

**Manchester City Council  
Report for Resolution**

**Report To:** Audit Committee – 14<sup>th</sup> January 2010  
**Subject:** Publication of the Comprehensive area Assessment  
**Report of:** Assistant Chief Executive (Performance)

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**Summary**

This report outlines the judgements and key messages arising from the Audit Commission's 2009 Comprehensive Area Assessment and Organisational Assessment.

**Recommendations**

It is recommended that Members note the report.

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**Wards Affected:**

All

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**Background documents (available for public inspection):**

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to four years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

Community Strategy  
State of the City Annual Report  
State of the Wards Report  
Communities of Interest Annual Report

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## **1. Purpose**

- 1.1 The purpose of this report is to provide the Audit Committee with an update on the judgements and key messages arising from the Audit Commission's 2009 Comprehensive Area Assessment and Organisational Assessment.

## **2. Introduction**

- 2.1. The Comprehensive Area Assessment (CAA) is the new framework of independent assessment of local public services in England, introduced from April 2009. There are two key elements of CAA – Area Assessment and Organisational Assessment.
- 2.2. The Area Assessment focuses on the prospects for better outcomes on local priorities and is an assessment of all public services. The process is a joint inspectorate assessment joining up the Audit Commission and other regulators to provide a view of the 'place'. The Area Assessment is not scored but includes green flags to indicate areas of innovation or exceptional performance, and red flags for areas of concern regarding achievement of future outcomes and performance. This new framework is based on the capacity to achieve and is forward looking. Therefore red flags are based upon concerns as to the capacity to achieve future outcomes.
- 2.3. The Organisational Assessment for councils comprises of an assessment of the council's Use of Resources, across three themes – 'Managing Finances', 'Governing the Business' and 'Managing Resources' – and a joint inspectorates' assessment of Managing Performance. The Organisational Assessment combines Use of Resources and Managing Performance into a combined assessment of organisational effectiveness, which is scored on a scale of 1 (lowest) to 4 (highest).
- 2.4. The various national inspectorates cross reference the evidence provided for the Area Assessment with that provided by the four organisations subject to an Organisational Assessment – the Council, NHS Manchester; GMP; and Fire and Rescue Service. Some of the Key Lines of Enquiry (KLOE) for the Organisational Assessment ask about priorities, outcomes and prospects for improvement, which directly link to the Area Assessment.
- 2.5. The outcome of this year's assessment process is published on the Audit Commission's One Place website.

## **3. Area Assessment**

- 3.1. The 2009 Area Assessment is about prospects for local priorities and has therefore been reported against the spines of the Community Strategy. Manchester has been given a green flag for tackling gun

crime and gang violence and a red flag for school attendance. The key issues identified by the Audit Commission both in terms of successful performance and as areas for future focus were already priorities for the Council and its partners and subject to improvement activity.

3.2. The key messages from the Area Assessment are as follows:

- The assessment of Sustainable Economic Growth describes Manchester as thriving City and a crucial location for jobs and prosperity, where local partners are responding strongly to the recession. Manchester's position in the city region pilot is highlighted along with praise for the Greater Manchester Strategy. Needs in relation to public transport are referred to alongside recognition of the role that the Council has played in helping to secure a further £1.5bn to be invested in transport improvement across Greater Manchester. The challenges in ensuring that all Mancunians benefit from the prosperity of the City is highlighted. This reflects what is already known and being actioned through the work of Manchester Partnership in intensive support to reduce worklessness. The Council's 'Climate Change: call to Action ' is cited as an example of the activity within the City to address carbon dioxide emissions.
- The assessment of Reaching Full Potential in Education, Skills and Employment highlights the importance that the Manchester Board has given to the issue of average resident's wages being too low and the improvement in school results. The improvements in school results are highlighted in the context of progression as there is disparity with the national average. Improvements in health are recognised also in a context of coming from a low base. The assessment highlights areas for future focus in the main all of which are existing areas for partnership activity: insufficient good quality schools; behaviour in secondary schools and levels of persistent absence. The improvement work underway to address the quality and availability of mental health services will be a focus of attention next year to assess impact.
- The assessment of Individual and Collective Self Esteem/Mutual Respect is positive. The council together with its partners is acknowledged as developing good community spirit among residents. More Manchester residents are happy with their lives than last year, and more people feel they can influence decisions in their local area than elsewhere in Greater Manchester. There is particular praise for the approach to older people and ageing.
- The assessment of Neighbourhoods of Choice states that previously run down areas are being transformed citing the example of Beswick in East Manchester. There is recognition of the role of strong civic leadership in that success. Housing quality is identified as a focus for next year's assessment. The reduction in overall crime levels is noted but a rise in burglary and violent crime is highlighted. A fall in recycling

rates and the actions are being taken with new waste and recycling facilities are noted.

**3.3. Red Flag – School Absence**

School absence is reported as a red flag due to the numbers of young people absent from secondary schools. There is an overall downward trend in persistent schools absence in Manchester but it remains a local priority and actions have been progressed to improve performance. Performance data from September 2009 does show a downward trend and work continues to accelerate a reduction in school absence.

**3.4 Green Flag – Tackling Gun Crime and Gang Violence**

The work undertaken by the Council, Greater Manchester Police and Trafford Council to tackle gun crime and gang violence has been awarded a green flag. The assessment states "During the last year Manchester has seen a reduction of more than 90% in gang-related firearms used, and only one fatality. This is unprecedented in the recent history of gang culture". The multi-agency activities particularly the effective work with young people and successful engagement of the community are highlighted as exemplars of good practice and innovation.

3.5. Appendix 1 sets out comparisons between Manchester's area assessment and that for Greater Manchester authorities, core cities and North West authorities.

**4. Organisational Assessment**

4.1 Manchester City Council has been assessed as 'Performing Well', score of level 3, overall for its Organisational Assessment. The score combines a score of level 3, 'Performing Well', for Managing Performance and a score of level 2, 'Performing Adequately', for Use of Resources.

4.2 The Use of Resources assessment has changed significantly under CAA. There are new areas of assessment, an overall 're-basing' upwards of minimum standards, a greater focus on achievement of outcomes and value for money, and an emphasis on partnership working. The consequence of the changes is that the 2009 Use of Resources assessment represents a 'harder test', as acknowledged in the Audit Commission's literature, and nationally scores have fallen. This does not mean that performance has deteriorated but that the standard expected has increased.

4.3 The Use of Resources assessment report highlights significant progress as follows:

- Development of strategic and financial planning
- Governance arrangements

- Commitment from senior management and Heads of Service to move to a culture of being a 'Value for Money (VFM) Council'
- Preparation of financial statements and a smoother accounts audit

4.4 The assessment report also sets out a number of key areas for development:

- Delivery of the Council's VFM strategy, demonstrating that it is having a positive Council-wide impact on the relative cost and performance of services
- Demonstrating achievement of key actions and outcomes from the Council's improved business planning process
- Maintaining momentum on development of governance arrangements, particularly improvement in risk management arrangements

4.5 The table below highlights scores for the individual Key Lines of Enquiry scores for Use of Resources 2009, and given current assessment, our likelihood and a guide to achieving level 3 next year.

<b>Key Lines of Enquiry</b>	<b>Current Score (Strong, Medium, Weak)</b>
1.1 Financial Health	3
1.2 Costs and Performance	2 M
1.3 Financial Reporting	2 S
2.1 Commissioning and Procurement	2 M
2.2 Data Quality	2 W
2.3 Good Governance	2 S
2.4 Risk Management and Internal Control	2 M
3.1 Natural Resources	2 S
3.2 Asset Management	2 M
3.3 Workforce*	n/a

\*N.B The workforce KLOE was not assessed in 2009

## **5. Delivering Improvement**

### **5.1 Area Assessment**

5.1.1. The Area Assessment reinforces the priorities identified in the Community Strategy and Local Area Agreement and the performance results reported in the Manchester Partnership's quarterly performance reports and annual suite of State of the City reports. Consequently, there are already plans in place addressing the areas of underperformance

5.1.2 The results of the Area Assessment are being fed back to thematic partnerships and further assessments of the action plans to ensure that all areas of concern highlighted in the report are being robustly

actioned. The action plans will also be shaped by more detailed feedback from the Audit Commission and specialist inspectorates to assist the Partnership drive improvements in these areas over the next year.

- 5.1.3 The detailed monitoring of performance is undertaken by the Partnership's Resources and Performance Sub-Group, which reports to the Public Service Board.

## **5.2 Organisational Assessment**

- 5.2.1 In order to improve the Council's Use of Resources score next year, one of the fundamental issues is to demonstrate consistency and embeddedness of performance against all Key Line of Enquiry (KLOE) areas. It is recognised that this is happening in some areas already, but others require strengthening. As such, an action plan has been developed in order to manage this improvement process and ensure that our ambition and potential can be reached effectively.

- 5.2.2 The action plan is based on feedback received from our external auditors, Grant Thornton, following the 2009 audit process. They have also provided examples of the types of evidence they would expect to see. In addition, examples of good practice are being sought from core cities, AGMA and other well performing authorities via the Audit Commission's Knowledge Sharing Network on an ongoing basis.

- 5.2.3 The action plan is focussed on securing a Level 3 for the individual KLOE areas, with Level 4 arising from cross-cutting programmes of work, such as the revised business planning process and city region pilot work.

- 5.2.4. A sub-group of the Strategic Management Team manages a corporate programme to improve use of resources and monitors activity on a monthly basis. In addition, progress against the action plan, is provided on a regular basis to the Executive Member for Finance and Human Resources, SMT and to the Audit Committee.

## **6. Next steps**

### **6.1. Area Assessment**

- 6.1.1 One of the differences of the new CAA framework is that the audit is an ongoing process. The Audit Commission receive the LAA performance reports and can request to attend partnership meetings as they have done this year. Conversations are taking place with the Audit Commission about the scope for revising the approach to Area Assessment based on learning from this year.

## **6.2 Organisational Assessment**

- 6.2.1 To ensure continuity in auditor's assessments, the use of resources framework, including the key lines of enquiry (KLOE), has not changed for 2010. The audit approach will examine what has changed in 2009/10 and what differences these changes have made in practice.
- 6.2.2 In terms of preparation for the 2010 audit process the Council will build on the strong self-assessments produced for each KLOE last year (which were well received by our auditors), strengthening the links between the efficient use of resources and better outcomes for Manchester people.

## Appendix 1 Area Assessment - comparisons with other areas

### AGMA

CAA Area Assessment		AGMA								
	Manchester	Bolton	Bury	Oldham	Rochdale	Salford	Stockport	Tameside	Trafford	Wigan
Area Assessment Red Flags	1 - School absence	0	0	2 - Resident perceptions of Oldham. Numbers of people on out of work benefits	1 - Raising skill levels to reduce worklessness	0	1 - Improving quality of life in poorer neighbourhoods	0	2 - Working with other local organisations Inequalities in health	0
Area Assessment Green Flags	1 - Tackling gun crime and gang violence	0	0	2 - Breaking the cycle of worklessness. Significant reductions in Teenage Pregnancies.	0	0	0	1 - Getting local people involved	1 - Tackling gun crime and gang violence	0

### Core Cities

CAA Area Assessment		CORE CITIES							
	Manchester	Birmingham	Leeds	Liverpool	Newcastle	Nottingham	Sheffield	Bristol	
Area Assessment Red Flags	1 - School absence	1 - Returning home after a stay in hospital	2 - Burglary in parts of Leeds. Keeping vulnerable children and young people safe	1 - Private Sector Housing	0	0	0	0	
Area Assessment Green Flags	1 - Tackling gun crime and gang violence	2 - Tackling climate change Working in partnership to meet housing need	1 - People in deprived communities benefiting from Leeds' economic growth	1 - A Safer City	1 - Economic innovation in the recession	1 - Use of public transport	0	0	

**North West**

CAA Area Assessment	NORTH WEST										
	Manchester	Blackburn and Darwen	Blackpool	Cumbria	Halton	Knowsley	Lancs	Sefton	St. Helens	Warrington	Wirral
Area Assessment t Red Flags	1 - School absence	1 - Effective action to prevent early deaths from cancer and circulatory disease	0	0	1 - Teenage Conceptions	2 - Housing, Community Cohesion	1 - High death rates in deprived areas	1 - Youth Offending in Sefton	0	3 - Prospects for employment for people in the most deprived communities. Reducing Health Inequalities. Safeguarding Children in Warrington	1 - Safeguarding Vulnerable Adults
Area Assessment t Green Flags	1 - Tackling gun crime and gang violence	0	1 - Tackling Homelessness	1 - Tackling Worklessness in Barrow in Furness	0	0	1 - Improving quality of life and maintaining independence for older people	0	0	1 - Public Transport in Warrington	0

**Appendix 2 – Organisational Assessment – comparison with other areas**

**AGMA**

CAA 2009	Manchester	AGMA								
		Bolton	Bury	Oldham	Rochdale	Salford	Stockport	Tameside	Trafford	Wigan
<b>Organisational Assessment Score</b>	3	3	3	2	2	3	3	4	2	3
<b>Overall Use of Resources Score</b>	2	3	2	2	2	3	3	4	2	3
<b>Managing Performance Score</b>	3	3	3	2	2	3	3	4	2	3
<b>Component Scores of Use of Resources</b>										
<b>1.Managing finances</b>	2	3	3	2	3	3	3	4	3	3
<b>2. Governing the business</b>	2	3	2	2	2	3	3	4	2	2
<b>3. Managing resources</b>	2	2	2	2	2	2	3	3	2	3

**Core Cities**

CAA 2009		CORE CITIES						
	Manchester	Birmingham	Leeds	Liverpool	Newcastle	Nottingham	Sheffield	Bristol
<b>Organisational Assessment Score</b>	3	2	2	3	3	3	3	3
<b>Overall Use of Resources Score</b>	2	2	3	2	3	2	3	2
<b>Managing Performance Score</b>	3	2	2	3	3	3	3	3
<b>Component Scores of Use of Resources</b>								
<b>1.Managing finances</b>	2	2	3	2	3	2	3	2
<b>2. Governing the business</b>	2	2	2	2	2	2	2	2
<b>3. Managing resources</b>	2	3	3	2	3	2	3	3

**North West**

CAA 2009		NORTH WEST									
	Manchester	Blackburn and Darwen	Blackpool	Cumbria	Halton	Knowsley	Lancs	Sefton	St.Helens	Warrington	Wirral
<b>Organisational Assessment Score</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>2</b>
<b>Overall Use of Resources Score</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>2</b>
<b>Managing Performance Score</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>2</b>
<b>Component Scores of Use of Resources</b>											
<b>1.Managing finances</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>2</b>
<b>2. Governing the business</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>2</b>
<b>3. Managing resources</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>