



# **Assessing DC Performance – CPA or BVPIs?**

## **A COVALENT WHITE PAPER**

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## PURPOSE OF THIS RESEARCH

If you want to assess the performance of a District Council (DC) there are basically two main frameworks to draw on – the Comprehensive Performance Assessment (CPA) result and the scores on Best Value Performance Indicators (BVPIs).

CPA assesses and scores each District Council on ten themes, which translates into an overall total score and a rank ranging from Excellent to Poor.

Every DC has a collection of BVPIs that they must report results on each year – some of these are related to corporate health, but the majority are specific to the various services the council provides.

Both regimes have their advocates and critics, in particular with regard to methodologies used to arrive at the results, but intuitively one would expect a fairly strong relationship between the results for a council's CPA score and its PI scores.

Covalent set out to investigate whether such a relationship does exist in practice or whether in fact each framework produces different views of who the better performing councils are.

Utilising the CPA scores is a relatively straight-forward exercise but calculating an Aggregate PI score is a more involved process which is fully described in the methodology at the back of this paper.

Briefly Covalent have produced an Aggregate PI score (called the PI score hereinafter) for each council based on the number its PIs that are in the top or bottom quartile, or in the mid-band. This allows each council to be compared on a consistent basis, rooted in its performance relative to other councils.

## ABOUT COVALENT

Covalent is the only **Performance Management software** *specifically developed for Local Authorities* and no-one else. Nearly 25 councils have chosen Covalent to manage their performance since it was launched just over a year ago.

Covalent manage performance indicators, actions and risks, and enables councils to monitor progress against their strategic priorities and corporate objectives. Senior officers and members are using the solution to build a performance culture across the whole organisation.

As a web-hosted solution, Covalent is simple to deploy and manage with no need for IT input your side, and no additional hardware costs. Covalent is extremely easy-to-use with an intuitive, point and click interface that's simple for everyone to learn.

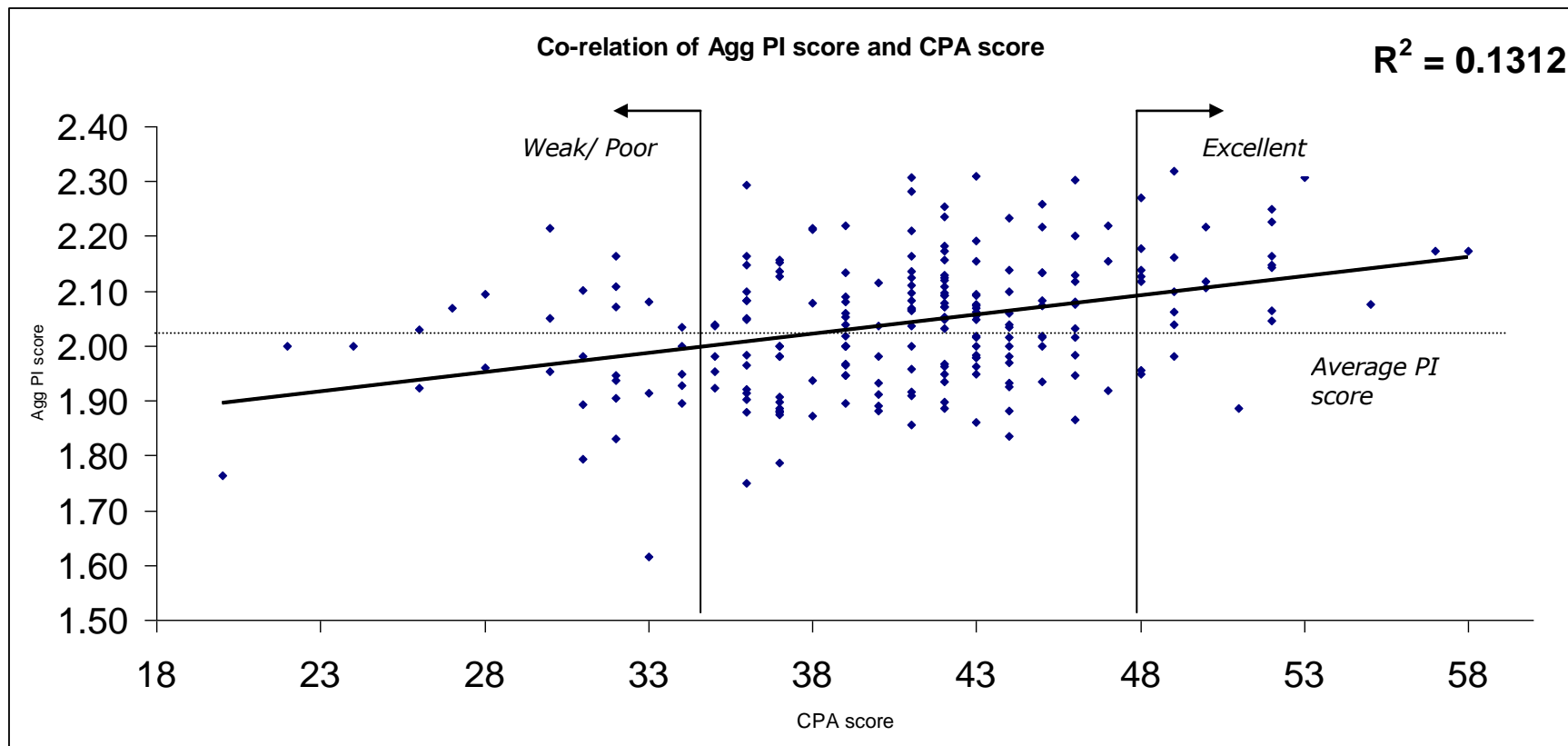
Personalised views of data and exception reporting help managers zero on the items that need their attention. And initiate corrective actions to improve performance that delivers on the corporate priorities.



## COVALENT'S RESEARCH FINDINGS

The relationship between a council's CPA score and the PI score was found to be surprisingly loose. Whilst the two regimes clearly differ in the way they arrive at a result, intuitively one would expect a council that achieves an Excellent or a Good rank to also have a fairly high score on performance indicators. However whilst the line in the chart below can be drawn to show an overall trend direction, there is a very wide range of values either side of the trendline.

Furthermore, a large number of Excellent councils in fact have quite low scores on PIs – of the 28 DCs classed as Excellent, 5 of them have a PI score below the average 2.04. Similarly, 8 of the 27 Weak councils have an above average PI score.



In addition to plotting the regression analysis trendline, Covalent explored the mathematical relationship between the two datasets was investigated by calculating the **R-square value**. This ratio indicates of how well the data fit a proposed model; in this case the hypothesised model is that the CPA score and the PI score are directly proportionate to each other. An R-square close to 1.0 indicates that we have accounted for almost all of the variability of the values around the regression line. Thus if we have an R-square of 0.4 then we have explained 40% of the original variability, and are left with 60% residual variability. Ideally, we would like to explain most if not all of the original variability and have an R-square value of 1.

In fact the R-square value for the graph above is just 0.13, so that we have 87% of the values that don't fit the model, and which don't exhibit a direct relationship between the CPA score and the PI score.

There are a number of possible explanations for these findings:

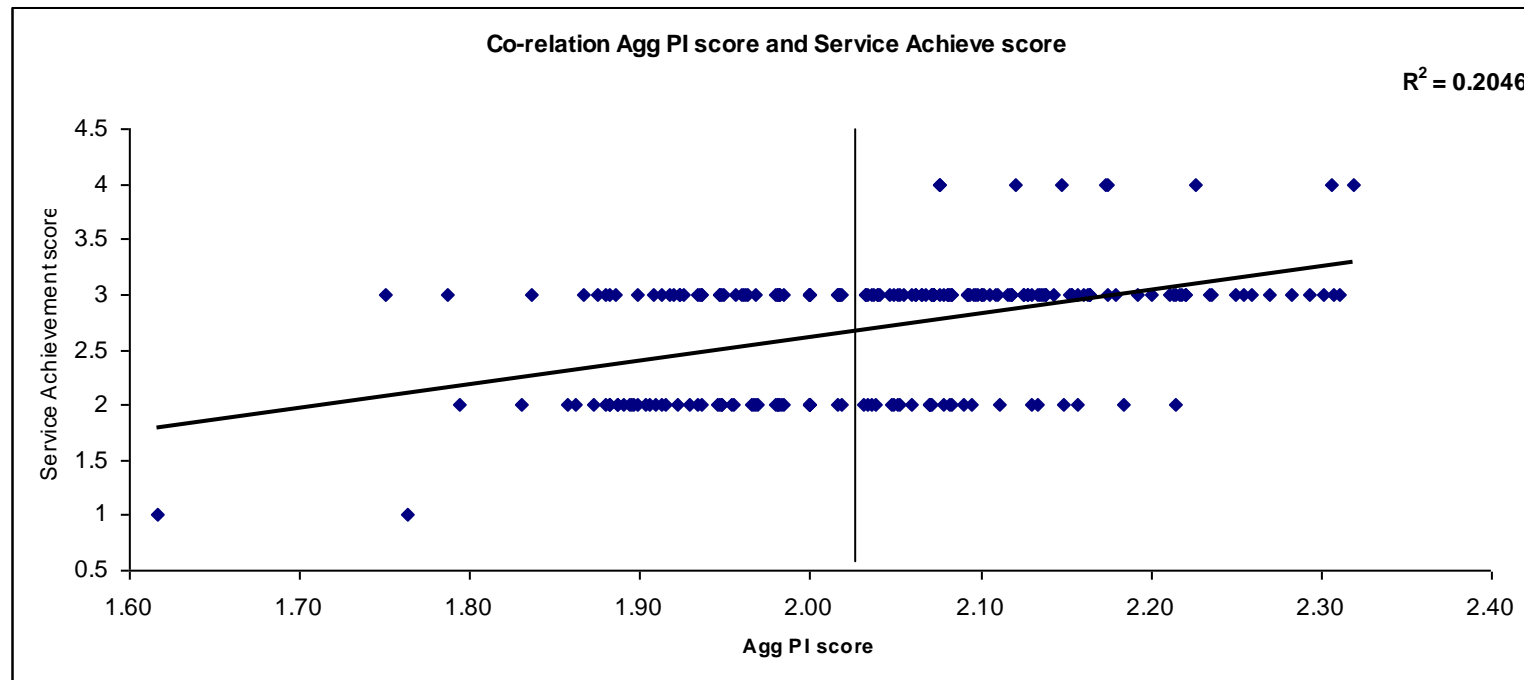
- ❑ The CPA process examines the council in much broader terms than just looking at PI scores. In particular it looks at future prospects for improvement and a range of 'softer' issues such as Focus and Future Plans
- ❑ The CPA process, whilst numeric in outcome, is in fact a subjective process and less easy to ensure consistency across a wide number of inspectors than is the case with the BVPI results.
- ❑ The CPA inspection considers performance in the context of the council's past history and recent track record, and so may acknowledge progress with a higher score than pure PI results might indicate.
- ❑ The Aggregate PI score approach, whilst a sensible way of zero-basing all the results to allow comparisons between councils may not give a fully accurate picture of council performance. Performance is considered purely in the context of results relative to other councils and in particular which quartile performance merits.

Nonetheless what the Covalent research shows is that the results of DC performance are quite different depending on which assessment framework you use. Looking at the top 15 councils, only Guildford, South Hams and Runnymede appearing on both lists. With the bottom 15 councils, just Rossendale appears on both lists

Top 15 Councils				Bottom 15 Councils			
Based on CPA score		Based on PI score		Based on CPA score		Based on PI score	
Tonbridge & Malling	58	Chiltern	2.32	Berwick-upon-Tweed	31	Purbeck	1.88
Horsham	57	Alnwick	2.31	Stratford-on-Avon	31	Wear Valley	1.88
Chichester	55	Guildford	2.31	North Dorset	31	Allerdale	1.87
Guildford	53	Ribble Valley	2.31	Castle Morpeth	31	Erewash	1.87
Wellingborough	52	Wychavon	2.30	Shepway	30	Carrick	1.87
Colchester	52	Rugby	2.29	Thanet	30	Great Yarmouth	1.86
Canterbury	52	Mid Bedfordshire	2.28	West Somerset	30	North Wiltshire	1.86
New Forest	52	Maidstone	2.27	Castle Point	28	Teignbridge	1.84
Elmbridge	52	Woking	2.26	Teesdale	28	Oxford	1.83
Runnymede	52	Gedling	2.25	Harlow	27	Castle Morpeth	1.79
South Hams	52	South Hams	2.25	Northampton	26	Richmondshire	1.79
Cambridge	51	West Devon	2.24	Chester-le-Street	26	Rossendale	1.76
High Peak	50	East Hampshire	2.23	Torridge	24	Crawley	1.75
Derbyshire Dales	50	Runnymede	2.23	North Shropshire	22	Forest Heath	1.73
Warwick	50	North Kesteven	2.22	Rossendale	20	Corby	1.62

It is also instructive to look at the score on just one theme, 'Achievement in the quality of service' which measures current performance on services overall. Looking at the relationship between the PI score and the Service Achievement CPA score, a similar pattern is repeated, although with an R-square value of 0.2 the fit between the data is better than above.

Again there is a limited correlation between the two datasets with a number of anomalies to highlight. A large number of councils scoring 3 on the Service Achievement theme have a below average (2.04) PI score; also a large number of councils scoring 2 on the Service Achievement theme quite high PI scores. At the extremes the relationship holds up much better; all the top scoring councils (i.e. 4) do have high PI scores, and those ranked weak on the Service Achievement theme also did score lowest on the PI score.



## BACKGROUND & METHODOLOGY

In assessing the performance of a District Council (DC) there are basically two main frameworks to draw on – the Comprehensive Performance Assessment (CPA) result and the scores on Best Value Performance Indicators (BVPIs).

### *The CPA regime*

The CPA regime for DCs produces an overall judgment covering service performance and corporate ability based on scoring ten assessment 'themes':

- Theme 1   Ambition
- Theme 2   Prioritisation
- Theme 3   Focus
- Theme 4   Capacity
- Theme 5   Performance management
- Theme 6   Achievement in the quality of service
- Theme 7   Achievement of improvement
- Theme 8   Investment
- Theme 9   Learning
- Theme 10  Future plans

Some of the themes are weighted to reflect differences in the Audit Commission's view of their relative importance of the themes. The bulk of the weighting is attributed to 'Achievement in the quality of service' and 'Achievement of improvement', each with a 3 weighting. The council's record on 'Investment' receives a higher weight than other themes (a 2), with all the other themes attracting a weighting of 1.

Each of the themes are scored on a 1 to 4 scale on the basis of how the council's performance is assessed, as follows:

- 1= weak
- 2= weaknesses outweigh strengths
- 3= strengths outweigh weaknesses
- 4= strong

Based on the analysis, councils are placed in one of five categories: Excellent, Good, Fair, Weak and Poor. The minimum score an assessment could generate would be 15 (all rated 1 X weighting of 15); maximum is 60 (all rated 4 X weighting of 15)

Category	Range of total scores
Excellent	<b>48 to 60</b>
Good	42 to 47
Fair	36 to 41
Weak	30 to 35
Poor	15 to 29

## ***Best Value Performance Indicators BVPIs***

Every DC has a collection of BVPIs that they must report results on each year – some of these are related to corporate health, but the majority are specific to the various services that councils are providing.

For each PI, comparator benchmarks are computed such as Top Quartile or Bottom Quartile.

## ***Covalent's Research Methodology***

Covalent has undertaken a summary evaluation of the results from both these assessment frameworks.

**From the published CPA reports** on the Audit Commission website, Covalent consolidated each council's score on the individual themes and its overall weighted total score. This produced a ranked 'league table' of all DCs performance, based on the CPA judgements.

**For the BVPIs**, Covalent took from the Audit Commission website the published results for 2002/03 (the most recent dataset available) which details each council's performance results on each PI. Covalent then calculated the top and bottom quartile band scores, and classed the remainder in between as the mid-band.

Each council's PI score was then put into a performance band, and given a 3 if the PI was in the top quartile band, a 1 if it was in the bottom quartile band scores, and a 2 if in the mid-band. For each council the number of PIs in each band was then totalled. A total PI band score was then calculated by multiplying the number of PIs that were in the top quartile band by 3, the number in the mid-band by 2 and the number in the bottom quartile by 1. An aggregate PI band score was then calculated by dividing this total by the number of PIs that the council reported results for.

For each council, the result of the CPA score and the aggregate PI band score were then plotted against each other. The correlation between the two sets of data was investigated using both the Correlation Coefficient R and the R-square value (or the coefficient of determination).

## Interpreting the results

The principal analysis was to investigate the correlation between the councils' CPA scores and the aggregate PI scores by graphing both values against each other, and plotting a trendline.

Additionally, the mathematical relationship between the two datasets was investigated by calculating a number of correlation ratios, and in particular the R-square value.

**Variance ratio.** The smaller the variability of the residual values around the regression line relative to the overall variability, the better is our prediction. For example, if there is no relationship between the  $X$  and  $Y$  variables, then the ratio of the residual variability of the  $Y$  variable to the original variance is equal to 1.0.

If  $X$  and  $Y$  are perfectly related then there is no residual variance and the ratio of variance would be 0.0. In most cases, the ratio would fall somewhere between these extremes, that is, between 0.0 and 1.0.

**R-square or the coefficient of determination** is an indicator of how well a proposed model fits the data. For instance, an *R-square* close to 1.0 indicates that we have accounted for almost all of the variability with the variables specified in the model. R-square is calculated as 1.0 minus the variance ratio. This value is interpretable in the following manner. If we have an *R-square* of 0.4 then we know that the variability of the  $Y$  values around the regression line is 1-0.4 times the original variance; in other words we have explained 40% of the original variability, and are left with 60% residual variability. Ideally, we would like to explain most if not all of the original variability.