



Gedling Partnership **Working Together**

Report to: -

Gedling Partnership Board
GBC Cabinet

22 September 2008
2 October 2008

Subject: Consultation on Comprehensive Area Assessment

Author: Stephen Bray – Head of Strategy and Performance – Gedling BC¹

1. Purpose of the Report

- To inform about latest developments with regard to Comprehensive Area Assessment (CAA), the new national performance framework for local councils and their partners working in an area, on which consultation is being carried out at present.
- To seek views on any response that might be made to consultation on the issue.
- To brief on developments with the Nottinghamshire trial of the new CAA process.

2. Background

CAA will replace the Comprehensive Performance Assessment (CPA) for local councils in 2009. It follows the ideas launched in the Local Government White Paper in 2006.

The new assessment system represents a fundamental change in the approach of public sector inspectorates. It will:

- Consider the area as well as the individual public sector organisations serving it

¹ This report draws heavily on a report on the issue to Nottinghamshire Partnership Management Group produced by the LAA Secretariat

- Look forward to the likelihood of achieving objectives rather than just assessing past performance
- Focus on the priorities for the area determined locally particularly the priorities in the Local Area Agreement
- If it is successful, reduce the burden of inspection and assessment on public service organisations
- Involve police fire and health services as well as councils.

Initial ideas for CAA were published at end of last year and these current proposals take account of many of the points raised by local councils about the system. The current consultation contains a set of questions to respond to and the closing date for comments is 20 October.

A full copy of the consultation document is available for reference at

<http://www.audit-commission.gov.uk/caa/consultation.asp> .

CAA will replace CPA, Children's' services Joint Area Reviews, Annual Performance Assessments of services for children and young people and social services star ratings. CAA will start in April 2009 and the first assessments will be published in November 2009

3. Proposal

3.1 – Overview

The proposals envisage a streamlined framework involving two assessments.

- An **area assessment** - a qualitative assessment of prospects for improvement in an area, focusing primarily on the LAA. It will be reported as a narrative and flags will be used to draw attention to performance issues and innovative practice;
- A scored **organisational assessment** for all councils and Fire and Rescue Service Authorities alongside assessments for other partner organisations including the PCT Annual Health Check.

Both assessments are proposed for completion annually.

CAA is a joint inspectorate assessment involving the Audit Commission, the Commission for Social Care Inspections, the Health Commission, HM Inspectors of Constabularies, HM Inspectors of Prisons, HM Inspectors of Probation and OFSTED. Inspectorates will share information at national and local level and CAA leads (appointed by the Audit Commission) will help co-ordinate local assessments and local teams. CAA will be based on a more on-going relationship between inspectorates and localities rather than intensive inspections.

Inspectorates will gather evidence from a range of sources – including the national indicator set – throughout the year. CAA will draw as far as possible on the information

used by councils and partners to manage their own performance and will take full account of self assessments. The Inspectorates will only undertake additional work to fill evidence gaps where necessary. The evidence base will be updated throughout the year.

3.2 - Area Assessment

The Area Assessment is a qualitative assessment focusing on the prospects for future improvement. It will take the Local Area Agreement as its starting point but will not be constrained by it. The assessment will focus around three overarching headings:-

- How well do local priorities express community needs and aspirations?
- How well are the outcomes and improvements needed being delivered?
- What are the prospects for future improvements?

The consultation document stresses that this assessment is not an assessment of the quality of management or of other process arrangements in a locality – it is an assessment of the impact local services are having on improving outcomes for citizens in an area.

“Area” is not formally defined but is in practice focusing on Local Area Agreement areas. This means county and unitary authority areas. However, there is an expressed intention to focus more locally on outcomes in neighbourhoods and communities and more widely on sub-regional outcomes where appropriate.

The Inspectorates will use “flags” to draw attention to performance issues. A red flag will indicate that significant concerns about outcomes, performance or future prospects are not being adequately addressed. A red flag would not be raised if the council and its partners were effectively tackling the issue. The Inspectorates will develop a formal procedure to allow challenge to the award of red flags. Green flags will indicate where others have something to learn from innovative or exceptional success in an area. There will be a clear link between the area assessment and organisational assessment to ensure that accountability is attributed properly.

3.3 – Organisational Assessment

There will be a single, scored, organisational assessment for all councils and fire and rescue authorities. It will comprise two assessment themes: -

- Managing performance – a joint inspectorate judgement of the council assessing how well performance is managed. This incorporates the former Direction of Travel assessment.
- Use of Resources – an Audit Commission assessment. The methodology for this assessment has already been published separately by the Audit Commission and is outlined further below.

The **Managing Performance** assessment will look at how effective the organisation is at: -

- Identifying and delivering priority services, outcomes and improvements
- Providing leadership, capacity and capability to deliver future improvements
- Contributing to wider community outcomes, including those in Local and Multi Area Agreements
- Tackling inequality and improving outcomes for people in vulnerable circumstances

For shire districts (and fire and rescue authorities) this will be an Audit Commission assessment.

The assessment will link to the area assessments to reflect shared working on outcomes. Where an organisation contributes particularly well or badly towards an outcome, this will be reflected in any “flags” in the area assessment and expanded further in the organisational assessment.

In two-tier areas, the inspectorates recognise the situation can be more complex, with Local Strategic Partnerships and Sustainable Community Strategies often in place in both tiers. In these areas, the assessments will look at how well these complexities are managed and overcome locally to improve working between councils and to improve accountability, efficiency and outcomes.

Outcomes that cross council boundaries, such as those relating to housing markets, traffic congestion and sub-national economic development, will also be considered, with reference to any Multi-Area Agreements in place.

Both Use of Resources and Managing Performance assessments will be reported in a single short report to be published at the same time as the area assessment.

The Inspectorates are consulting on three scoring options, two of which involve bringing the two assessments together in a single score.

3.4 – New Use of Resources Methodology

The Audit Commission published broad themes and Key Lines of Enquiry for the new Use of Resources assessment under CAA in May 2008.

These themes are much more broadly based than the current Use of Resources assessment and embrace wider resource issues including workforce planning and natural resources. There is a greater focus under value-for-money on achievements, with more emphasis on outcomes and outputs than on processes. Overall, the approach is claimed to be more strategic and less detailed.

Key Lines of Enquiry are set out under three broad themes: -

- Managing finances
- Governing the business
- Managing resources

Assessments will be risk based, drawing on previous years' findings and a baseline assessment. High performing organisations will be scrutinised less than poorer performing ones. Inspection should also be proportionate – 8 of the 10 Key Lines of Enquiry will be applied to district councils for the 2008/09 inspection.

The assessment will be scored and consultation on scoring methodology is in progress, linked to scoring of the Managing Performance element.

3.5 – Inspection

Formal inspection programmes are likely to be the exception under these new arrangements. From 2009/10, formal inspection activity is likely to be triggered by the findings of area and organisational assessments. These could be triggered at any point in the year as CAA is an ongoing process informed by continual evidence gathering.

3.6 – Reporting CAA

The Inspectorates will publish annually a joint report of the area assessment for each area covered by an LAA as a concise summary together with a longer more detailed report with links to underlying information. A prototype reporting tool is available on the Audit Commission's website.

Red and green flags will be used to draw attention to performance issues and links will be made to the appropriate organisational assessments to support accountability. The organisational assessment for councils and fire authorities will be published at the same time as will performance against the national indicator set.

Reports will be published in November each year. There will be a formal opportunity for the councils and local partners to comment. They will provide evidence and conclusions to inform LAA annual reviews conducted by the Government Office. The different roles to be undertaken by the inspectorate, the Government Office and the Regional Improvement and Efficiency Partnership are described in a document just published by Communities and Local Government entitled "Roles and responsibilities in the local performance framework".

4. Potential Implications

4.1 - For Nottinghamshire and Gedling Partnerships

CAA will provide the framework by which partners working together Nottinghamshire will be held to account. A key outcome of the CAA system is to provide information to local communities about the public services in their area. Initial consideration of the consultation has raised a number of points to emphasis with partners.

- CAA will rely heavily on local information both specifically on performance and more generally about the area, its residents and its communities. Drawing together and managing this information will be extremely important.

- Though the CAA system is not intending to specifically require it, the production of a self assessment is being strongly advised by the Local Government Association (LGA) and will be of great benefit in managing our relationship with the inspectorates. The LGA and IDeA are developing and trialling a model which will be available to be used by partnerships.
- There is strong emphasis in CAA on understanding and tackling the needs of disadvantaged groups within the area. Our information about local communities and our delivery plans will need to reflect this.
- The Area Assessment will evaluate the quality of our engagement with local people in determining priorities and how we are tackling them.

4.2 – For Gedling Borough Council and Partnership

In addition to the above, there are some more specific potential implications for Gedling Borough Council and the Gedling Partnership, some of which are relevant to other district councils.

- The potential inspection burden, for Gedling and for other districts, feels heavier than under CPA. The combination of Use of Resources with a broader scope and annual Managing Performance assessments feels much like an annual “mini” corporate assessment, which was not required of districts under the previous regime. Audit Commission inspectors have advised that such fears should be unfounded, as the overall inspection resource for the two inspections is unlikely to exceed that for current Use of Resources/Direction of Travel combined – however, the broader scope may place more expectation on councils to evidence their achievements more widely.
- That broader scope means that the current approach to Use of Resources/Direction of Travel preparation may need to be reviewed. Currently, financial aspects are addressed through Financial Services, while Value-for-Money and Direction of Travel is led by Strategy and Performance. A more integrated (possibly team) approach, with much more input from other departments, may now be more appropriate.
- There is a danger, however, that district issues will be “lost” in the county-focused Area assessment. This is particularly noticeable in the proposed reporting arrangements, in which the level of detail proposed for summary reports is at an extremely high-level, almost to the point of meaninglessness for an individual district. Any report and accompanying analysis must add value if it is to be worthwhile. This is a potential issue in all two-tier areas.
- The definition of “area” at LAA level is potentially problematic, as it does not reflect the various spatial levels operating for different services. This is a particular issue in a conurbation area like Greater Nottingham. The

inspectorates acknowledge this as a factor, but the experience of the pilot (see below) suggests it has not yet been resolved satisfactorily.

5. The Nottinghamshire Pilot

Nottinghamshire is one of the areas trialling the new CAA system. I have represented Gedling (Council and Partnership) on the Steering Group for this exercise. Much of the work of the trial has been undertaken by the local members of each of the inspectorates who are pulling together the information they already have to address the CAA questions

The trial began in July and is now substantially complete. The short timescale (the process would normally cover 12 months) mean that the pilot cannot represent a full assessment of the area. However, a number of issues have come to the fore, on which I can update members at the respective meetings. They include issues relating to: -

- Quality and reliability of data used for assessment
- The potential “bluntness” of the proposed green and red flag system, especially across the whole “area”
- Cross-boundary issues in the conurbation, particularly relating to economic development
- Frequency of the area assessment – many of the issues under review are unlikely to change substantially on a year-by-year basis; indeed some of the key evidence (for example from the Place Survey) will only be reviewed every two years
- Relevance of the area assessment report in terms of the level of detail it can offer at sub-county level.

These lessons may also inform any response made to consultation.

A meeting on the final outcome of the trial is scheduled for 30 September

6. Recommendation

Members and partners are invited to consider whether they would wish to respond to the consultation, either collectively as a partnership or as individual organisations.