

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. It also provides some early responses to the consultation on the comprehensive area assessment (CAA) methodology.

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.
- 2.2. The approach underwent a review and changes in 2005, called *the harder test*, and the local government white paper of 2006 (and subsequent act) proposed a new methodology called comprehensive area assessment, which is currently being introduced.
- 2.3. 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 CAA will be judged on 2008/9 data, i.e. this current year.

3. Historical performance under CPA regime

- 3.1. The authority's historical performance under the CPA regime is provided below and in more detail in appendix one. Overall, the authority has remained a two star council since 2005. 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.
- 3.2. The corporate assessment makes a range of judgements on the management, leadership, prioritisation and corporate capacity, and is carried out every three years. All judgements that provide the star rating are made on a scale from one to four, with four being the top. These are combined to give a star rating from zero to four stars (this replaced the labels: poor, weak, fair, good and excellent as part of the 2005 update).
- 3.3. 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.
- 3.4. Our last corporate assessment was carried out in 2005 and will not be updated, meaning our corporate assessment score cannot change. Our services (listed in the table below) and our use of resources are assessed on an annual basis. Since 2005, the only way that the authority is able to move to being a three star council was to improve our use of resources to a score of three.

- 3.5. The CPA methodology is a predominantly rule-based system and has a number of weaknesses. In response to criticism of those weaknesses and in recognition of the general improvement across authorities (75% of all authorities are 3* or 4*), a harder test was introduced in 2006. This increased the requirements to achieve each of the levels within the scoring formula.
- 3.6. The Local Government and Public Involvement in Health Act 2007, enshrined the new CAA methodology in legislation, and the Audit Commission is currently in a second round of consultation on the more detailed proposals.

4. Main changes proposed under CAA

- 4.1. The CAA regime promises to be 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 were:
- 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. 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 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 (most likely in November), the processes for CAA will take place throughout a whole year, and not just during a narrow inspection period.
 - There will be more forward looking element to the judgements. Previous judgements have only been backwards looking, whereas CAA will discuss the prospects for future improvement
 - 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 proposed, which will give more detail to members of the public via the Audit Commission website.

4.4. The assessments will be structured differently and more detail is provided in appendix two. In brief, however, firstly, there will be an area based assessment that makes judgements on achievements of the entire local strategic partnership. 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?**

4.5. 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.

4.6. 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.

4.7. Green flags will be awarded for any areas of exemplary good practice that should be shared with other partnerships.

4.8. 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.

4.9. Whilst not statutory, self assessment will be a key component to the area assessment. The Audit Commission states that:

“While we are not making it a requirement of CAA, we do expect that each area will review their priorities and evaluate their progress as part of their local performance management arrangements. This should produce an annual self-evaluation and we will take full account of it and any service level self-evaluations. We do not intend to repeat the work carried out already by the council or its partners.

We will expect that any self-evaluation is based on verifiable evidence. The more robust the self-evaluation the more reliance we will be able to place on it.” (Audit Commission, *Comprehensive Area Assessment, joint inspectorate proposals for consultation, summer 2008*)

- 4.10. Wirral is currently taking part in the second round of pilots for the I&DeA’s self-evaluation toolkit, which will provide an invaluable opportunity to rehearse this self-evaluation. Results from the first round pilot show that responses lacked a sufficiently rigorous appraisal of performance and were not evaluative enough. The main purpose of the second round is to ensure that guidance is developed that ensure partnerships give an honest appraisal of current performance and future prospects for improvement.
- 4.11. The corporate policy team is leading on this work for the LSP. It may be appropriate to consider how self-evaluation is used within the authority, as well as at a partnership level. The self-evaluation will be kept anonymous and used as part of an action learning group to inform future self-evaluation guidance.
- 4.12. 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.
- 4.13. 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.

5. Organisational assessments

- 5.1. 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.
- 5.2. 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.
- 5.3. 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 will also probably

replace the reporting of individual services, such as social care star ratings or joint area reviews. This is the Audit Commission's proposal, however the details on individual inspectorate regimes within the authority has yet to be confirmed.

- 5.4. The consultation on the use of resources assessment changes was carried out last year, and reported to cabinet on June 7 2007. This consultation covered the interim process for 2008 and the main proposals for CAA; further information may be brought back to cabinet as the detail behind CAA 2009 emerges. However, in broad terms, the use of resources assessment will now include a more detailed test of council capacity and desire to improve the use of financial, natural and other resources (including energy), assets, people and IT. The UoR assessment will have three headings: managing finances, governing the business and managing other resources.

6. Issues and implications

- 6.1. The nature of the CAA regime will focus much more strongly on councils' and partnerships' understanding the needs of service users, citizens and other stakeholders and using those views to inform priorities and plans and deliver services. Wirral has some good examples of innovative consultation and engagement work, including community canvass, older people's parliament, you decide, neighbourhood management pilots and a range of consultation mechanisms. Under CAA, we 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.
- 6.2. 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. It is proposed that a single improvement plan be developed through corporate improvement group that identifies the key actions need to maximise success under comprehensive area assessment.
- 6.3. Partnership support also remains a challenge. Many authorities have dedicated partnership teams to take forward performance management, consultation, communication, engagement and development work. Wirral currently only has a small team available to work in this area, and apart from the PCT, partnership contributions are minimal. Wirral is also still at an early stage in its considerations of how to best approach the use of freedoms and flexibilities arising from area based grant.
- 6.4. Our approaches to communicating on a partnership level are still being developed. Whilst the LSP website will provide one channel for doing this, the partnership still needs to invest more and co-ordinate communications better to maximise the opportunities to communicate partnership activity in a joined up manner.
- 6.5. The draft consultation response is attached as appendix three. At the time of writing, this is currently being further developed through the corporate policy team and responses must be concluded by 20 October. This means that the draft will be in its

final stages by the time of this cabinet meeting and therefore it is proposed that the final response be approved under delegated authority.

7. Financial implications

- 7.1. 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.

8. Staffing implications

- 8.1. 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. It is unlikely that this team has capacity to provide sufficient support to the partnership, given the demands of CAA.

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

- 9.1. Comprehensive area assessment will test all of the above areas, although this report does not have any direct impact on any of them.

10. Background Papers

- 10.1. Report to cabinet: *Transition from comprehensive performance assessment (CPA) to comprehensive area assessment (CAA)*, 7 June 2007
- 10.2. Audit Commission: *Comprehensive Area Assessment, joint inspectorate proposals for consultation, summer 2008* ([External link](#))

11. Conclusion

- 11.1. Whilst much of the methodology is still under consultation, there are some very clear messages coming from the Audit Commission. Wirral is well placed to deliver against the new assessment framework, although clearly there are some challenges still to be resolved.

12. Recommendations

- 12.1. Cabinet is recommended to:
- Note the proposed changes following from the introduction of comprehensive area assessment and the pilot of the CAA self-evaluation toolkit;
 - Request that an improvement plan be brought back to cabinet that integrates the area assessment, use of resources and managing performance elements on the assessment; and
 - Note the interim position on the consultation and provide any further comments with a view that the Leader of the Council, in liaison with the Deputy Leader will approve the final consultation response under delegated authority.

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This report was prepared by Russ Glennon, who can be contacted on 8152.

Appendix 1 – Wirral’s historical performance under CPA regime

Assessment Area	2005	2006	2007
Overall score	2*	2*	2*
Direction of travel			
This assessment indicates the progress being made, or otherwise, to achieve improvement.	Improving adequately	improving well	improving adequately
Corporate Assessment			
In assessing how the Council is run, the Commission considers what the Council, together with its partners, is trying to achieve; what the capacity of the Council, including its work with partners, is to deliver what it is trying to achieve; and what has been achieved?	2	2 (2005 score)	2 (2005 score)
Use of Resources			
We have assessed how well the Council manages its finances and provides value for money.	2	2	2
Service area			
Benefits - The Council's performance in providing housing and council tax benefit services. The assessment is made by the Benefit Fraud Inspectorate and is based primarily on achievement against the 2005 housing benefits/council tax benefits performance standards.	4	3	4
Children and young people - The Council's performance in providing children's services, such as children's education and social care. The joint assessment is made by the Commission for Social Care Inspection and Ofsted following a review of the Council's overall performance and key indicators.	3	3	3
Culture - The Council's performance in services, such as libraries and leisure, as assessed by the Audit Commission	2	3	3
Environment - The Council's performance in services, such as transport, planning and waste, as assessed by the Audit Commission	3	3	2
Housing - The Council's performance in community housing and, where applicable, housing management services, as assessed by the Audit Commission.	4	4	3
Social care (adults) - The Council's performance in adult social care services. The assessment is made by the Commission for Social Care Inspection following a review of the Council's overall performance and key indicators.	3	3	3

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 three - interim consultation responses

Consultation paper:

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

1. Do you broadly agree with our proposals for the overall CAA framework?

Yes

2. Are the area assessment and the organisational assessment, as the two key elements of the framework, clearly explained?

Yes

3. Is the link between these two assessments clear?

Not clear what 'weight' will be given to each element for the others assessment (i.e. how much will area assessment impact on organisational judgments).

4. Do you agree that the three questions and supporting issues (see Appendix1) proposed for the area assessment are the right ones? If not, please suggest alternative questions and/or issues.

Yes, although it is not clear whether equal weight is given to each of these questions or whether one will play more of a role in judgment.

5. Do you agree that we should use the green and red flag approach for reporting the area assessment? If not, please suggest an alternative approach.

The document states that this is the main way area assessment will be reported in terms of future improvements. However, it is not clear how reporting will take place in terms of how well local priorities express community needs and how well the outcomes and improvements are being delivered.

It seems a useful way to highlight areas of best practice and issues of concern, however, it does seem likely that many areas of best/ emerging practice will not be highlighted (audit commission have already stated that areas cannot appeal if they are not awarded green flags).

It is also not clear how the balance of national and local priorities will be handled regarding the awarding of red and green flags.

6. Do you agree that we should have one overall organisational effectiveness judgement, drawn from integrating the managing performance theme and the use of resources themes?

Yes. However, it will be necessary for audit commission to be very clear about the conclusions it has reached in relation to areas of weakness it identifies for the organisation so that an effective action plan can be created.

7. Do you agree with our proposals for the key questions and focus for the managing performance theme of the organisational assessment for councils? If not, please suggest alternative questions and/or focus.

The proposed questions for the managing performance theme are:

- a) How well is the organisation delivering its priority services, outcomes and improvements that are important to local people?
- b) Does the organisation have the leadership, capacity and capability it needs to deliver future improvements?

The proposed focus/ KLOE for the managing performance theme are designed to establish whether the organisation is:

- effective in identifying and delivering priority services and outcomes
- improving the services and outcomes for which it is responsible
- contributing to wider community outcomes
- tackling inequality and improving outcomes for people in vulnerable circumstances

These questions and focus would seem to be a reasonable way to establish the organisational effectiveness in relation to managing performance.

8. Which of the three options for scoring the organisational assessment should we adopt? If you disagree with all the options, please propose an alternative approach to scoring.

The three options are:

- 1) A rule based scoring system that combines managing performance and use of resources scores. Managing performance carries more weight if the two scores are different.
- 2) A context based scoring system that combines managing performance and use of resources scores. Inspectorate uses local context and evidence to determine final overall score.
- 3) No overall score. Managing performance and use of resources scores would be reported separately in the organisational assessment report.

Option 2 is preferred. This model is most likely to instil ownership of the organisation's score. Where there is a chance for scores to go 'either way' this gives the opportunity for the organisation to demonstrate its strengths. However, the lead inspector would need to take care to demonstrate objectiveness in the assessment.

9. Do the proposals provide for an appropriate focus to be given to people in vulnerable circumstances?

To an extent, although further clarification should be given as to what is meant by 'vulnerable circumstances' as this term would traditionally apply to people are in contact with social services but in CAA literature has been used interchangeably with 'tackling inequality' which can be interpreted as having a different focus and meaning to include, more generally, people who live in deprived areas for example.

10. Do you agree that CAA should evolve over time?

We agree that the inspection and assessment regime should be subject to periodic review with appropriate consultation with authorities on any proposed changes. Any 'evolution' should be in line with audit commission and CLG stated objectives ambitions and priorities for the inspection regime.

11. Do you broadly agree with the way we are proposing to use the National Indicator Set within the CAA framework?

There is not much detail on this within the consultation document. We think the proposal is to use the NIS as one of many evidence sources to inform judgements in different elements of CAA. We agree with this.

12. Do you support our proposals to report the assessments as set out in our prototype CAA reporting tool? If not, please suggest alternative proposals for reporting.

The web reporting tool [http://www.audit-commission.gov.uk/caa/webreportingtool.pps#691,1,Prototype CAA reporting tool](http://www.audit-commission.gov.uk/caa/webreportingtool.pps#691,1,Prototype%20CAA%20reporting%20tool) is confusing as it is not clear which judgements and green and red flags relate to the area as a whole and which relate to specific districts or agencies. As a public reporting tool, these distinctions need to be much clearer.

13. Do you agree with our proposals for peer involvement? If you have other suggestions about this, please outline your ideas.

There appear to be two proposals, relating mainly to FRS assessments. The first to have panels of peers to provide support and guidance to the Audit Commission's CAA Leads, who will help co-ordinate CAA in each area, and the cross-inspectorate teams working in areas. The second is within the process for ensuring our approach to assessments is consistent. We advocate that peer assessment is a useful way to ensure checks and balances in the system.

14. Do you agree with our approach to self-evaluation?

Yes, although the guidance might as well state that this is a statutory requirement, instead of leaving this ambiguous. Whilst we fully acknowledge that it is good practice to assess the area's performance and to be self reflective and aware of challenges in particular service areas, what would be the consequence of not submitting a self assessment?

15. Do you agree with our approach to gather relevant information from sources such as Citizen's Advice Bureaux and Regional Business Forums? Are there any other sources we should consider?

This is not clear, but appears to be related to assessing how well local priorities express community needs and aspirations. We would have no objection to this, but are unsure any relevant information on citizen or user perspective will be gathered from these sources.