



Report to Cabinet

Subject Proposals for Comprehensive Performance Assessment from 2005 – Audit Commission Consultation Document

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1. Purpose of Report

- To inform Members of the Audit Commission's consultation on its proposals for Comprehensive Performance Assessment from 2005, concentrating on the potential impact on District Councils.
- To establish whether Members would wish to respond to the consultation and, if so, what response they would wish to make.

2. Background

The stated aim of Comprehensive Performance Assessment (CPA) is to measure how well Councils are delivering services for local people while reducing the regulatory burden on Councils.

The Audit Commission consulted on a framework for CPA from 2005 in January 2004. Results of that consultation were set out in a further document "CPA – the New Approach" published by the commission in May 2004. Both documents have previously been reported to Members.

In "CPA – the New Approach", the Audit Commission indicated that it would consult further on a future framework, including aspects of corporate assessment, use of resources and service assessment blocks. This latest paper fulfils that commitment. A full copy of the paper is available at www.audit-commission.gov.uk.

Responses to the consultation are being invited in writing, and through a series of consultation events across the country. I represented the Authority at an event held in Birmingham on the 24th January. At the event, the Commission indicated that they expected that there would be changes to the final framework, as a result of issues raised both at the events and in response to issues raised in written representations.

Responses to consultation are due by the 18th February 2005.

3. Proposals

3.1 Overall

In the consultation document, the Commission makes clear that the new approach will be similar in many respects to the current CPA regime in that:

- There will be a corporate assessment
- Individual Service blocks will be updated annually
- There will be a Use of Resources judgement, also updated annually
- The three elements will be brought together in an annual overall assessment.

The main changes being proposed include:

- Corporate Assessment will be more challenging, covering issues including user focus and diversity; contributions to the achievement of shared local/national priorities; more explicit emphasis on resource management and value for money; and assessing the performance of the Council in leading and influencing communities.
- Service blocks will be revised, with joined up assessment of services for children and young people a key change. The Commission also plans to use other available information about local authority services as an alternative to inspection and make technical changes to the use of performance indicators.
- The Use of Resources assessment will be more rigorous, including an explicit judgement on value for money and links to the required production of annual efficiency statements.
- A simpler but more robust bringing together of an overall assessment, including the introduction of a direction of travel statement for all authorities

The Commission is also considering moving from five to four overall categories, by merging the current weak and poor categories, and is looking for comments on this. It recognises that this will make it more difficult to compare the performance of authorities under the previous regime.

3.2 Implications for District Councils

In putting forward its proposals for District Councils, the Commission argues that, given CPA is about strategic regulation, their efforts (and those of the organisations being inspected) should fit the needs, circumstances and resources available in each organisation. On this basis, it proposes to tailor its approach to District Councils.

It proposes that District Councils should:

- Receive an annual Use of Resources judgement. This will look at issues around financial planning and management, internal controls and financial standing. Much of this will be based on information already gathered through the annual audit process, but there will also be a value-for-money judgement, drawing on a self assessment carried out by each Council annually in June/July. It is likely that the separate ODPM requirement to develop an Annual Efficiency Statement will be rolled together in this process. Use of Resources assessments will generate a scored judgement, on a scale from 1-4. (Single tier and County Councils will also be subject to this assessment). The Commission acknowledges that the criteria being put forward are tougher than previously used in Use of Resources assessments, including the specific value-for-money requirement.
- Have an Annual Performance Assessment covering the major district service areas of Housing, Benefits, Environment, Culture and Community Safety. This will draw on existing performance information, including national performance indicators for the relevant services. At this point, the indicators to be used cannot be confirmed since the ODPM is still to publish confirmed performance indicators for 2005/06 and beyond. However, on the basis of the current set of performance indicators, it is difficult to see how in isolation these could be robust enough to assess the performance in areas such as Culture and Community Safety. The Commission apparently recognises this and is indicating that it may draw on other existing information sources about local authority services, for example that currently gathered about leisure services by Sport England. The Commission is also seeking views on how annual performance assessments for District Councils might be scored.
- Will receive an annual "Direction of Travel" statement. This will draw on the use of resources statement and performance assessment to allow Relationship Managers to assess whether or not the Council is improving overall and differentiate progress within CPA categories.

The Commission proposes there will be no formal programme of Corporate Assessments for District Councils, the full re-assessment that allows an authority to move between CPA categories. Corporate Assessment, it says, will be targeted at areas "where it will have the most impact" and those which are carried out will be in a "significantly reduced form". The triggers for corporate assessment will be where authorities have made a significant improvement, in the case of weak and poor Councils over a single year, and in the case of fair and good Councils where such evidence has been presented over a two year period. As a good Council, Gedling falls into the latter category.

While "direction of travel" statements will help evidence improvements in Council performance, some concern has been raised at the lack of opportunity for corporate re-assessment under these proposals.

In consultation, the Commission has stressed the continual relevance of CPA to District Councils in spite of the lack of opportunities for corporate

reassessment. It also stresses that District Councils will have a contributory role to play in County Council corporate assessments.

4. Resource implications

Until details of the performance assessment have been developed, it is difficult to assess in detail what the resource implications, for a District Council will be, in terms of staff time in particular.

Some authorities have expressed a view that these may be more onerous than current arrangements and, where capacity is limited, may have a negative impact on the ability to improve. However, it is understood that the current requirement that there should be a minimum of one service inspection each year for all authorities, irrespective of CPA category, may be removed, and this would have a positive effect on workload.

The requirement to develop an Annual Efficiency Statement is already in place (though it is not clear how it will be resourced), and the Commission's acceptance that work on this can be developed in parallel with the value-for-money self assessment should be welcomed. However, the value-for-money self assessment is of itself an additional piece of work which will need to be resourced, and the initial impression is that the new use of resources judgements and standards will be more onerous than under current arrangements.

5. Recommendation

Members are recommended to note the report and to consider whether to respond to the consultation.