst performing quartile.</li> </ul> |

22 CPA Progress Assessment | Appendix 1 – Summary of theme scores and strengths/weaknesses as reported in the Comprehensive Performance Assessment in March 2004

| Theme                      | Grade | Strengths   | Weaknesses  |
|----------------------------|-------|---|---|
| Achievement of improvement | 2     | <ul style="list-style-type: none"> <li>• Housing improvements in some estates.</li> <li>• Improved feelings of safety and well-being in Blackthorn, eg now a waiting list for homes.</li> <li>• Eyesores being cleaned up and new facilities delivered.</li> <li>• Recent BFI report fair to good on prospects for improvement.</li> <li>• Removal of abandoned cars and fly tips much improved.</li> <li>• Satisfaction with planning is improving.</li> </ul> | <ul style="list-style-type: none"> <li>• Many key service PIs show 'stationary' position from previous results with very small increases and many remain in worst quartile of 2001/02, eg benefits, rent collection.</li> <li>• 2002/03 has seen more local PIs showing deteriorating performance compared to 2001/02.</li> <li>• Key crime figures rising; burglaries and vehicle crime.</li> <li>• HR corporate health indicators show deteriorating 2002/03 performance – sickness, leavers, ill-health retirements.</li> <li>• Reversal of improvement in 2002/03, eg speed of determination of planning applications and missed bins.</li> </ul> |

| Theme      | Grade | Strengths   | Weaknesses   |
|------------|-------|---|--|
| Investment | 2     | <ul style="list-style-type: none"> <li>• Securing significant external funds, eg sustainable communities, DEFRA, healthy living.</li> <li>• Improvements to the IT infrastructure etc support the delivery of electronic government.</li> <li>• Procurement expertise developing.</li> <li>• Continuing to implement key systems; risk, project management, best value.</li> <li>• CRISPIN project beginning to improve customer focus.</li> <li>• Effective needs based youth work. Partnership work with NCC evolving.</li> </ul> | <ul style="list-style-type: none"> <li>• Invited but not fully acted on external challenge in a timely manner.</li> <li>• Significant feedback that managerial leadership and corporate working not strong, not being acted upon.</li> <li>• Have not resolved scrutiny weaknesses or enhanced councillor support.</li> <li>• Investment gaps: <ul style="list-style-type: none"> <li>- prioritisation and resolution of annual budget gaps;</li> <li>- council-wide vision for management of change; and</li> <li>- performance management to drive and measure service improvement.</li> </ul> </li> </ul> |



**24 CPA Progress Assessment | Appendix 1 – Summary of theme scores and strengths/weaknesses as reported in the Comprehensive Performance Assessment in March 2004**

| Theme    | Grade | Strengths  | Weaknesses  |
|----------|-------|--|---|
| Learning | 1     | <ul style="list-style-type: none"> <li>• Reviewing partnerships following peer feedback.</li> <li>• More inclusive relationship between CMT and departmental heads.</li> <li>• Political awareness on reality of unitary status and learnt not to set their plans against this.</li> </ul> | <ul style="list-style-type: none"> <li>• Self-awareness is low:               <ul style="list-style-type: none"> <li>- appreciation of actual performance of the Council; and</li> <li>- rate of progress seen as satisfactory.</li> </ul> </li> <li>• Not learnt from external feedback – over arching change management strategy absent.</li> <li>• Failure to recognise current failings within the DHS self-assessment.</li> <li>• No formal mechanism exists to share good practice cross the Council.</li> <li>• Staff have limited ability to influence service improvements.</li> </ul> |

| <b>Theme</b> | <b>Grade</b> | <b>Strengths</b>   | <b>Weaknesses</b>  |
|--------------|--------------|--|--|
| Future plans | 2            | <ul style="list-style-type: none"> <li>• Planning for sustainable development in strong partnership, eg Upton Park.</li> <li>• Milton Keynes South Midlands plan supported.</li> <li>• Better plans – draft cultural strategy, waste, IEG – longer-term and outcome-led.</li> <li>• Good rating on asset and capital plans.</li> </ul> | <ul style="list-style-type: none"> <li>• No overarching corporate plan giving context to other plans.</li> <li>• Weak BVPP.</li> <li>• Stakeholders and communities not involved in key future plans.</li> <li>• HRA business plan not robust and landlord plans not driving improvement.</li> <li>• No tangible housing investment progress.</li> <li>• Race equality scheme not implemented fully and lacks focus.</li> <li>• Corporate development plans not coordinated and timely ‘change management’.</li> <li>• Staff not yet effectively engaged in planning for the future.</li> <li>• Council not good at difficult decisions; staffing reviews, terms and conditions, large scale outsourcing.</li> </ul> |

### **Scoring key**

- 1 – Weak
- 2 – Weaknesses outweigh strengths
- 3 – Strengths outweigh weaknesses
- 4 – Strong

## Appendix 2 – Progress monitoring against the findings of the Comprehensive Performance Assessment

- 45 The original Comprehensive Performance Assessment was carried out under the Local Government Act 1999 and published in 2004.
- 46 Under section 3 of the Local Government Act 1999 ('the Act'), best value authorities have a duty to make arrangements to secure continuous improvement in the exercise of their functions, having regard to the principles of economy, efficiency and effectiveness. By virtue of sections 10 and 13 of the Act, the Audit Commission may carry out inspection activity to ensure that a best value authority is complying with this duty, and may issue a report as to its findings. This progress monitoring activity and reporting to assess improvement falls within sections 3, 10 and 13.
- 47 The main elements of this progress monitoring report were collation and analysis of evidence from:
- self-assessments of progress made, completed by the Council;
  - appointed auditor evidence from performance and financial audit activity;
  - audited and un-audited performance indicators, inspection reports and plan assessments;
  - reviews of key corporate documents including performance reports, committee papers and management reports; and
  - observations, interviews and focus groups with managers, staff, customers and partner organisations.
- 48 This progress monitoring report for Northampton Borough Council was collated by the Audit Commission and reflects evidence gathered over the period from September 2003 to April 2005.
- 49 This report has been discussed with the Council, which has been given the opportunity to examine the Audit Commission's assessment. This report will be used as the basis for reporting progress to any Monitoring Board and updating and improving any Recovery Plan as appropriate.



**Name of Committee:**  
**Council**  
**Date: 21 July 2005**

**Item No.**

Directorate:  
Governing Northampton

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**REVIEW OF POLITICAL  
STRUCTURES AND GOVERNANCE  
ARRANGEMENTS**

**Purpose of Report**

To seek Council's approval in principle in relation to changes to the Council's political structures and governance arrangements for formal adoption at the Council meeting in September 2005.

**Recommendations**

The Council is recommended to:

- Agree, in principle the proposed new political governance structures set out below for implementation from September 2005 and the frequency of their meetings.
- Agree the setting up of "shadow" arrangements for the new structures (Improvement Board; Overview & Scrutiny Committee; Audit Committee; Portfolios or any other appropriate body required), in readiness for the September implementation.
- Agree the immediate establishment of the Improvement Board which will formally commence its work after constitutional amendments are made.
- Agree the Contract between the Council, Cabinet, Overview & Scrutiny and the Improvement Board, set out in Appendix 2.
- Agree the setting up of an Audit Committee.
- Adopt the Recovery Plan as part of the Council's policy framework.
- Agree that a further report be brought to the September Council meeting implementing the new structures and making amendments to the constitution.
- Agree the development of guidelines for the scope and openness of Improvement Board meetings to be brought to the September Council meeting.

- Agree the immediate commencement of training, briefings and development processes and practices for Councillors to facilitate and support the political structure changes.
- Agree the longer-term constitutional review process to report back to full Council in 2006.
- Appoint post holders to committees/or continue existing arrangements.
- Agree to fully support the Councillor Development Programme to facilitate the effective implementation of these new arrangements.
- The new arrangements being in place for a Council year beginning in September 2005 and running through to May 2006.

### **Summary**

This report sets out new transitional governance arrangements for Northampton Borough Council, including revised political structures. They include some changes to Executive arrangements, new structures for Overview & Scrutiny, a new Audit Committee and the establishment of an Improvement Board to drive and ensure the implementation of the Council's Recovery Plan.

### **CONTEXT**

As part of Northampton Borough Council's Recovery Plan, the Council committed itself to a review of its political structures and of its overview and scrutiny function (Objectives L14 and L17). This work has been led by an all party Political Structures and Working Practices Review Working Group, with external support.

The CPA process and ongoing feedback from the Government Monitoring Board have identified that political leadership and the decision-making processes need to be improved in order for the Council to recover and sustain service improvement and community leadership. At present the Council's political structures and working arrangements do not provide a sufficient focus and emphasis on addressing the priority areas to bring about the significant improvement required to meet its obligations to local people. Considerable effort and resources are still being applied to non-priority areas which has undermined the pace at which the Council has been able to implement its recovery plan.

As Northampton Borough Council is a politically balanced council the complexities of negotiating cross-party agreement on major elements of the recovery process – such as approving the budget and the corporate plan – have hampered the ability of the Council to make the tough decisions it needs to make to address priority areas and abandon or reduce effort and resources applied to non-priorities. Whilst Overview & Scrutiny should have provided the mechanism to hold Councillors to account for the recovery process, the number of committees, an unclear nexus with the Executive and insufficient emphasis in the work of these committees on the recovery agenda has meant that this accountability process has been ineffective and frustrating for those Councillors who serve on Scrutiny Committees.

Ongoing discussions with ODPM officials, our government Monitoring Board and the latest progress report from the Audit Commission indicate that progress is not being achieved at a satisfactory pace. It has become increasingly apparent that the Council needs to find a radical solution to address the shortcoming of its political decision-making and leadership.

Further, the Leader, Group Leaders, Chief Executive and Directors met with Phil Woolas MP, Minister for Local Government on 29 June 2005 to discuss Northampton's apparent lack of progress. A letter from the Minister outlines comprehensively what he requires the Council to do in relation to political structures, service improvement, medium term financial strategy and political and staff capacity building. The Minister has stated that he is expecting the Council to ratify the new structures at its meeting on 21 July failing which it is possible that he may formally invoke intervention powers. A brief outline of the powers available to the Secretary of State is set out in Appendix 1.

Accordingly, the Council has a limited opportunity to demonstrate that it can deliver improvement. It is the Minister's view that getting effective governance arrangements in place is the key part of that process. The Chief Executive also holds this view.

## **THE PROPOSED STRUCTURE**

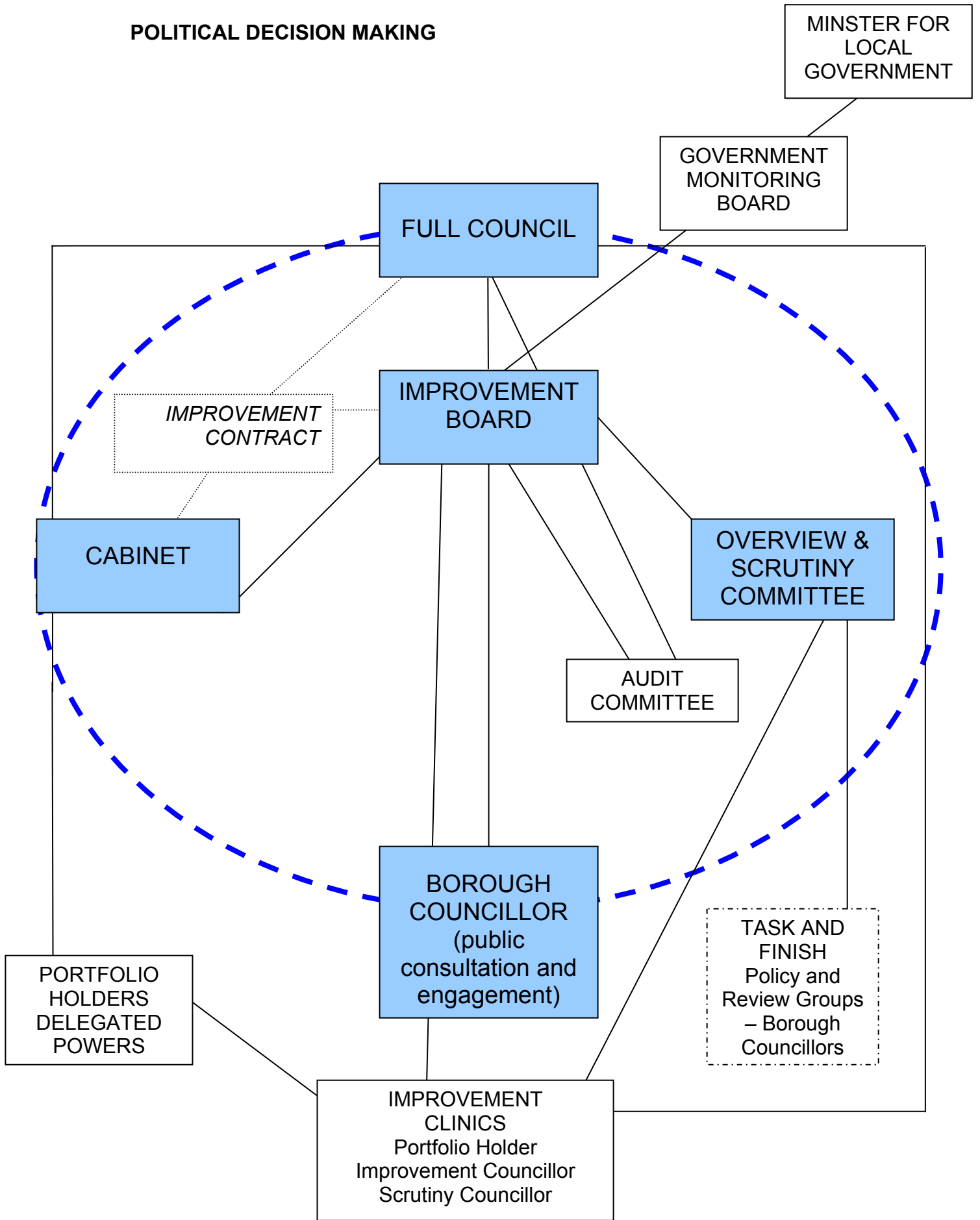
Given the large-scale changes in the political structures, leading counsel, Anthony Scrivener QC, was briefed to examine this report and the proposed new structures.

This report complies with his advice.

The proposed new structure is set out on the following page, and the detail of each main element is given within this report. It is proposed that these structures, in particular the Improvement Board, will be in place for approximately two years or until the Government removes the Council from intervention, whichever is the sooner, at which point the structures will be reviewed. The effectiveness of what the Council is doing will be regularly monitored by the Audit Commission "direction of travel" reports, by quarterly external peer challenge and by the full Council on an annual basis. These new structures represent an intention to focus the Council resolutely on the improvement and recovery process.

Prior to the September implementation date, shadow arrangements will be put in place. The relevant bodies will be formed, populated and will commence meeting and training, as appropriate, in readiness for the September implementation date.

**POLITICAL DECISION MAKING**



## SUMMARY

Full Council remains the primary decision-making body, setting the context within which the other elements work. The leader and cabinet form of constitution is retained and the Executive will now be known as the Cabinet. The Cabinet will have six Councillor members, with portfolios aligned with the new management arrangements. Greater delegation of Cabinet decision making to Portfolio Holders is introduced. The scrutiny arrangements are radically changed. There will be one Overview & Scrutiny Committee, able to set up time-limited panels to carry out reviews of strategic importance. An Audit Committee with a focus on risk management and assurance will be introduced. The regulatory committees of Planning, Licensing, and Standards are maintained, as are the Area Partnerships, Local Joint Consultative Committee and Forums. All other committees will cease. This is all in line with the requirements for council constitutions of the Local Government Act 2000, and powers of Council and Executive decision-making are maintained in line with statutory requirements.

The Improvement Board is a new body and is required to drive the improvement agenda, linking political arrangements with the Council's management, and ensuring a rigorous focus on priorities.

### 1. BOROUGH COUNCILLORS NEW ROLE IN CONSULTATION AND PUBLIC ENGAGEMENT

An important dimension of the Council's improvement is to strengthen the ward councillor role to ensure that there is effective engagement with local people. Whilst a number of councillors may have other responsibilities, the role of community engagement and providing a direct link with the ward issues is crucial in the improvement process. Accordingly, under the proposed structure there are direct opportunities for the ward councillor role to contribute significantly to the work of the Improvement Board and the Improvement Clinics by consulting on specific matters. Their reports may also be presented to Full Council. All Councillors will have performance targets and be measured against these.

### 2. COUNCIL

**Purpose:** The Council maintains its statutory role as the primary democratic body.

**Powers and responsibilities:** As set down in statute, the Council approves the Council's major policies (the Policy Framework) and budget. The Recovery Plan as approved by the Council, becomes part of the Policy Framework. Cabinet and other decisions must be taken within the framework this sets. The Council must also approve changes to its own constitution.

**Membership:** All elected Councillors.



**Frequency of meetings:** Six meetings a year is proposed. An additional meeting will be held for the budget (if required). Emergency or special meetings could be called in line with the Council’s current constitutional arrangements.

**Flow of decision-making:** Cabinet and other decisions must be taken within the framework set by the Council. The Improvement Board and the Cabinet will lead the development of policy and budget proposals, involving Councillors and other stakeholders as appropriate. These proposals will be put to the Council for agreement/amendment according to a clear annual timetable. The Overview & Scrutiny Committee and the Audit Committee can also report to the Council, as necessary.

**Model/typical agenda:** A proposed model framework for the agenda of the Council:

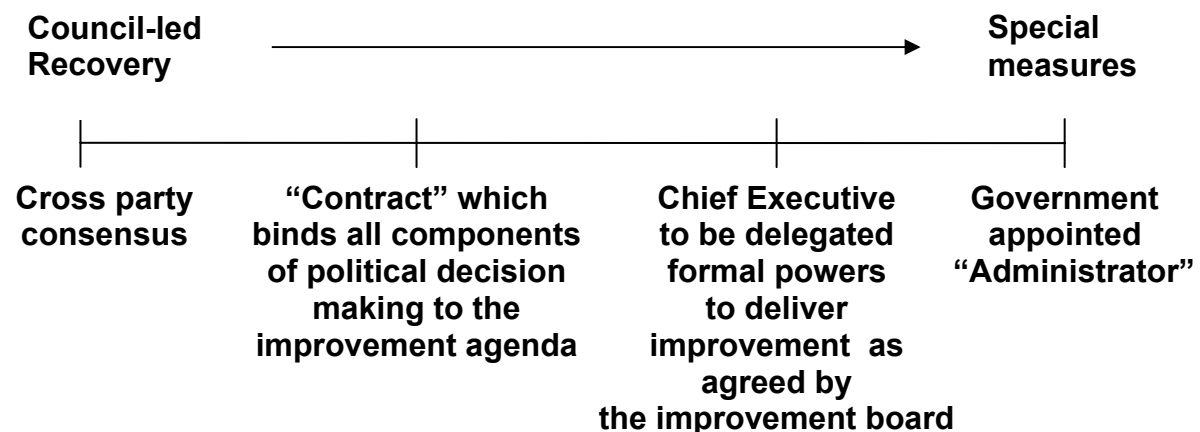
- Discussion of the policy framework and other major issues timetabled through the year.
- Chief Executive, on behalf of the Improvement Board, to report on progress against the recovery plan.
- Other major debates on Borough issues, possibly including external speakers (for example LSP partners).
- Leader and Portfolio Holders to present short written reports, with questions from Councillors and public.
- Questions, comments, motions – with sufficient time to prepare answers, 3 working days proposed.
- Scrutiny reports: selectively, for example major reviews, annual report.
- Ward Councillors to report regular consultation with citizens.

The minutes of Cabinet and Scrutiny should not routinely be on the Council agenda neither should the minutes of other committees.

**Improvement Board – Performance Management/Monitoring**

**Purpose:** To ensure the implementation of the Recovery Plan, and be accountable to Full Council and Cabinet for its achievement.

**Status:** There are a number of options available to empower the Board to drive up the Council’s performance. These are outlined in the chart below:



**Powers and responsibilities:**

The Improvement Board will be set up jointly by the Cabinet and full Council and will have wide delegated powers to make decisions in relation to any matters within the improvement/recovery agenda. The Chief Executive will be given delegated powers (by Cabinet and full Council), to implement the decisions of the Improvement Board in any way she thinks appropriate to aid the Council's recovery.

The Improvement Board will regularly report to Cabinet and full Council, in relation to its decisions for noting and information purposes only.

The "contract" set out in Appendix 2 will not have any formal legal status, but is a working agreement between Cabinet, full Council and the Improvement Board which aims to promote behaviours that support the improvement/recovery process.

**Membership/Participation:**

- Chief Executive of NBC
- Leaders and one other member each of the three NBC political groups.
- NBC Directors.
- Member from the local trade union.
- Chief Executive of Northamptonshire County Council.
- Representative from West Northampton Development Corporation.
- A representative from the business community.

We are awaiting Anthony Scrivener QC advice on the chairmanship of the Improvement Board.

Whilst it is not envisaged that this will happen as the norm, substitution of Improvement Board members will be allowed in exceptional cases.

It is envisaged that the decision making process will be open and transparent.

However, given the change programme and its particular impact and nature of discussions, there will be times when these meetings will have to be conducted in private as in any other Council meeting.

Guidelines will therefore be developed on this aspect and the Improvement Board will work to these guidelines.

The Council's Monitoring Officer and Chief Finance Officer (Section 151 Officer), will be required to attend these meeting as of duty to observe proceedings and decision making and advise as appropriate.

**Frequency of meetings:** Fortnightly

**Flow of decision-making:** The Improvement Board will be a vital part of the Governance's arrangements in the transitional period. It will be able to take decisions for the Authority. Where issues require political decision-making the Board will ensure they are put before the Cabinet appearing on the Forward Plan of key decisions as necessary or the regulatory committees. Where issues require management action they will feed into the Council's management structures; in particular it is envisaged that the Chief Executive will employ delegated powers to give effect to the Improvement Board's proposals on a wide range of matters.

The Board will set the Forward Plan for Cabinet and it will set the Overview & Scrutiny Committee's work plan (subject to compliance with statutory and constitutional requirements), and may propose reviews to be carried out by the Overview & Scrutiny Committee, or commission other reviews, such as Best Value reviews, as necessary. The Board will also link Council operations with partnership work, such as the implementation of the Local Area Agreement, and Community Strategy, with the Local Strategic Partnership.

The Board will develop a protocol to which it will work outlining clearly, where relevant information in relation to its decisions can be found and details of delegated decisions.

**Model/typical agenda:**

The Board will formulate a work plan, which will drive the agenda. Standing items may be included to cover key areas of concern. The Board's meeting cycle will provide it with a specific focus in key areas of the recovery plan. On a quarterly basis the Board will review the Council's overall progress against its recovery plan through a mini CPA self-assessment process with external challenge. The Board will be required to act upon performance information to rectify any issues and to commission more extensive reviews in consultation with the Audit Commission of services that are not improving at a sufficient pace. The Board will also set priorities for the Council and devise the corporate plan and Medium Term Financial Strategy.

### **3. CABINET**

**Purpose:** The Cabinet provides the political leadership of the Council.

**Powers and responsibilities:** A Leader and Cabinet structure is continued, but with six revised portfolios. The Cabinet of six members, including the Leader, should focus on major strategic and corporate issues, with delegation of operational and departmental decisions to individual portfolio-holders or Officers. The Cabinet takes executive decisions and provides political leadership for the implementation of the Council's corporate strategy, including the Recovery Plan, other policies and budget. Members of the Cabinet will represent the Council within partnership structures such as the Local Strategic Partnership.

**Membership:** The following structure, which would correspond to the management structure approved by full Council, with six Cabinet members and portfolios, is proposed:

1. Community Engagement (Leader of the Council)
2. Business Intelligence; People Support; E-Government
3. Local Environment
4. Residential Operations
5. Economic & Infrastructure
6. Financial Strategy; Democratic Services (Deputy Leader of the Council)

**Frequency of meetings:** 6 times per year (plus delegated decision-making).

**Flow of decision-making:** A scheme of delegation, to be agreed at the September Council meeting, will set out the decision-making responsibilities of the Cabinet as a whole, and delegation to individual portfolio holders and senior managers. Arrangements will be introduced, as required by law, to ensure access to information, and clear and accessible recording of decisions. Key Decisions, to be taken by the Cabinet, its individual members or the Improvement Board and will be published in advance.

**Improvement Clinics:** These will not be a formal part of the Council's constitution, but are proposed to promote transparency, accountability and provide a link between service delivery and priorities. The clinics will operate on a 'triage' basis so that serious problems take priority and are addressed immediately. Each of the six portfolios listed above will also have an Overview & Scrutiny Lead Member. The Portfolio Holder, the Scrutiny Lead Member and the appropriate Service Head/Director will meet to discuss forthcoming Key Decisions and other service issues.

**Model/typical agenda:** The Cabinet will have a work plan devised by the Improvement Board which will ensure focus on important corporate issues. Most single-service and operational issues will be delegated to Portfolio Holders. The Cabinet will receive regular reports from the Improvement Board, and work with them to ensure implementation of the Council's policy framework including the Recovery Plan.

#### **4. OVERVIEW AND SCRUTINY COMMITTEE (POLICY AND REVIEW)**

**Purpose:** Its primary role during the transitional arrangements will be to ensure that the Council delivers on the recovery plan. The Committee scrutinises the work of the Cabinet and its members, reviews Council policies and performance, and scrutinises issues of importance to the Borough.

**Powers and responsibilities:** The Overview & Scrutiny Committee holds all the overview and scrutiny powers required by law. It will scrutinise the work of the Cabinet, and the performance of the Council, including the effective implementation of the Recovery Plan. It has the power to call-in any Cabinet decision as well as an Executive decision delegated to a Portfolio Holder or Senior Manager. It can call on Cabinet Members and Managers in support of

its work. It contributes to policy development. Reviews will be carried out by the Committee or by time-limited panels set up by the Overview & Scrutiny Committee. The panel's allocation of time to complete the task in hand will depend on the complexity, scope and detail of the task. The Committee or a panel can also review matters that fall outside the Cabinet. The panels (or 'task and finish' groups) will have a specific brief to address and then be wound up. It is expected that they will meet, commission work and report back and this may be achieved within 1-2 meetings. Accordingly, these panels will not become *de facto* standing committees that are rolled-over from task to task.

**Membership:** The Committee will have 12 permanent members, 5 Conservative, 4 Lib-Democrats and 3 Labour. The Chair will be a Liberal Democrat and the deputy will be a Labour member. The details of names for positions will be brought to the September Council meeting. It will be able to establish 'task and finish' panels which could also involve other Councillors and non-voting co-optees. The following Councillors will not be able to sit on the panels:

1. Cabinet members.
2. Permanent members of the Committee.
3. Members of the Improvement Board.

**Frequency of meetings:** Six times a year. Urgent meetings to enable call-in, as necessary. Panels to meet as necessary, but in accordance with the work plans of Scrutiny, Improvement Board and Cabinet.

**Flow of decision-making:** The Committee can call in any executive decision, as at present but in future it will be able to call in delegated decisions (portfolio holders and officers). Reports and recommendations will be made to the Cabinet as a consequence of reviews. It is proposed that Overview and Scrutiny review reports would go to the Improvement Board to add their comments but the Improvement Board would not have the power to amend the report or its recommendations. Arrangements will be put in place to monitor the response to and implementation of recommendations. The Overview and Scrutiny Committee also has powers to report to the Council. The Improvement Board, or the Cabinet, can request the Overview and Scrutiny Committee to carry out specific reviews.

**Model/typical agenda:** The scrutiny work plan devised by the Improvement Board will focus on the need to support effective implementation of the Recovery Plan. It will carry out policy and service reviews to this end. It will receive reports on the Council's performance. It may call- in executive decisions. One of the grounds for this would be that a decision did not appear to be in line with the Recovery Plan.

## **5. AUDIT COMMITTEE (RISK MANAGEMENT AND ASSURANCE)**

**Purpose:** The Audit Committee will ensure the Council provides effective value for money, including financial probity.

**Powers and responsibilities:** The Audit Committee will be an independent committee that will assess the Council's risk management framework and consider financial matters of relevance in accordance with CIPFA or other financial guidance. It will, for example receive regular budget monitoring reports and other internal audit reports. It will receive any reports from the District Auditor. It will provide a focus for discussion on any issues raised in the annual audit and inspection letters sent to Councillors, and monitor action on issues raised. The Audit Committee will receive the Best Value Performance Plan and Performance Management reports.

Use of resources is a major theme for assessment under the revised approach to CPA, under five headings: Financial reporting; Financial management; Financial standing; Internal control; and Value for money. This has so far been set out for single tier and county councils for 2005 – 2008. The arrangements for District Councils are likely to take a similar approach. The increased emphasis means that an Audit Committee is strongly recommended. The Audit Committee will monitor the Council's work under the Efficiency Review (the Gershon requirements), which require an annual efficiency statement from councils.

**Membership:** The Audit Committee would have 6 Councillors as its membership, two from each political party. However, the Committee will not have Cabinet members sitting on it. The membership will also include co-opted members (without voting rights) external experts that can assist with assessing the Council's risk management and internal controls.

The Chair of the committee will be drawn from the Labour party and the deputy from the Liberal Democrat party.

Details of the names of the committee members (including the Chair and Deputy Chair) will be brought to the September Council meeting.

**Frequency of meetings:** Six times a year.

**Flow of decision-making:** The Committee would receive reports from the Council's financial management staff, from its internal and external auditors and other appropriate staff. The Audit Committee will report primarily to Full Council but may also report and make recommendations to the Cabinet or the Improvement Board and Council as it thinks appropriate.

**Model/typical agenda:**

To be determined by the Committee.

## **Other elements of the structure**

The Planning, Licensing and Standards Committees will continue structurally unchanged. However, the Committee memberships are to be confirmed at this full Council meeting.

Area Partnerships, Local Joint Committees and Forums will be maintained but subject to further review in the light of the council's need to improve public consultation and engagement

In order to concentrate councillor-level focus on improvement, Committees which are not legally required will not be maintained (General Purposes, Civic Issues, Markets Liaison, Grants). However, delegations in relation to the work these committees undertake will be identified and brought to the September meeting.

## **Recovery Plan**

The recovery plan will be adopted by Council and form part of the Council's forward policy framework. The current recovery plan will be tabled at this Council meeting.

## **Constitutional review**

If agreed by the Council, the recommendations in this report, which require changes to the Council's constitution, will be put to the Council meeting in September 2005. However, it is proposed that the Council's constitution needs more fundamental review. The Chief Executive, working with Legal Services, and external advisors as required, should put in place arrangements to review the Council's constitution more fundamentally, to ensure it is an effective working document. A timetable for this review should be established, to report during 2006.

## **Timetable for Implementation and Training and Development**

The Improvement Board, the Audit Committee, the Overview and Scrutiny Committee and the Portfolios should be established immediately in a shadow capacity although formal work will not commence until implementation powers have been approved by Council in September.

Work to facilitate the workings of the new structures such as training, briefing and development processes and practices should commence immediately and dates have been set in September

Training and Development for councillors undertaking all roles should commence immediately. Councillors are requested to make a commitment to attend all required training sessions. Performance Management reporting will include attendance at such sessions.

Changes to political structures requiring changes to the Council's constitution, should be put to the Council meeting in September 2005, for implementation from September.

### **Councillor Allowances**

The changes arising from the structural and governance arrangements outlined in this report will have an impact on Councillor roles and responsibilities. A review of Councillor allowances will be conducted through the remuneration panel with recommendations to be brought to full Council.

### **Council Development Programme**

A key factor to the effectiveness of the new arrangements is to ensure that councillors are committed to the Councillor Development Programme. The Programme is currently being redeveloped to directly respond to the development needs of councillors to be effective under the new arrangements.



## **Appendix 1: Powers of the Secretary of State to Intervene**

### **POWERS AVAILABLE TO THE SECRETARY OF STATE**

The Council has a legal duty under section 3 of the Local Government Act (the 1999 Act) to obtain best value and to make arrangements to secure continuous improvement in relation to its functions. A failure to comply with this general duty enables the Secretary of State to use a number of powers within the 1999 Act against Councils that fail to comply with this duty.

The Council's poor rating under the CPA regime indicates that the Council may be failing in this general duty and raises the possibility of the Secretary of State engaging powers under section 15 of the Local Government Act 1999. Normally the Secretary of State will not invoke these powers if he is of a view that the Council will, through its own efforts and with support from the ODPM, improve.

The Secretary of State has very wide powers under the 1999 Act and could do the following:

- a) He could issue a direction to the Council to take specific action to ensure compliance with its duty to obtain best value. The direction would specify what action was required. For, example the SOS can direct the Council to prepare and amend a performance plan; follow specified procedures in relation to a performance plan and to carry out a review of specified functions and/or
- b) The Secretary of State has the power directly, or through a nominee, to exercise any function of the Council. In practice this means that the Secretary of State can send in representatives to directly run Council services. This intervention can range from certain services, for example Housing Benefits, to all the functions for which the Council is responsible. This arrangement would continue for as long as the Secretary of State thought appropriate.

If this were to happen the Council would in effect lose the power to run the services identified by the Secretary of State.

The powers outlined above can be enforced by the Secretary of State through the High Court.

## **Appendix 2: The Contract**

### **The Contract**

This document which will be brought to the September Council meeting for ratification. It will set out the arrangements for the Improvement Board and will be styled as a contract or agreement between the Council, the Cabinet and the Improvement Board. This should not however be taken to imply that the Improvement Board will have a legal identity separate from the Council or that the document will be enforceable as a legal contract.

The Contract will set out the make up of the Improvement Board and the frequency of its meetings as described above. It will also include as an appendix the Council's priorities and targets for improvement as identified in the Corporate Plan and Community Strategy.

The Contract will broadly cover the following:

The Commitment of the Council and Cabinet – The Council and Cabinet will agree to support and facilitate the work of the Improvement Board in achieving its objects.

The Role of the Board – will be to oversee the implementation of all measures necessary to achieve the Council's targets and priorities for service improvement and governance and satisfy the Audit Commission and the Secretary of State that the Council is performing to an acceptable level.

### **The Composition of the Improvement Board**

The Board will be attended by the Chief Executive; Leaders and other Councillors from the three NBC political groups; Chief Executive of Northamptonshire County Council; a Representative from West Northampton Development Corporation; NBC Directors, a member of the local trade union and a representative from the business community (and any other relevant people).

The Monitoring Officer and the Chief Finance Officer (Section 151 Officer) will be informed of and be entitled to attend the meetings of the Board:

### **The Operation of the Board**

The Board will meet initially every fortnight, and then every month (the time taken is to be determined). The Board will have powers to make decisions and the Chief Executive will have delegated powers to implement its decisions in any way she thinks appropriate.

### **The Status of the Contract**

The Contract will not have any formal legal status and is meant to be a working agreement between full Council, Cabinet and the Improvement Board.

Matters with which the Board may deal – The Board may consider all aspects of the Council's performance in delivering services and carrying out its functions. This will include consideration of what should be included in the Council's Forward Plan. The Board will not seek to influence decisions to be taken by the Planning, Licensing or other Regulatory Committees.

Relationship with Overview and Scrutiny Committee – The Board may suggest matters which the Overview and Scrutiny Committee should include in their programme of work and if the Board do so the Overview and Scrutiny Committee should take on such suggestions and afford the matters concerned appropriate priority.

Relationship with Cabinet – The Cabinet will retain responsibility for the functions of the Council (other than those reserved to full Council or assigned to the Regulatory Committees).

Relationship with Government Monitoring Board – The Improvement Board will work in parallel with the GMB. Unlike that body the Improvement Board will form part of the Council's management structure. It will continue notwithstanding any future cessation of the GMB.

Liaison with ODPM and Audit Commission – The Improvement Board will be the principal group through whom liaison with the ODPM and Audit Commission will take place on matters relating to the Council's recovery process.

#### Standards, Behaviours and Commitment

A code of conduct and behaviour based on the Nolan report will be brought to the September Committee.

Conflict Resolution – If a dispute should arise under the Contract it can be resolved by referral to the Council's Monitoring Officer.

A full text of the contract will be submitted to the September meeting of the Council, together with detailed texts for the other proposed governance arrangements and changes made necessary by the new Council structure.