

**RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO
POLICY AND FINANCE COMMITTEE**

Agenda Item No.

meeting date: 18th November 2008
 title: Comprehensive Area Assessment
 submitted by: Chief Executive
 principal author: Jeff Fenton – Corporate Services Manager

1 PURPOSE

- 1.1 To inform the Committee of the latest developments of the Audit Commission's new assessment framework for the public sector – Comprehensive Area Assessment (CAA). Final guidance defining the new framework will be published in February 2009 and will take effect from April 2009.

2 RELEVANCE TO THE COUNCIL'S AMBITIONS AND PRIORITIES:

- Council Ambitions: The new inspection framework replaces the former Comprehensive Performance Assessment (CPA) and both judge how well councils are serving their communities. In so doing the CAA will measure how well the Council is delivering on its Ambitions, Priorities and Future Plans and is therefore an important external validation of our achievements in these areas.
- Community Objectives:
- Corporate Priorities:
- Other Considerations:

3 THE NEW INSPECTION FRAMEWORK

- 3.1 Comprehensive Area Assessment is the new inspection regime applicable to local government. It differs from previous regimes in that councils were formerly inspected and held to account on an individual basis, whereas CAA is area-based approach providing an assessment of the performance of all public sector bodies working together within a locality.
- 3.2 The aim for CAA is to move away from one-off individual service based assessment events towards on-going assessment of local public services' contributions to the delivery of outcomes in an area.
- 3.3 CAA will focus on the delivery of outcomes that are the responsibility of councils either alone or working in partnership with others. This means that CAA will consider, for example health and well-being, community safety, sustainable communities, economic development, local housing markets, and children's and older peoples services in addition to council services.
- 3.4 One of the key aims of CAA is to reduce the burden of inspection. The Audit Commission that is the body responsible for inspecting local government, will work more closely with its fellow inspectorate bodies who have responsibility for the other areas of the public sector, namely the Commission for Social Care Inspection (CSCI), Healthcare Commission, H.M. Inspectorate of Constabularies (HMIC), H.M Inspectorate of Prisons, H.M Inspectorate of Probation, and the Office for Standards in Education (Ofsted)
- 3.5 Other performance frameworks for specific services such as schools, colleges, police; probation; housing; health and social care will continue, but will be developed alongside

and to inform CAA and avoid duplication.

- 3.6 At the heart of the new framework will be the a joint-inspectorate assessment for the prospects for the local area and quality of life for local people, referred to in the local Government White Paper, *Strong and Prosperous Communities*, as the Area Assessment. The Area Assessment will judge the likelihood of the targeted improvements (set out in key documents such as the Local Area Agreement) being achieved, and where appropriate, will identify barriers to that improvement. Depending on local priorities, the assessment will cover such issues as reducing health inequalities, increasing the availability of affordable housing, reducing crime, improving educational attainment, attracting investment in jobs and skills, or reducing the areas carbon footprint.
- 3.7 In two-tier council areas, the Area Assessment will take the LAA area (i.e. the county) as the starting point, but given that districts will have their own priorities and outcomes often differ widely between districts, the assessment will focus on district areas as appropriate.

4 HOW PERFORMANCE WILL BE MONITORED

- 4.1 Performance will be judged via two assessments - an Area Assessment and an Organisational Assessment. The new National Indicator Set (of performance measures) will be used as a key evidence source for both these elements.
- 4.2 In addition to the LAA and the National Indicator Set, other evidence will be gathered from a number of sources. These include:
- The local Sustainable Community Strategy and Housing Strategy,
 - Views of service users including residents, third sector organisations and local businesses in the area, including the findings of the new Place Survey;
 - Self evaluation and local performance management information including monitoring of local priorities,
 - National Indicator Set and other nationally available data,
 - Inspection, regulation and audit findings – including relevant evidence from other performance frameworks and,
 - Other evidence from other agencies including the Government Offices, Strategic Health Authorities and Regional Development Agencies.

5.0 AREA ASSESSMENTS AND ORGANISATIONAL ASSESSMENTS

- 5.1 The Area Assessment will focus on three main questions:
- 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?
- 5.2 It is intended that the methodology for the Area Assessment will evolve over time. In the first year of CAA the Commission will set a baseline using available evidence including recent assessments such as CPA. In future years it will concentrate on what has

changed, assessing the impact of actions taken to improve performance and outcomes.

5.3 The Organisational Assessment will focus on each organisation's effectiveness by looking at how well it delivers value for money through the Use of Resources assessment, and how well it Manages its Performance. The Organisational Assessments will be designed to:

- Ensure accountability at an organisational level including delivering contributions to Local Area Agreements and wider sub-regional or regional strategies;
- Bring together contributions from auditors and inspectorates to provide a rounded assessment of organisational effectiveness;
- Inform and focus improvement planning, including inspection programming,
- Support public engagement and empowerment by producing accessible about the progress being made in improving priority services and value for money.

5.4 Each Organisational Assessment will be based on 4 themes comprising the 3 themes that make up the Use of Resources assessment and a fourth - Managing Performance:

- **Manages finances** – looking at how effectively the organisation manages its finances to deliver value for money;
- **Governs the business** – covering how well it governs itself and commissions services that people value for money and deliver better outcomes for local people;
- **Manages resources** – considering how well the organisation manages its natural resources, physical assets and people to meet current and future needs and deliver value for money;
- **Manages performance** – covering how well it is delivering services, outcomes and sustainable improvements in its priorities that are important locally; including whether it has the leadership, capacity and capability it needs to deliver future improvements.

5.5 For District Councils it is proposed that the Managing Performance judgement is scored between 1-4. The three remaining themes which comprise the Use of Resources assessment remain an Audit Commission judgement which will also be scored 1-4.

6. REPORTING OF CAA

6.1 **Reporting the Area Assessment** - The Commission intend to utilise web-based reporting tool to publish the findings of CAA. For the Area Assessment a joint, short report will be produced that will provide an overview of:

- **Key priorities identified in the area**, including if they address the needs and aspirations of local people, and progress being made in implementing them
- **Overall successes and challenges** in improving outcomes for local people
- **Summary of prospects** and where different or further action is needed.

6.2 **Flags** - One of the most controversial proposals is the use of 'flags' to identify areas of particular concern. Red flags will be used to indicate that significant concerns about outcomes, performance or future prospects are not being adequately addressed. Green flags will indicate where others may learn from innovative or exceptional success in the

area. Green flags will represent more than 'good' performance or steady improvement that will be expected everywhere.

- 6.3 **Organisational Assessments** – councils performance will be reported again via a web-based reporting tool that will provide the scores for (a) Managing Performance and (b) Value for Money (Use of Resources), each on a scale of 1-4, supported by some narrative. Importantly where an issue is raised in the Area Assessment (green or red flags) appropriate links will be made to the relevant organisational assessments.
- 6.4 **Reporting of National Indicator Set** – performance against each indicator in the NIS will be published, including within the area and/or organisational assessments where they have been used to inform any judgements.
- 6.5 **Timing of reporting** – Unlike previous inspection regimes, it is intended that evidence for CAA will be gathered and updated throughout the year (probably on a quarterly basis) according to the following timetable:
- Up to mid September 2009: Joint inspectorate gathering of latest available information including summer educational data
 - Late September: Joint inspectorate drafting of reports including red and green flags
 - October: Discuss key issues with local partners. Joint inspectorate final quality assurance;
 - October/November: Draft report shared with local partners. 10 days to challenge if there is significant disagreement about the area assessment, red flag or organisational assessment judgements;
 - November: resolve any remaining challenges through formal processes;
 - Late November: publish reports

7 TIMETABLE AND NEXT STEPS

- 7.1 The current proposals mark the end of a lengthy process of development and consultation with public sector partners that began in 2007. The final phase of consultation ended in October 2008 when Ribble Valley BC supported a combined, response from eastern/central Lancashire districts back to the Audit Commission expressing some outstanding concerns about the proposals.
- 7.2 The CAA methodology is currently being trialled in 10 different areas including two county/shire districts (two-tier) areas - Hampshire and Nottingham. The findings will inform the final CAA framework guidance which will be published in February 2009 in readiness to begin the first years evidence gathering process from April.

8 SUMMARY AND CONCLUSIONS

- 8.1 The CAA offers an interesting new approach to public sector inspection, offering a more joined-up view of the contribution of a range of different partners to the quality of public

service delivery within a given locality. However as with all new initiatives there are a number of areas of outstanding concerns including:

- It is still not quite clear how the NIS will be reported in CAA - whether as part of the Area and Organisational Assessments or in its own right.
- In terms of the reduction in burden the Audit Commission have argued that the inspectorates are aiming to strike a balance between a light touch on public services and giving Government enough evidence so that there is no need for additional inspections outside of CAA. They also suggest that with a 30% cut in inspectorates' resources, the burden will inevitably reduce as there are fewer inspectors.
- Given the more flexible and subjective nature of CAA, the latest proposals do not in themselves represent a detailed process which councils can prepare for in the same way as under the old regime. There may well be concerns in local government about the consistency of judgements given that CAA will be so subjective.
- There is continued concern about the proposed use of flags. In particular the lack of clearly published criteria denoting the application of red flags, coupled with the inevitable inconsistency of application by different inspectors, could lead to misleading or inconsistent reporting.

9 RISK ASSESSMENT

- 9.1 Resources: (a) Financial – none.(b) Staff – As with previous inspection regimes, the burden of work to support the CAA inspection within the Council will fall upon the Corporate Services and Financial Services sections who generate the required performance and financial data. Technical, Environmental and Legal: none. Political: none.
- 9.2 Reputation: The CAA will replace the CPA as the principal external yardstick of the Council's performance against its stated achievements.



pp. CHIEF EXECUTIVE

For further information please contact Jeff Fenton, Corporate Services Manager tel. 01200 414593.

Further information about the CAA Framework is available from www.audit-commission.gov.uk