

TRANSITION FROM COMPREHENSIVE PERFORMANCE ASSESSMENT TO COMPREHENSIVE AREA ASSESSMENT

1. Executive Summary

- 1.1. This report provides Cabinet with an update on the changes to the Audit Commission's approach to assessing the performance of partnerships and other public bodies, including local authorities.

2. Background

- 2.1. Comprehensive Performance Assessment (CPA) was introduced in 2002 as a way of providing a holistic view of an authority's performance and providing a method of comparing authorities. Updated in 2005, it is being replaced for 2009. Under CPA, a star rating for each authority is determined by a range of judgements balancing corporate capacity, use of resources and the quality of a range of services. In addition a new assessment, direction of travel, was introduced in 2005, which, whilst not part of the scoring formula, provided a view of the rate of improvement across the authority.
- 2.2. Whilst the Comprehensive Performance Assessment (CPA) is in its final year, meaning we will get a final CPA scorecard in early 2009, performance for the first year of Comprehensive Area Assessment (CAA) will be judged on 2008/9 data, i.e. this current year. The Local Government and Public Involvement in Health Act 2007, enshrined the new CAA methodology in legislation, and the Audit Commission has now published the final guidance on how the assessment will be carried out.

3. CPA 2008

- 3.1 The CPA score for 2008 (financial year 2007/8) has improved and the authority is now classed as **three stars, improving well** (NB: This information was embargoed until 5 March). CPA is an assessment of the organisation as a whole as well as making individual judgements on services. For the score to improve, all departments need to play their part. The authority had been two stars since 2005 and the current performance reflects significant improvements across a wide range of areas. These include the new corporate plan and enhanced departmental plans, an improvement in the use of resources criteria, increases in service block scores and overall rates of improvement, the authority's budget process, the development of increased corporate and managerial capacity, including in asset management and significant achievements in reducing crime, improving education, significantly improving recycling and regenerating Wirral's communities. Whilst the use of resources score was the major blocking factor in achieving three stars, all other services needed to maintain their performance to ensure a successful result.
- 3.2 The Audit Commission in assessing Wirral's Direction of Travel considers that the authority is improving well. The Audit Commission states that "*Wirral Council is improving well. Good overall progress is being made against local priorities. The Council has significantly improved levels of recycling and cleanliness. Good progress*

is also being made to regenerate the areas and the Council has been successful in attracting and supporting new business in the Borough. Educational attainment continues to improve and youth support and leisure activities are contributing to reduced levels of anti-social behaviour. Crime is reducing in most areas. The Council has a good understanding of the different needs of its communities, and is effectively managing and improving access to its services. Areas for improvement include getting young people into education, employment or training and homelessness prevention. The Council continues to develop its capacity for future delivery and has improved its arrangements for managing its resources. Ambitions and priorities for the area have been clarified and performance management arrangements are being strengthened. The Council has improved the way in which it manages its financial resources and is making good progress in delivering overall costs efficiencies.” (The CPA scorecard for Wirral is attached as Appendix 3).

- 3.3 This is clearly a significant achievement for the authority, but CAA will provide a different and harder challenge. It is essential to avoid complacency across services if we are to continue to deliver successfully against the vision for Wirral.

4. Main changes proposed under CAA

- 4.1 The CAA regime is a significant shift from CPA. The major changes are summarised below and are covered in more depth, with potential implications for Wirral identified further in the report.

- 4.2 From central government’s perspective, the reason for changing to CAA was to ensure that assessment of local authorities, other public bodies and local strategic partnerships was:

- A robust assessment for value for money and efficiency savings
- Outcome and area focussed
- Risk based – local issues / challenges / priorities
- Citizen centred – what matters most to citizens
- Less burdensome

- 4.3 There are four underpinning themes of CAA, which will influence all aspects of the regime. These are:

- Sustainability
- Tackling inequality, disadvantage and discrimination
- People whose circumstances make them vulnerable
- Value for money

- 4.4 The goals of CAA are stated above. The major changes include a number of significant differences from CPA:

- CAA is now a partnership assessment, with individual organisational assessments underneath
- There will be no corporate assessment or individual service scores (other than children’s services and adult social care) and a more ‘fluid’ inspection
- It is critical that our priorities are soundly based. We will also need to comprehensively evidence how we gain an understanding of the views of citizens, service users and other stakeholders

- Whilst a CAA judgement will be issued (in November), the processes for CAA will take place throughout a whole year, and not just during a narrow inspection period.
- There will be a more forward looking element to the judgements. Previous judgements have only been backwards looking, whereas CAA will discuss the prospects for future improvement and this is being discussed as the most important part of the inspection process
- Reduced inspection burden, and more proportionate inspection based on highlighted risks / weaknesses instead of general rolling programme
- All inspection and judgements to be made by a combined inspectorate team involving the Audit Commission, HM Inspectorate of Constabulary, HM Inspectorate of Prisons, HM Inspectorate of Probation, Commission for Social Care Inspection, Healthcare Commission and Ofsted
- An enhanced public reporting tool is being developed that will give more detail to members of the public via the Audit Commission website.

4.5 The new assessment will have two main components, with each having several sub elements. One judgement will be made of the performance of the local strategic partnership (the area assessment) and another made on individual organisations, including the local authority, PCT and fire and rescue service. More detail on these two judgements is given in the following sections.

5. The area assessment

5.1 This assessment will be based on three main questions (with a number of sub-questions), which are listed below:

- **How well do local priorities express community needs and aspirations?**
- **How well are the outcomes and improvements needed being delivered?**
 - How safe is the area?
 - How healthy and well supported are people?
 - How well kept is the area?
 - How environmentally sustainable is the area?
 - How strong is the local economy?
 - How strong and cohesive are local communities?
 - How well is inequality being addressed?
 - How well is housing need met?
 - How well are families supported?
 - How good is the well-being of children and young people?
- **What are the prospects for future improvements?**

5.2 Evidence for answering these questions will come from a number of sources, including performance against LAA outcomes and national indicators, local performance management, any inspection work, other regulatory regimes, partnership self-assessment, place survey and other consultation work and any other relevant sources of data. (A table showing the evidence requirements for each of the partners is included as Appendix 2).

5.3 Whilst the area assessment won't be scored, it will contain a narrative judgement on the area and include a series of red and green flags. The Commission does not intend to attribute a large number of flags, and they are there to highlight only important issues.

- 5.4 Green flags will be awarded for any areas of exemplary good practice that should be shared with other partnerships.
- 5.5 Red flags will be attributed to areas where two conditions apply at the same time. Firstly, in areas where desired outcomes / improvements are not being achieved, a red flag may be raised, but *only* if the partnership does not have realistic and effective plans in place to tackle them. This may be because the partnership is not aware of the problem or does not accept it is an issue, or because plans are not robust or adequately resourced.
- 5.6 The enhanced reporting tool being proposed seeks to make a wider range of information available to the public in a more accessible format. This will give details on both the area and organisational assessments, as well as explaining the red and green flags. It is also anticipated that partnerships will take their own steps to communicate performance and other data to their communities in appropriate ways.
- 5.7 Finally, the last question, prospects for improvement, is considered to be the most significant for CAA. The stated purpose of the assessment is to ensure that improvement to outcomes for local people takes place, and a considerable amount of weight will be given to improvement planning as a result of CAA. An improvement programme for the LSP will be developed and taken to the LAA Programme Board.

6. Organisational assessments

- 6.1 Underneath the area assessment will be a raft of organisational, scored assessments. The Council will be judged on two elements: use of resources and managing performance. The Direction of Travel assessment will be subsumed into the managing performance section.
- 6.2 The key lines of enquiry for the organisational assessment are provided below:

Theme	Key lines of enquiry
Managing finances How effectively does the organisation manage its finances to deliver value for money?	<ul style="list-style-type: none"> Does the organisation plan its finances effectively to deliver its strategic priorities and secure sound financial health? Does the organisation have a sound understanding of its costs and performance and achieve efficiencies in its activities? Is the organisation's financial reporting timely, reliable and does it meet the needs of internal users, stakeholders and local people?
Governing the business How well does the organisation govern itself and commission services that provide value for money and deliver better outcomes for local people?	<ul style="list-style-type: none"> Does the organisation commission and procure quality services and supplies, tailored to local needs, to deliver sustainable outcomes and value for money? Does the organisation produce relevant and reliable data and information to support decision making and manage performance? Does the organisation promote and demonstrate the principles and values of good governance? Does the organisation manage its risks and maintain a sound system of internal control?

Managing resources How well does the organisation manage its people, natural resources and physical assets, to meet current and future needs and deliver value for money?	<ul style="list-style-type: none"> • Is the organisation making effective use of natural resources? • Does the organisation manage its assets effectively to help deliver its strategic priorities and service needs? • Does the organisation plan, organise and develop its workforce effectively to support the achievement of its strategic priorities?
Managing performance How well does the organisation manage and improve its services and contribute to wider community outcomes?	<ul style="list-style-type: none"> • How well is the organisation delivering its priority services, outcomes and improvements that are important to local people? • Does the organisation have the leadership, capacity and capability it needs to deliver future improvements?

6.3 The consultation on the use of resources assessment changes was carried out last year, and reported to cabinet on June 7, 2007.

6.4 The emphasis of the managing performance assessment will be on:

- Identifying and delivering priority services, outcomes and improvements;
- Providing the leadership, capacity and capability it needs to deliver future improvements;
- Contributing to improving wider community outcomes, including those set out informal agreements such as Local Area Agreements or Multi-Area Agreements; and
- Tackling inequality and improving outcomes for people in vulnerable circumstances.

6.5 Clearly, there will be strong links between the area assessment and the organisational assessment, particularly for local authorities, given their community leadership role. Areas flagged in area assessment will be explored further in organisational assessments and vice versa, balancing individual organisation and partnership accountabilities. The organisational assessment effectively replaces the reporting of individual services; however, a judgement will still be made by Ofsted on key children's services and the Care Quality Commission (formerly Commission for Social Care Inspection) on adult social care. These judgements will be reported through the organisational assessment and will contribute to the area assessment.

6.6 The organisational assessment will have an overall score between one and four. This score will average the result for use of resources and managing performance. Where this average results in a half point score, the CAA team will make a judgement as to whether to round up or down.

7. **Improvement planning, inspection and timescales**

7.1 As discussed above, the major focus for CAA will be on ensuring local authorities, other public agencies and partnerships drive improvement in their own areas. Support is available regionally and sub-regionally, through the improvement and efficiency

partnerships. Wirral is well placed to access this support through participation in the Merseyside improvement and efficiency partnership.

7.2 There will be no automatic programme of rolling inspections other than for people whose circumstances make the vulnerable and who may cause others to become vulnerable. These will be in the areas of safeguarding children, looked after children and youth offending.

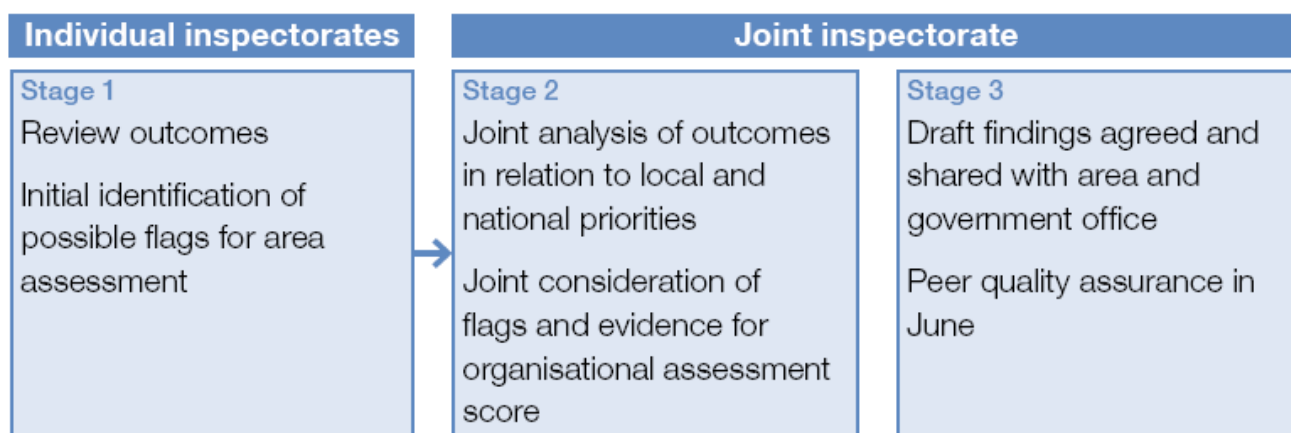
7.3 However, use will be made of targeted and triggered inspection for areas where the following circumstances exist:

- Where performance or improvement levels are unsatisfactory, declining or not improving sufficiently quickly
- Where a service, outcome or one of more service user groups has been identified as being subject to significant risk
- Where underperformance can best be addressed by inspection
- Where ministers have given directions for an inspection to take place
- In exceptional cases where performance levels are currently satisfactory but are declining substantially and rapidly
- Where there is indication of unsatisfactory performance but insufficient evidence is available to make a robust judgement.

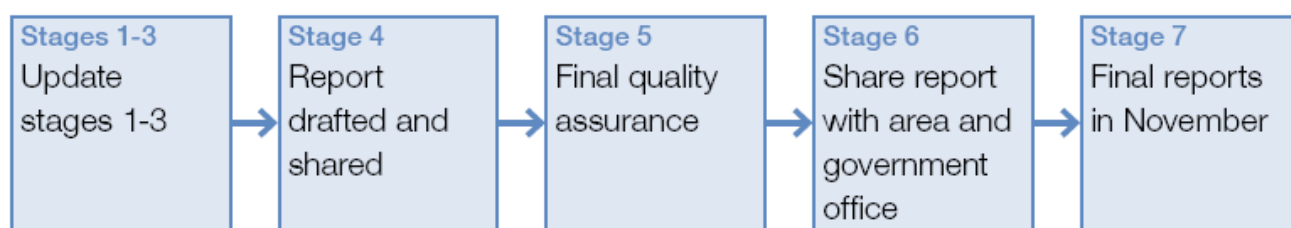
7.4 The annual cycle is described below.

CAA annual cycle

Each January/March/June



September



8. Issues and implications

8.1 The authority has made good progress across a wide range of areas that influenced CPA judgements. These include service performance, value for money, risk, asset

management, performance management, community engagement and equality and diversity.

- 8.2 However, CAA will assess different things and in different ways – the rules have changed significantly. Despite achieving three stars, it will be essential to avoid complacency. The approaches we have used so far will need to be reviewed to ensure they reflect the changes in assessment methodology.
- 8.3 The CAA regime will focus much more strongly on councils' and partnerships' understanding of the needs of service users, citizens and other stakeholders and using those views to inform priorities and plans and deliver services. Wirral has good examples of innovative consultation and engagement work, including the older people's parliament, You Decide, neighbourhood management pilots and a range of consultation mechanisms. Under CAA, the authority will be expected to evidence our clear understanding of the different needs of our communities and how we meet the needs of those most vulnerable groups. It will be necessary to explore how to better co-ordinate consultation across the authority to not only ensure we understand the views of all communities but also to avoid 'consultation fatigue' and duplication. Whilst the authority has implemented innovative schemes such as the You Decide programme, older people's parliament, and participatory budgeting, the new CAA regime will place additional emphasis on engaging with communities and groups. It will also be necessary to build on existing work around neighbourhood management.
- 8.4 The Use of Resources assessment now incorporates a significant number of new components, including judgements on our approaches to managing people, IT, natural resources and governance. The creation of the sustainability unit, the climate change strategy and the work of the environmental sustainability appraisal group provide a solid platform to address these challenges. However, these are in the early stages of their development and may lack evidence at present to demonstrate the outcomes. Similarly as noted by Cabinet on 15 January 2009, the strategic asset review will demonstrate the authority's approach to asset management and will be closely observed by the Audit Commission.
- 8.5 Our performance management has made significant improvements over the last three years. Under CAA, clear, transparent and objective performance management that identifies where services are not performing at the required level is also highly important. The red flags in area assessment will only be attributed to areas where we do not have effective plans in place to tackle any weaknesses. Therefore it is essential that we have an honest and evidence-based appraisal of our performance. Delivery and improvement plans will also be needed for LAA and council improvement priorities. All performance management must be evidence based and focused on identifying areas for improvement. The focus for performance management must be on identifying areas that need improvement. Success in CAA will require a high degree of co-operation and participation both within the Council and between the Council and its partners.

9. Preparing for CAA

- 9.1 The CAA regime is a very wide ranging assessment and requires the whole organisation's performance to be improving. The Corporate Plan's fifth objective: "create an excellent council" provides a framework for co-ordinating the Council's approach to Comprehensive Area Assessment. The plan included in appendix one

identifies the key strategies and actions under a series of headings that reflect the key lines of enquiry for CAA. It is proposed that these are:

- Understand the needs of Wirral residents
- Engage with customers and residents
- Manage our finances
- Manage resources
- Manage our performance
- Develop and manage our people
- Maintain effective governance mechanisms
- Work in partnership
- Plan for risks and contingencies

9.2 Corporate Improvement Group will conduct a diagnostic review of the headings in the plan for an excellent council and report back to Cabinet on the action required to maximise performance under the CAA regime.

10. Financial implications

10.1 There are no direct financial implications as a result of this report. However financial implications for use of resources have previously been reported to Cabinet by the Director of Finance.

11. Staffing implications

11.1 Many other partnerships have a dedicated partnership team, able to co-ordinate performance management, communication, equalities and development work across the partnership. Wirral has a limited capacity to do this work through the corporate policy team.

12. Equal Opportunities, community safety, LA21, planning, anti-poverty, social inclusion and local member support implications

12.1 Comprehensive Area Assessment will test all of the above areas, although this report does not have any direct impact on any of them.

13. Background Papers

13.1 Report to Cabinet: *Transition from comprehensive performance assessment (CPA) to comprehensive area assessment (CAA)*, 7 June 2007

13.2 Audit Commission: *Comprehensive Area Assessment, Framework document*

14. Conclusion

14.1 The CAA regime represents a significant change to the government's approach to assessing local authorities, other public agencies and local strategic partnerships. The emphasis is strongly articulated around understanding and engaging with communities, having a clear plan for delivery and achieving that plan and ensuring that underperformance is addressed. A whole council approach to developing the plan for an excellent council will prepare the authority for the new regime. It is also important to note that the new framework attempts (with some success compared to CPA) to articulate what an excellent council would be aiming to achieve, and thus it is important that we do not simply view this as an assessment process, and instead use the opportunity of its feedback to support the achievement of the Council's vision and objectives.

15. Recommendations - That

- (1) the changes arising from the introduction of the CAA framework be noted; and
- (2) an improvement plan be brought back to Cabinet that integrates the organisational and area assessments, use of resources and managing performance elements on the assessment, and that provides a diagnostic evaluation of strengths and areas for improvement.

J. WILKIE

Deputy Chief Executive/Director of Corporate Services.

Appendix One – Plan for an excellent council

Heading	Goal	Key strategies / documents	Milestones / activity	Leading department
Understand the needs of Wirral residents	Understand the needs of Wirral residents and communities to ensure services match needs	Joint strategic needs assessment Economic needs assessment IMD analysis	Citizens panel / place survey	Corporate Services
Engage with customers and residents	Improve accountability, accessibility and openness and involve those who use our services in their design and delivery	Customer access strategy Comprehensive engagement strategy E&D strategy	Area forums Neighbourhood management pilots Equality assessment for level three	Corporate services Regeneration Adult Social Services / Corporate Services
Manage our finances	Set a balanced budget that reflects our priorities and manage within that budget Create a sustainable and stable budget providing value for money Improve the Council's budgeting process to fully reflect its priorities	Change programme Medium term financial strategy Capital strategy VFM reviews Procurement strategy	Budget agreed	Finance
Manage resources	Improve the use of the Council's land and assets. Manage our natural and physical resources.	IT strategy Climate change strategy Strategic Asset Review	Creation of the sustainability unit ESAG appraisal report	Law, HR and Asset Management
Manage our performance	Use innovative performance	Data quality policy CAA self assessment	COMT / Cabinet performance reports	Corporate Policy

	management to identify areas where improvement is needed.	Scrutiny work programmes		
Develop and manage our people	Provide a modern, effective workforce with the right skills.	Workforce development plan(s) People strategy	liP review	Law, HR and Asset Management
Maintain effective governance mechanisms	Ensure our governance is appropriate and fit for purpose.	Constitution Partnerships register / toolkit	Scrutiny review	Law, HR and Asset Management
Work in partnership	Improve partnership working with the public, private & voluntary sectors.	CAA self assessment LSP improvement programme Partnerships register SCS / LAA	Annual review of LSP	Corporate Services
Plan for risks and contingencies	Ensure we understand our risks and that our services are resilient enough to deal with emergencies.	Risk register Emergency plan Business continuity strategy	Refresh of the corporate and partnership risk register	Finance

Appendix two - assessment areas under CAA

Assessment	Evidenced by	Assessment will cover	Outcome will be
Area assessment	NIS LAA Other data Local performance management Self assessment Outcome of other regulatory regimes Evidence from inspections	<ul style="list-style-type: none"> 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? 	Overall narrative judgement, with detail on 3 questions Red and green flags Identified areas for improvement
Council – organisational assessment	NIS LAA Other data Self assessment Evidence from inspections	Use of Resources Managing Performance	Score for UoR Score for managing performance Possibly overall score
PCT – organisational assessment	DoH data NIS LAA	Use of resources annual health check	Star rating for PCT Score for UoR
Fire & Rescue Service – organisational assessment	NIS LAA Other data	Use of Resources Managing Performance	Overall score for service UoR score Managing performance score
Police – organisational assessment	NIS LAA APACS	Use of Resources APACS	UoR score APACS judgement

APPENDIX 3

Wirral Metropolitan Borough Council

Comprehensive Performance Assessment (CPA) scorecard 2008

Overall performance for this Council

This is a council that is **improving well** and demonstrating a **3 star** overall performance.



We reached this overall rating by looking at:

- What progress Wirral Metropolitan Borough Council has made in the last year – direction of travel
- How Wirral Metropolitan Borough Council manages its finances and provides value for money – use of resources
- How Wirral Metropolitan Borough Council's main services perform – service performance
- How Wirral Metropolitan Borough Council is run – corporate assessment

Service assessments, use of resources and corporate assessments are scored on the Local Services Inspectorate Forum scale:

- 1 = Inadequate performance – below minimum requirements
- 2 = Adequate performance – only at minimum requirements
- 3 = Performing well – consistently above minimum requirements
- 4 = Performing strongly – well above minimum requirements

APPENDIX 3 (cont)

Direction of travel

The progress Wirral Metropolitan Borough Council has made in the last year

Direction of travel	2005	2006	2007	2008
This assessment indicates the progress being made, or otherwise, to achieve improvement.	improving adequately	improving well	improving adequately	improving well

The following summary has been provided to support the 2008 direction of travel assessment:

Wirral Council is improving well. Good overall progress is being made against local priorities. The Council has significantly improved levels of recycling and cleanliness. Good progress is also being made to regenerate the area and the Council has been successful in attracting and supporting new business in the borough. Educational attainment continues to improve and youth sport and leisure activities are contributing to reduced levels of anti-social behaviour. Crime is reducing in most areas. The Council has a good understanding of the different needs of its communities, and is effectively managing and improving access to its services. Areas for improvement include getting young people into education, employment or training and homelessness prevention. The Council continues to develop its capacity for future delivery and has improved its arrangements for managing its resources. Ambitions and priorities for the area have been clarified and performance management arrangements are being strengthened. The Council has improved the way in which it manages its financial resources and is making good progress in delivering overall cost efficiencies.

Use of resources

How Wirral Metropolitan Borough Council manages its finances and provides value for money

Use of resources	2005	2006	2007	2008
We have assessed how well the Council manages its finances and provides value for money.	2	2	2	3

This use of resources judgement is drawn from five individual judgements provided by the Council's appointed auditor:

Auditor judgements	2008
Financial reporting	2
Financial management	3
Financial standing	3
Internal control	3
Value for money	2