

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

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**REPORT TO:** Corporate Governance Committee 20 December 2007  
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### THE NEW INSPECTION REGIME: COMPREHENSIVE AREA ASSESSMENT (CAA) AND USE OF RESOURCES

#### Purpose

1. To inform the Committee of the implications for the Council of the new inspection regime that will apply from 2009 and enable the Committee to respond to current consultation documents on the CAA and Use of Resources.

#### Background

2. The White Paper *Strong and Prosperous Communities* and ensuing legislation, the Local Government and Involvement in Health Act 2007, herald significant changes for local government. As a result there will be a greater emphasis on councils working together with other partners to deliver quality of life improvements for all people in the communities they represent. There will be a strengthening of the role of the Sustainable Community Strategy, the LSP and the Local Area Agreement (LAA). A new Best Value duty will be introduced requiring councils to place greater emphasis on the involvement of local people in decision-making. Government will place fewer, but clearer, priorities with local authorities and their partners and will aim to reduce the extent of its information demands on local services.

#### The main elements of the CAA

3. The current CPA and categorisation (Excellent, Good, Fair, Weak, Poor) will be discontinued. The following framework will apply from 2009.
4. **Area Risk Assessment.** Each year a joint inspectorate risk assessment will be undertaken based on the area of the LAA (ie Cambridgeshire for us). This will be an assessment of the prospects for the area and the quality of life for local people. It will focus on the priorities identified in the Sustainable Community Strategy/ies for the area and related documents such as the LDF and those agreed with government through the LAA.
5. The assessment is likely to focus on the following key questions:-
  - a) How well do partnerships understand and assess the needs of their communities now and in the future?
  - b) Do they use this understanding to inform local priorities?
  - c) Do partnerships organise themselves and ensure they have the capacity to deliver the priorities?
  - d) Do they have secure and effective arrangements to identify and manage risks to the delivery of successful outcomes?
  - e) Are improved outcomes likely to be achieved?

6. It is recognised that in two tier areas district LSPs and district partnerships contribute significantly to LAA targets and the area risk assessments will take into account how well counties, districts and their partners are working together to address the priorities for their communities.
7. The consultation paper raises the question about whether the term “risk assessment” (which originated in the White Paper) would be better renamed “the prospects for the area and the quality of life for local people” when reporting the results to local people.
8. The consultation paper discusses whether the area risk assessments should be scored or simply given as a narrative. The conclusion, on which views are invited, is that the risk assessment should be presented in narrative form, but with traffic lights indicating areas of concern (red) or successes (green). Councils are also invited to comment on the best way to report CAA in two tier areas.
9. **Direction of Travel.** All councils will continue to have an annual DoT assessment. The assessment will use the information used by the Area Risk Assessment. The main changes for the new DoT arrangements will be:-
  - All councils will receive a scored judgement (currently the judgement for district councils is in narrative form)
  - The judgement will reflect the community leadership role of councils.
  - There will be stronger emphasis on partnership working and the leadership role of councils in delivering improvement through local partnership, including with the private and third sectors.
10. The key questions will be:-

#### **How well is the authority delivering improvements?**

- What is the rate of improvement in services and outcomes the authority has identified as priorities and issues local people say are important?
- Is the authority improving both access and quality of services for all its communities and tackling inequality?
- How effectively is the authority contributing to wider sustainable community outcomes and using its community leadership role to drive improvement in the area?

#### **What are the prospects for future improvement?**

- Does the authority have robust and ambitious plans for delivering future improvement?
- How well is improvement planning being managed and implemented? Are key objectives and milestones being achieved?
- How effectively is the authority engaging with, and empowering, local communities to identify priorities and shape local services?
- Does the authority, working with local partners and the community, have the capacity to deliver its plans?

11. Two suggestions are given for scoring categories for DoT judgements:-
  - improving strongly
  - improving well
  - improving adequately

- not improving or not improving adequately

or

- excellent prospects for improvement
- promising prospects for improvement
- uncertain prospects for improvement
- poor prospects for improvement

12. **Use of Resources judgement.** It is proposed that the general approach to UoR assessments should continue, with all councils (and other public bodies) having an annual assessment. There will still be a 1-4 scoring system, although thresholds for some of the criteria have been raised, reflecting the expectation that local authorities will have improved, and some new criteria have been added. There will also be some changes in emphasis –

- an enhanced focus on assessing the achievement of value for money and strengthened financial management
- greater emphasis on commissioning and procurement
- the use of a wider definition of resources covering natural resources, people and information technology. The judgement will reflect how bodies use their resources sustainably.

13. The assessment will be re-structured into the following three themes

**Managing Money**

- Financial Health and Planning
- Understanding costs and achieving value for money
- Financial monitoring and forecasting
- Financial reporting

**Managing the business**

- Leadership
- Performance management
- Commissioning services
- Risk management and internal control
- Ethical behaviour and counter fraud

**Managing other resources**

- Natural resources
- Physical assets
- People and Information Technology

14. As can be seen, the scope of the UoR judgement will be significantly broadened to assess a range of corporate capacities and functions. An action plan is being produced to enable the Council to achieve a score of 3 in 08/09 on the new assessment criteria.

15. **Performance Information.** The new set of 198 national performance indicators for local government will be used to assess performance for all the elements of the inspection regime. This will include a new two yearly national survey of public views to replace the current three yearly satisfaction surveys. The CAA will include the annual publication of comparative performance of all areas (including districts?) against all the measures. Beyond the national indicator set, the government will also rely on the management information used by local bodies to understand the needs and performance of their areas. There will be a continuing importance attached to data quality.

16. **Inspection.** The approach will move away from rolling programmes of inspection towards inspections triggered by the Area Risk Assessment and other aspects of the CAA framework (DoT and UoR). Inspections may be undertaken where –
- performance levels or improvement levels are not satisfactory or declining
  - a service, outcome or service user groups are seen as at risk
  - risks and/or underperformance cannot be addressed properly through other means such as peer challenge or review; sector-led improvement support; directive action through the secretary of state; improvement notices or intervention.

### **The Overall Impact**

17. The move away from rolling programmes of inspections and other elements of the arrangements are said to reduce significantly the administrative on local authorities. However, this benefit will largely benefit single tier local authorities who currently have annual inspections. Currently, district councils are subject to the DoT and UoR judgements. Under the new arrangements these will continue; the DoT judgement will be scored; the UoR assessment will be wider in scope; and councils will be involved in the Area Risk Assessments. Corporate Governance Inspections will continue in appropriate circumstances.

### **Arrangements for 2008/09**

18. For 2008/09 district councils will experience the following inspection/assessment activities:-
- A Direction of Travel assessment
  - A Use of Resources judgement. This will be based on the new methodology which is currently being trialled by the Audit Commission. The methodology will be published by, or as close as possible to, 1<sup>st</sup> April 2008.
  - There will still be a programme of service inspections affecting some district councils.

### **Consultation**

19. Members are invited to consider whether they wish to submit comments on any of the proposals summarised in this report. Some of the potential issues which are highlighted in the consultation papers and on which the Committee may wish to comment include:-
- The key questions for the Area Risk Assessment (para 5)
  - Whether the Area Risk Assessment should be described as the “prospects for the area and the quality of life for local people” for the purpose of reporting CAA results (para 7)
  - Do the proposals adequately reflect needs and structures in two tier areas?
  - Whether the “traffic light” approach to reporting on the CAA is the most appropriate (para 8)
  - Whether changes to the Direction of Travel assessment are welcome – including the key questions (para 9)
  - Which of the scoring options for Direction of Travel is better (para 11)
  - Is the broader approach to Use of Resources judgements appropriate? (para 13)
  - Any comments about transitional arrangements.

- What will be the overall impact of the proposals on the council? Will they be an improvement?

### **Recommendations**

20. The Committee is invited to –

- (a) Note the proposals for CAA, including the Use of Resources judgement
- (b) Consider whether to submit responses to the consultation papers.

**Background Papers** – no papers used except the published consultation papers

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