



## **Report to Cabinet**

**Subject:** Comprehensive Performance Assessment for District Councils

**Date:** 7 November 2005

**Author:** Head of Cabinet Office on behalf of Senior Management Team

### **1. Purpose of the Report**

- § To inform members of recent Audit Commission publications on Comprehensive Performance Assessment (CPA) and district councils.
- § To seek members views on what response, if any, should be made to Audit Commission consultation on the future of CPA for district councils, as set out in these papers.

### **2. Background**

On 6 September 2005, the Audit Commission published three papers relating to CPA and District Councils.

The three papers covered: -

- § Scores and analysis of performance of all district councils assessed under CPA during 2003 and 2004.
- § A summary of lessons learned from CPA for district councils.
- § Consultation on the future framework for district council CPA

All three are available on the Audit Commission's website

<http://www.audit-commission.gov.uk/cpa/furtherinfodistricts.asp>

A summary of the three papers is attached for information at **Appendix A**.

The first two of these papers clearly contain valuable information, including learning points for all district authorities. Most of the learning points relevant to

the Borough Council are already built into our improvement plans and are being delivered.

However, the immediate issue for Council consideration centres on the third paper. The Commission is seeking responses to consultation by the end of November, with a view to confirming its response in March 2006, for implementation from April 2006.

This report therefore focuses on this consultation paper.

Issues on which the Commission is seeking views are attached at **Appendix B** - background to those issues is set out below.

### **3. Summary of issues raised in Consultation Paper**

**3.1 – CPA for Districts so far** – District councils account for 7% of total local authority spending and provide services that have a major impact on residents' satisfaction with overall public services in their areas.

All 238 district councils underwent a CPA inspection between June 2003 and December 2004, under a methodology featuring: -

- § Corporate Assessment (informed by self- assessment and peer challenge)
- § Diagnostics of key service areas
- § Performance information (including performance indicator results; auditor scored judgements on financial issues; Benefit Fraud Inspectorate judgements).

The Commission points out this represented a significant investment of time and resource both on its part and on the part of the councils being assessed. It stresses that the next round of CPA should build on this.

The Commission has consulted extensively recently on the future development of CPA for all authorities. While this has informed progress of new proposals for single tier and county authorities (now in place), these consultations did not lead to agreement on a future approach for district councils.

The Commission has therefore introduced interim arrangements for district councils to include: -

- § A Use of Resources assessment (including the value-for-money self-assessment recently completed)
- § A Direction of Travel statement (details of which were still awaited at the time this report was compiled)

Both will be reported in Annual Audit and Inspection letters, due on 31 March 2006.

**3.2 – CPA Principles and Key Features** – Under the Commission’s guiding principles for strategic regulation, future district CPA must: -

- Focus on improvement;
- Be seen from the perspective of service users;
- Provide value for money for taxpayers;
- Be targeted and risk based; and
- Be delivered in partnership with others.

In addition, the Commission believes the new framework should: -

- Build on the previous round of CPA of district councils but be much less intensive both in terms of audit and inspection activity and the impact on leadership and managerial capacity of district councils;
- Enable comparisons to be made with single tier and county councils where this is desirable in terms of being able to compare similar services across different types of council;
- Be affordable, both in terms of the level of central government grant and fees paid by councils and in terms of the impact on councils’ own internal capacity; and
- Include appropriate involvement of other organisations supporting improvement including the use of peers in our assessment activity.

The Commission also believes that there are a range of features consistent with these underpinning principles that need to be part of future district CPA. These may need to be adapted to fit with district council circumstances and the resource available for CPA.

These features are: -

- Annual use of resources assessment, including a judgement on value for money (as is already being implemented at all councils from 2005/06 including district councils).
- Service Assessments underpinned by the principles agreed by all inspectorates in the Local Services Inspectorate Forum (LSIF), including a common 1 to 4 scoring scale. For district councils, these assessments could be based on performance information, inspection activity or a combination of the two (for single tier councils, the move has been

towards performance information). Assessments could be in service blocks, similar to original district CPA and the current single tier/county model, or a single basket of indicators, giving one service score.

- Direction of travel judgements or statements;
- Continued use of five categories (excellent, good etc...); and
- Corporate assessments that provide a means of assessing the ability of the council to focus on key local issues for its residents and deliver strong services to meet those needs. Particular focus is placed on how councils understand their communities and provide community leadership, and on how this understanding of local people and places translates into ambitions, priorities and what the council is achieving.

The Commission also indicates that any future arrangements need to be considered in the context of the likely move towards more “area-based” inspection under Local Area Agreements, which is expected to cover all public services in an area contributing towards local and national priorities.

**3.3 - Issues for Consultation** – Drawing on these principles, the Commission has put forward five alternative approaches, on which it is seeking views.

The options are set out in two groups:

- § Those allowing for a CPA recategorisation of all district councils in a programme over a number of years (Group A options)
- § Those requiring a prior judgement of whether individual councils are ready for recategorisation before carrying out assessment that may result in such re-categorisation (Group B options).

The Group A options are: -

- § **Option 1** – based on the previous district council CPA model, with all districts reassessed in a programme rolled out from 2006 – 2009. The Commission points out this would be expensive and time consuming for both the Commission and for district councils.
- § **Option 2** – based on the current methodology used for single tier and county councils, adapted as necessary for district councils. This too would see all districts reassessed in a programme rolled out from 2006 – 2009. The Commission suggests this would be the most expensive and time consuming option, for both the Commission and for district councils.
- § **Option 3** – based on existing available performance information (Use of Resources and Direction of Travel assessments; Service Assessments)

and drawing on 2003/04 corporate assessments. There would be no new corporate assessment under this option, though Use of Resources and Direction of Travel assessments would be developed to incorporate some of the issues. Advantages of this option are that it would be the least resource intensive option that allows for reassessment of all district councils. Disadvantages include use of corporate assessment data that could be as much as six years old, and little reference to increasingly important shared national/local priorities.

The Group B options are: -

- § **Option 4** – Using annual Use of Resources, Service Assessments and Direction of Travel statements to allow the Commission to decide whether further corporate assessment, with a view to recategorisation, is appropriate. In effect, only those district councils whose performance is either improving or deteriorating significantly would be re-categorised under this model. District councils would need to resource this if they wished to be considered for recategorisation.
- § **Option 5** – As Option 4, but without Service Assessments.

The Commission believes that Options 4 and 5 would both be less resource intensive for the Commission and for district councils than options 1, 2 and 3.

**3.4 – Key Issues to consider** – In considering which, if any of the options to support in response to the consultation, members may wish to consider: -

- § The Council aspires to excellence. CPA remains the route through which these aspirations can be externally accredited.
- § CPA is of itself very resource intensive. The Audit Commission is making fairly clear that the next round of CPA for districts should be less resource intensive for them and for the district councils being assessed. There has to be a clear benefit to be derived from the process.
- § Area-based inspection may well become more important during the period envisaged for the next district CPA, which will require councils and in particular Audit Commission resource commitment.
- § Options 4 and 5 still offer the opportunity for the council to be re-categorised, though only at a time when enough improvement has been made to make a change of category a realistic proposition.
- § Supporting options 4 and 5 should not be seen as an easy option – as standards continue to rise, any organisation standing still in absolute terms is likely to be subject to reassessment as its comparative performance falls. Such councils may well drop a CPA category as a result.

Senior Management Team believes that, taking all the above into account, the Council should support the Group B options in responding to this consultation, since these options: -

- § Maintain the impetus for improvement and offer an opportunity for the Council to be reassessed with a view to raising its CPA score.
- § Recognise the significant resource implications for the Council in going through a CPA corporate assessment.

#### **4. Resource Implications**

As outlined above, all of the options proposed by the Audit Commission have resource implications for the Council, particularly in terms of staff time. Those in Group A are likely to be the most resource intensive.

There may also be resource implications in terms of audit fees, though these are not clear at present.

More widely, the resource implications of a lower CPA categorisation could be significant, including a more intensive inspection regime, and possible loss of funding.

#### **5. Recommendation**

Members are recommended: -

- § To note the report.
- § To respond to the Audit Commission consultation, indicating support for Group B options in principle.

## Appendix B

### Consultation questions

#### 1. Guiding principles for overall district council CPA framework

1.1 We have outlined some guiding principles in section 3; are there any others you think we should be following?

1.2 Do you think that peers should play a part in our assessment activity and if so what do you think is the best way of using them?

#### 2. Key elements of CPA

2.1 How do you think that the key elements of CPA should be used in relation to district council CPA? Please indicate the relative weighting or priority each element should have:

2.2 use of resources assessments?

2.3 service assessments?

2.4 corporate assessments?

2.5 direction of travel statements or scored judgements?

2.6 How should they be brought together to allow recategorisation?

#### 3. Re-categorisation

3.1 The consultation paper sets out two approaches:

- re-categorisation of all councils through a programme to be delivered over a number of years (group [A](#)); or
- options that allow the Commission to identify, from initial evidence of improvement, that a council may be ready to be considered for re-categorisation (or where service or corporate failure indicates a potential need for re-categorisation) before activity to confirm whether re-categorisation should take place (group [B](#)).

Which of these two main approaches do you prefer?

3.2 Of the five framework options outlined in the consultation paper, which do you prefer and why (see section 4)?

3.3 How burdensome do you think each option would be?

3.4 Is there an alternative framework you would suggest?

#### 4. Quality assurance

4.1 Do you have any comments on our approach to quality assurance?

#### 5. Other comments

5.1 Do you have any comments on any other aspect of the consultation paper or any issue in relation to the future framework for district council CPA?