

<b><i>Draft Response to Audit Commission Consultation</i></b>	
<b>Title:</b>	<b>CPA to CAA consultation – draft responses</b>
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### **Transition from CPA to Comprehensive Area Assessment**

In 2009 comprehensive area assessment will take over from the comprehensive performance assessment of local government. The linked audit commission document provides a starting point for widespread consultation about the transition over the coming months, from CPA 2008, to CAA in 2009: <http://www.audit-commission.gov.uk/cpa/cpatransition.asp>

This briefing note provides a summary of the key changes to the performance framework, sets out the consultation questions contained in the paper and contains a draft response.

### **Stage 1: Formal consultation on proposed changes to CPA to be reported Feb 2008**

- (31) No major changes to corporate assessment methodology.
- (32) Use of resources KLOE already confirmed – no further changes planned.
- (33) Value for money data profiling tool to be updated spring 2007. Council's scoring a 1 for VfM in UoR will not now need to complete a new self assessment.
- (34) Rule for council's to achieve 3 for VfM to achieve 3 overall for UoR will not now be introduced for the remainder of the life of CPA.
- (36) Service assessments for CYP, adult social care and benefits subject to separate consultations by those inspectorates. No major changes anticipated.
- (37) Approach and rules for service assessments and weighting of PIs for Feb 2008 will remain as for 2007.
- (38 – 40) Earlier signalled changes within environment, housing and culture will now be scaled back. Appendix 2 of the consultation paper lists CPA PIs and minor changes to treatment and thresholds for some PIs.

**Consultation question: Overall, do you support the proposal not to now introduce most of the performance indicators previously signalled for adding in 2007?**

#### **Proposed response:**

- Yes

**Consultation question: Overall, do you support the much smaller number of proposed additions and deletions set out in Appendix 2?**

#### **Proposed response:**

- Yes.
- (42) Risk based data quality audit final standards to be published June 2007. Data quality audit will be based on these standards.
- (43) Direction of travel assessments will remain broadly the same, but with increased focus on customer and resident satisfaction and engagement in KLOE.
- (44) CPA results to continue to be reported in February to allow more time to verify and communicate data.

**Consultation question: Overall, do you support the proposals for minimal change overall to the CPA framework for 2007 (to be reported in Feb 2008)?**

**Proposed response:**

- Yes, although preparation, communications and guidance for the transitional year and the new 2008/09 framework should begin as early as possible to help authorities and partners prepare.
- The increased focus on citizen experience, reducing inequalities, convergence measures and disaggregation of data by geography and population groups has potentially large implications for both cost and sustainability. At the same time, continued pressures on public service finances and an increasing emphasis on demonstrating value-for-money means striking a difficult balance between collecting detailed perception information from representative sections of our populations and ensuring that public money is spent in an appropriate and effective way. Particular issues associated with collecting small area citizen experience and perception information are:
  - Expenditure: As an example, the annual cost of running a citizens panel which provides robust and representative data at ward level is estimated to be double that of a citizens panel which is representative to parliamentary constituency level.
  - Sustainability: Again using the example of citizens panels, for an authority area of 300,000 people, a panel would need to be made up of around 5% (about 15,000 people) of the population to ensure statistically robust information at the ward level. The entire population could be sampled in a relatively short time period and costs associated with maintaining the numbers required would rise as participants fall away.
  - Statistical bodies such as ONS and inspection bodies such as the audit commission themselves have been unable to agree a methodology or produce guidance to local authorities around collecting perception information for small geographical areas.
  - Council's themselves have no local methodology for collecting small area perception information.
- Further guidance is needed urgently on what standards will be expected in relation to citizen experience.
- Further guidance is needed on how authorities will be expected to manage potentially conflicting perception information and how they will be assessed by it, for example where performance is high but satisfaction is low.
- Different 'weight' should be applied to citizen experience where choice exists compared with where it does not (e.g. schools vs. bin collection)

**Stage 2: Initial consultation on the general approach to proposals for the transitional year 2008/09**

- (49) Keep changes to CPA as minimal as possible. Concentrate on aspects of CPA that will continue under CAA (e.g. by strengthening focus on citizens and service users and value for money)
- (50) Transition will be informed by CSR2007, the new national indicator set and the move to new generation LAAs.
- (51) UoR and scored DoT assessments to continue under the new performance framework

**Consultation question: If you are from a district council, would you find it more helpful if your direction of travel assessment for 2008 is scored?**

**Proposed response:**

- N/A, although all directions of travel should be scored.
  
- (52) Risk assessment to be area focussed, whilst UoR and DoT assessments will continue to assess individual organisations
- (53 – 54) Some revisions to UoR KLOE proposed for 2007/08 – details to be consulted on later in April 2007. Changes will aim to give KLOE a more strategic focus on areas that will feature in the new performance framework (e.g. sustainable commissioning and procurement, asset management, partnership working). Greater focus will be on outcomes, rather than on processes.
- (55) More challenging requirements to be phased in to UoR KLOE. All level 2 and 3 criteria should have ‘must have’ status for the financial reporting, financial management, financial standing and internal control themes.
- (57) Some UoR level 4 criteria to be moved to level 3. Level 4 performance will require evidence of innovation or best practice.
- (59) New corporate assessments to focus on issues in the current methodology that are relevant to CAA, including partnership working and risk assessment
- (60) JAR reviews from April 2007 will focus on services for vulnerable children and those where issues have been identified
- (64) Audit Commission to take responsibility for assessment of benefits services from April 2008. Benefits have been considered alongside other level 2 service assessments for consistency. Detailed consultation later in 2007.
- (67 – 68) 4 options for level 2 service assessments:
  1. Retain current form, minimal changes - least disruption, maintains consistency.
  2. Continue current approach but introduce element of local judgement rather than purely PI based score – greater local focus, but more costly to deliver and may increase regulatory burden if consistency is to be ensured.
  3. Cease service assessments and focus on DoT assessments – may affect ability of govt departments to monitor delivery of PSAs
  4. Test a new framework trialling comparative reporting using those elements of the new national indicator set relating to those service areas – particular focus on LAA targets
- (70) Options 3 and 4 above would require changes to star rating categories and would require a new rules table in order to come to an overall category.

**Consultation question: Which of the above options for the level 2 assessments for CPA in 2008/09 would you prefer?**

**Proposed response:**

- We are unable to make a judgement on the preferred option until more detail is available. The options are heavily dependent on the Audit Commission’s ability to be ready for any suggested changes. Guidance would need to be issued to authorities in plenty of time to make full preparations. Some messages have been received that timescales are already slipping for implementation of elements of the new framework.

**Consultation question: Are there other options for the service assessments that should be considered for 2008/09?**

**Proposed response:**

- Risk assessment of LAAs as part of service inspection
- Consider piloting option 4 in just one service area, keeping current methodology in for other services
- (71) It will be vital for local partners to base decisions and plan ahead using a reliable evidence base and timely information. Data quality standards form part of another audit commission consultation, open until 30 April <http://www.audit-commission.gov.uk/Products/NATIONAL-REPORT/F4E13DD0-2808-4f3a-98FF-358AF9010155/ImprovingInformation.pdf>
- (72) Proportionate assessment – 4 star councils that are performing well or strongly could be exempted from level 2 service assessments in 208/09.

**Consultation question: Should we cease making level 2 service assessments for single tier and county councils that remain at 4 stars and are assessed as improving well or improving strongly in the Feb 2008 CPA reporting?**

**Proposed response:**

- No – all authorities should continue to receive service assessments following the new format so that authorities are as prepared as possible for the new framework.
- Also, reducing the burden of assessment (therefore increasing capacity to focus on other activity) for top performing councils but not for others will only widen the gap between top performers and others. Furthermore, there are 4 star councils with relatively low service scores and 2 star councils with level 4 services. An example of this can be seen on the 2006/07 CPA scorecards for Wirral (2 star, service scores 21) and Wigan (4 star, service scores also 21)
- However, a full response to this question is difficult, without knowing which format will be adopted for level 2 assessments. Option 4 above seems to signal a move away from service specific assessments altogether.
- (73) Transition to CPA will further highlight engagement with citizens and service users, partnership working and cross sector collaboration, local performance management and improving value for money.
- (74) Further consultation for the transitional year to be issued later in 2007.

**Stage 3: Principles for developing Comprehensive Area Assessment within the new performance framework from April 2009.**

- (75) New framework will support focus on improving outcomes
- (76) More area focused and risk-based approach
- (77) Possible vision for CAA:
  - Relevant to the quality of life of local people (evidence based and accountable use of public resources)
  - Area and outcome focused (what rather than how)
  - Constructive and forward looking (assessment of, and impact of not addressing risks)
  - Joint and participative (shared view of challenges for an area from regulators, govt departments, sector representatives, local people and partners commissioning and providing local services)

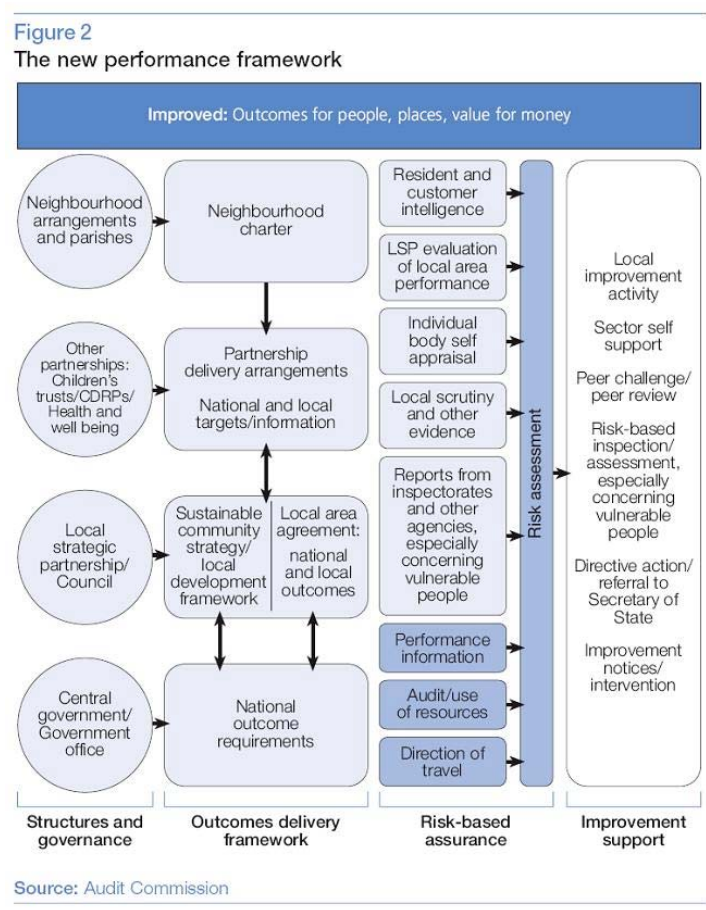
**Consultation question: Overall, do you support this vision for CAA?**

## **Proposed response**

- We support the principles outlined but reserve judgement until the details have been published.
  - Although some elements of the proposed new framework have been introduced through the existing CPA framework, the move away from focusing on processes, systems and outputs towards outcomes and risk assessment represents a significant change in performance ethos for authorities.
  - There also needs to be additional clarification around whether the LAA will be judged under CAA and what will be the interaction between Audit Commission and regional government offices.
  - There needs to be greater clarity about whether the proposed new framework is an assessment of the local authority, an assessment of the area, or both and about how this assessment will work in practice – who will be assessed and how? For example, will there be 5 scores for 5 different agencies whereby a poor performer might bring down an overall score?
  - What arrangements will there be for judgement of local authorities' corporate function against the areas of ambition for the community, prioritisation, capacity and performance management?
  - A commitment is needed that the framework will be 'final' and without ongoing changes each year, allowing different areas to be assessed and scored against different criteria.
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- (78) Key elements of the new framework are described in the White Paper:
    - Securing participation of citizens in activities
    - Timely information and opportunities for citizens to hold delivery partners to account
    - Develop small set of national citizen perspective indicators
    - Strong focus for inspectorates on citizen experiences as well as on outcomes and encouraging improvement
    - Set of 200 national indicators – agree 35 targets for local area through LAA (plus 18 DfES targets)
    - Promoting real time performance management information
    - Introducing CAA which will:
      - Replace CPA, JARs, APAs and social care star ratings with an annual risk assessment for each area
      - Report performance against national indicator set for each locality
      - Annual UoR judgements for local public sector bodies plus DoT assessment for each authority
      - Targeted inspections based on risk assessment
    - Partner led improvement support and coordinated action where poor performance threatens delivery.
  - (79) Increasing emphasis on the role of the LSP, encompassing main service commissioners and providers. 'Partnership of partnerships' supported by others such as CDP and children's trusts. Expectation on partnerships to cooperate on agreement and achievement of LAA targets.
  - (80) Each council, in consultation with the LSP, to be responsible for developing and publishing a SCS. LAAs will reflect how this strategy will be delivered. Each year LSP and single tier LAAs will have to report LAA performance to local people.



- (81) Figure 2 (below) shows how the framework might fit together:



**Consultation question :Does the diagram capture all the key elements of the new performance framework and the key relationships within it?**

**Proposed response:**

- The diagram does not capture the LAA working structure or the community and voluntary sector in the 'structure and governance' column. LAA working structure could be included under LSP/ Council, but may need to be more explicit.
- Given the proposed emphasis on data quality and evidence based planning, this could be made more explicit in the 'risk based assurance' column.
- Shared services, alignment of plans and regional (or multi-area) arrangements do not appear on the diagram.
- What are the audit commission's expectations of local authorities, partnerships and neighbourhood management arrangements for (currently non statutory) neighbourhood charters?
- What is the output likely to be in terms of judgement? For example, what will the rating categories be? Will CAA judgement include an average of DoT and UoR scores from all public body partner agencies? How will they be meaningful to residents?