

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

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**REPORT TO:** Corporate Governance Committee 30<sup>th</sup> September 2008  
**AUTHOR/S:** Policy and Performance Manager

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### CAA – AUDIT COMMISSION CONSULTATION

#### Purpose

1. To receive a report and consider responding to an Audit Commission consultation paper on the CAA assessment framework.

#### Background

2. The Comprehensive Area Assessment (CAA) framework will take the place of CPA from April 2009, thereby implementing proposals set out in the 2006 White Paper, *Strong and Prosperous Communities*, and in the Local Government and Involvement in Health Act 2007. The new inspection regime will complement the growing emphasis on strategic partnership through the LSP and the LAA and will focus more on the extent to which the Council and its partners are working together to deliver improved quality of life outcomes for the district.
3. The Audit Commission carried out consultation on the new arrangements in November 2007 and this committee received a paper in December 2007. A response was submitted following consultation with Members of this committee. The closing date for responses to this more recent paper is **20<sup>th</sup> October**.
4. The Audit Commission has made some significant changes as a result of the previous consultation:-

#### Previous Proposals:-

- Reporting performance against the new National Indicator set
- Area risk assessment
- Use of Resources assessment for councils
- Direction of Travel assessment for councils

#### Revised Proposals:-

- Area assessment
- Organisational assessment, combining Use of Resources and a Managing Performance theme.

5. In essence the changes are:-
  - a) To change the term “Area Risk Assessment” to just “Area Assessment”
  - b) To remove “Reporting performance against the new National Indicator” set as a separate element (but there will be a clear focus on performance throughout the new framework.
  - c) To remove the Direction of Travel element.
  - d) To add the “Managing Performance” theme to the organisational assessment.
6. The main elements of the new consultation paper are summarised below.

## **Area Assessments**

7. The area assessment will be based on the area of the LAA and will address three questions –
  - a) How well do local priorities (of the LAA) express community needs and aspirations?
  - b) How are the outcomes and improvements needed being delivered?
  - c) What are the prospects for further improvement?
8. The paper goes into some detail on the principles governing how the area assessments will be conducted – eg:-
  - a) What evidence will be used – for example from service users; self evaluation; the national Indicator set and other nationally available data; evidence from other inspections etc
  - b) The emphasis on sustainability.
  - c) The recognition of political processes within local authorities
  - d) An emphasis on how well local authorities engage with their communities and address issues of inequality
  - e) The evolving nature of the assessment process.
9. The reporting of the assessment would be through –
  - a) A concise summary report with a longer more detailed report with links to the background information and evidence.
  - b) The summary report will provide an overview of key priorities; overall successes and challenges; and a summary of prospects.
  - c) Red flags – indicating that significant concerns about outcomes; performance; or future prospects are not being adequately addressed
  - d) Green flags – indicating 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.
10. It will be possible to challenge red flags (the process is yet to be made available for consultation) but not green ones.

## **Organisational Assessments**

11. The proposal is for a single organisational assessment of councils which assesses how well the council –
  - Manages finance
  - Governs the business
  - Manages resources
  - Manages performance
12. The first three of these headings relates to the Use of Resources assessment (on which the Audit Commission has already consulted) and the final heading relates to the Performance Management assessment.
13. The Performance Management theme will assess how effective the council is at -
  - a) identifying and delivering priority services, outcomes and improvements

- b) providing the leadership, capacity and capability it needs to deliver future improvements
- c) contributing to improving wider community outcomes, including those set out in formal agreements such as the LAA
- d) tackling inequality and improving outcomes for people in vulnerable circumstances

14. There will be links between the area assessments and the organisational assessments. Where red and green flags in the area assessment are relevant to particular councils or other partners subject to inspection, this will be reported in more detail in the relevant organisational assessments and may impact on the organisational scores. Conversely, concerns or positive indicators arising from organisational assessments, which impact significantly on outcomes for the LAA, may result in a “flag” in the area assessment.
15. The consultation paper recognises the additional complexities in a two tier area and comments that the CAA framework will consider how these complexities are managed and overcome locally to improve working between the councils to improve accountability, leadership, efficiency and outcomes.
16. Organisational assessments will comment on the performance of key local services.
17. Three options are given for scoring organisational assessments:-
18. **Option 1:** The overall score is automatically derived from the two separate scores for Use of Resources and Managing Performance. If either score is a 1, then the overall score is a one. Where the two scores are not the same, the Managing Performance score carries more weight.

	Managing Performance				
	Scores	1	2	3	4
Use of Resources	1	1	1	1	1
	2	1	2	3	3
	3	1	2	3	4
	4	1	2	3	4

19. **Option 2:** This option allows more professional judgement in weighing up the evidence and context. Account would be taken of the local context in determining which themes should carry more weight, when the Use of Resources and Managing performance scores are different.

	Managing Performance				
	Scores	1	2	3	4
Use of Resources	1	1	1	1	1
	2	1	2	2 or 3	2 or 3
	3	1	2 or 3	3	3 or 4
	4	1	2 or 3	3 or 4	4

20. For Options 1 and 2, the overall scores would correspond to the following descriptors of performance:

Overall X organisation performs ... “poorly” or “adequately” or “well” or “excellently”		
1	An organisation that does not meet minimum requirements	Performs Poorly
2	An organisation that meets only minimum requirements	Performs Adequately
3	An organisation that exceeds minimum requirements	Performs Well
4	An organisation that significantly exceeds minimum requirements	Performs Excellently

21. **Option 3.** Under this option there would not be an overall score. The Use of Resources and Managing Performance would each have their own 1-4 score which would be reported separately.
22. The Commission will also publish comparative performance against all the NIs in the National Indicator set and will provide a tool to allow tailored comparisons between areas and councils facing similar challenges.
23. The area assessment and organisational assessments will be published at the same time in late November. There will be a process in October and early November for draft reports to be discussed between the Inspectorates and local partners and a ten day period to challenge red flag or organisational assessment judgements.

#### **Issues for Consultation**

24. The Commission is inviting comments on the following aspects of the proposals:-
- a) The overall CAA framework
  - b) Are the two key elements (area assessments and organisational assessments) clearly explained.
  - c) Is the link between the two assessments clear?
  - d) Are the three questions for area assessment (paragraph 7 above) the right ones?
  - e) Is there support for the red and green flags approach? – if not, alternatives are invited.
  - f) Should there be one single organisational effectiveness judgement, drawn from the managing performance and the use of resources scores?
  - g) Which of the three options for organisational assessment be adopted? (or alternative)
  - h) Are the key questions for performance management (para 13 above) the right ones?
  - i) Do the proposals provide for an appropriate focus to be given to people in vulnerable circumstances?
  - j) Do you agree with the proposals for the use of the National Indicator set?
  - k) Do you agree that the CAA should evolve over time?
25. Members may wish to consider, in particular, their views in relation to (f) and (g) – the options for the organisational assessment score. Of the three options presented, Option 1 appears the least attractive because it requires a single judgement based on a merging of the two individual scores with no allowance for local circumstances. Many of the other issues for consultation require a full reading of the consultation paper and the Committee may wish, as with the previous consultation, to delegate a smaller group of Members to consider and make an appropriate response.

## Implications

26. The CAA proposals require the Council to continue to improve its capability and performance in areas covered by the Use of Resources assessment and areas such as performance management, equality impact assessments, strategic partnership and the LAA.

27.	Financial	No significant new implications
	Legal	
	Staffing	
	Risk Management	The Council's prospects under the CAA scheme will need to be kept under review as part of normal risk management arrangements.
	Equal Opportunities	As mentioned above, the Council needs to make progress in areas such as equality impact assessments.

## Effect on Corporate Objectives

28. All the Council's objectives would be supported by the improvements to be sought under the new CAA inspection scheme.

## Recommendations

29. The Committee is recommended –
- a) to note and comment on the consultation paper;
  - b) to delegate the Chair and other Members to consider and submit a detailed response to the consultation paper, guided by any direction given by the Committee.

**Background Papers:** the following background papers were used in the preparation of this report:

The recent and previous Audit Commission consultation papers on the CAA  
The report to the Corporate Governance Committee on 20th December 2007

**Contact Officer:** Paul Swift – Policy and Performance Manager  
Telephone: (01954) 713017