

THE EXECUTIVE

24 FEBRUARY 2004

REPORT FROM THE DIRECTOR OF CORPORATE STRATEGY

COMPREHENSIVE PERFORMANCE ASSESSMENT (CPA) 2005 - THE WAY AHEAD	FOR DECISION
<p><i>This report presents the content of the Audit Commission's consultation on Comprehensive Performance Assessment for 2005.</i></p> <p><u>Summary</u></p> <p>This report summarises the recently published Audit Commission Consultation document CPA 2005 - The Way Ahead. The Audit Commission requires a response to this document by 27th February 2004. The consultation paper indicates quite far reaching changes to the corporate assessment methodology, particularly relating to the role of the shared priorities between central and local government, the Community Strategy and Use of Resources.</p> <p>The consultation document indicates a phased process of revised corporate assessments. The currently proposed timetable means that Barking and Dagenham will be in the first round in 2005. Local authorities are being asked if they wish to be pilots for this new approach in 2004. This would appear to offer some advantages to the Council if it agrees to participate in this pilot.</p> <p>The consultation states that the Audit Commission hope that the CPA process becomes more transparent and accessible. However, it appears to remain both complex and obscure.</p> <p><u>Recommendations</u></p> <p>The Executive is asked to</p> <ol style="list-style-type: none">1. Note the content of the CPA Consultation Document and provide feedback and that that a final response will be submitted by the deadline; and2. Agree that Barking and Dagenham Council applies to be a pilot for the new approach. <p><u>Reason</u></p> <p>This report is presented to the Executive as it concerns a consultation process, which will determine how the key external assessment of local authority performance will be undertaken from 2005.</p>	
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1. **Introduction**

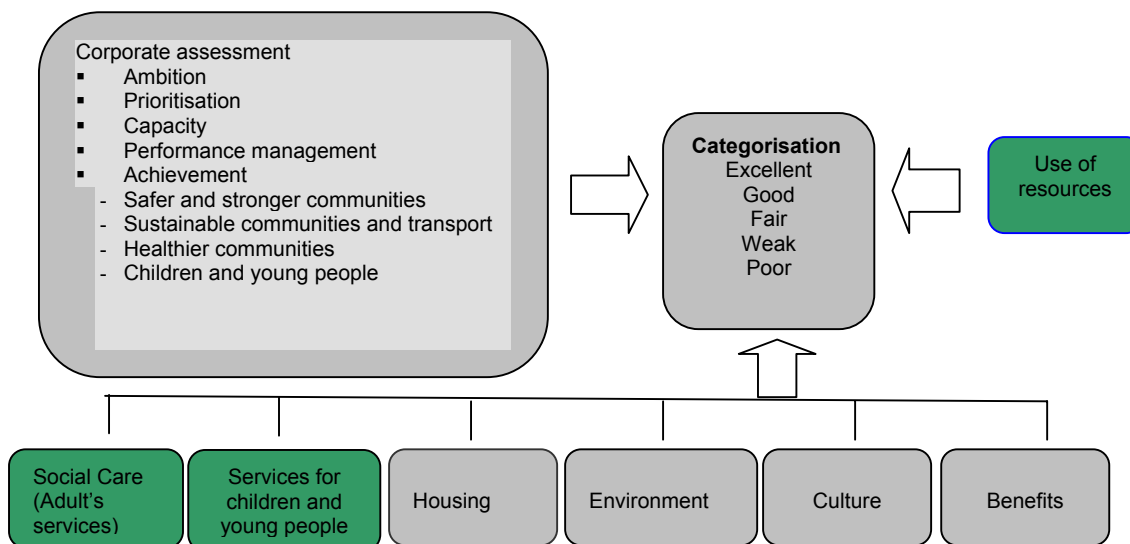
- 1.1 The Audit Commission have released a consultation document entitled (CPA The Way Forward 2005), outlining their proposals on how to undertake the next round of CPA. Responses to this paper are invited from the Local Authorities by 27th February 2004. The approach integrates various elements of how the CPA has worked for single tier Authorities and District Councils, and will have a profound impact on how the Local Authority performance will be assessed from next year.
- 1.2 This Consultation document represents the first example of the Audit Commission's strategic regulation approach announced in their plan in 2003.

2. **Community Leadership and the Delivery of the Shared Priorities**

- 2.1 The Audit Commission proposals for CPA present the preferred option for assessment of performance through the shared priorities agreed by local and central government in June 2003. These seven priorities have now been harmonised into four areas. The Audit Commission's rationale for this approach is that it promotes a stronger user or citizen's focus, and provides an opportunity to strengthen the community leadership aspect of CPA beyond service delivery roles. The paper emphasises that this is not at the expense of a robust assessment of service performance as in 2002.
- 2.2 The four shared priorities which are suggested for this assessment include: -
- **Sustainable Communities and Transport** –improving the local economic conditions through regulation, housing and support into work. Improving the environment, emphasising buildings, public spaces and recycling, and highlighting accessibility and externalities, meaning congestion, pollution and accidents
 - **Safer and Stronger Communities** – based on reductions in crime, Anti-Social Behaviour, drug abuse and more active citizenship, public safety and community cohesion.
 - **Healthier Communities** - a stronger emphasis on older people, their independence and experience of public service. Also a focus of inequalities through support for families and communities related to the Health and Equalities assessments.
 - **Children and Young People** – enabling children to fulfil their potential ensuring services are integrated, educational attainment, and focusing on children at risk, and the corporate parenting role.
- 2.3 The Audit Commissions proposals where comments are requested are broken down into the following sections of this report.

3. **The Architecture of CPA from 2004**

- 3.1 The Audit Commission's preferred approach is based upon a strategic regulation "model" with service assessments alongside the shared priorities. Categorisation would bring together the corporate assessment based on the shared priorities, service scores and a use of resources element. This is presented in figure 1.



■ These are level 1 services (see Table 1)

3.2 These proposals mark a significant shift in the principles of CPA, which appear to conflict with statement about reducing the burden of regulation. It is difficult to envisage how a methodology could be developed around this which wouldn't require significant further inspection in the next round of CPA. They also remain very complex, and as with all such methods the devil will be in the detail.

3.3 The Audit Commission argue that the shared priorities will focus on those things that are important to local people. However, the emphasis will clearly be different in different areas of the country, and as a result of local needs. Councils will need to argue strongly for an enhanced role for the self-assessment process, to ensure local variation is adequately represented.

3.4 There are proposals to drop current themes such as learning, and focus, and pick these up throughout. The Achievement section will be enhanced by the integration of the shared priorities.

4. **Revisions to the Corporate Assessment**

4.1 The Audit Commission argue that their research indicates that the key drivers in effective corporate management are leadership, financial management, performance management, diversity and successful partnerships. It would appear that these are likely to be part of the corporate assessment from 2005.

4.2 The Audit Commission state that Council's contribution to the community strategy will be a key measure, but there is a lack of information on how partnership work will be measured, or any clear performance indicator on this. This process can be particularly difficult to measure as a snapshot given that a period of conflict and challenge may be a very necessary part of the development of a strong relationship.

5. Changes to the Service Assessment

- 5.1 The Audit Commission state that service assessment will be reduced wherever possible if this duplicates assessment processes utilised in the shared priority assessment. The report is not specific about how housing, environment and cultural services will be developed. It is stated that further methodologies will be formulated to assess these areas.
- 5.2 In view of the developments around the Children's Green Paper, it is proposed that a new single service block is introduced for children and young people to replace the current education and social care service blocks. This would appear to offer many benefits, but it is of some concern whether services will be in a position to undertake assessment on this basis from as early as 2005. There is a particularly strong risk of duplication, and double jeopardy, around education and social services given that there would be both corporate and service assessment of children and young people.

6. Revisions to the 'Use of Resources' Assessment

- 6.1 The Audit Commission have singled out this element for particular attention as more emphasis will be given to this area. The 'Use of Resources' judgement will be retained, but will be enhanced through more focused evaluation on value for money and cost effectiveness. There will also be an attempt to integrate the annual audit letter from the District Auditor. This does not appear to consider other issues, which will impact, such as Central Government grant support.
- 6.2 The Audit Commission are stating that there will be additional emphasis on procurement policy and practice and human resources management. This seems to be a positive development given all the available evidence suggesting effective procurement and organisational development are pivotal to organisational success.

7. The Overall CPA Rating

- 7.1 The Audit Commission wish to change the rules for assessment of categories from a formula driven to a rule driven system. The current approach uses both of these methods. This revised approach is attempting to be future proof, in being able to respond to additional or deletion of service judgements over time. It is important that the stability principle is not at the expense of responding to tangible shifts in local government policy and practice.
- 7.2 The proposed system sets minimum standards for the corporate assessment, level one services and level two services.

Table 1

A 'deterministic' rule driven model

Corporate Assessment	Level 1 services*	Level 2 services**	Category
4	All more than 2	All more than 1	Excellent
4	All more than 1	No more than one as low as 1	Good
4	Any other combination		Fair
3	All more than 2	All more than 2	Excellent
3	All more than 1	All more than 1	Good
3	All more than 1	No more than one as low as 1	Fair
3	Any other combination		Weak
2	All more than 2	All more than 1	Good
2	All more than 1	All more than 1	Fair
2	All more than 1	No more than one as low as 1	Weak
2	Any other combination		Poor
1	All more than 2	All more than 1	Fair
1	All more than 1	All more than 1	Weak
1	Any other combination		Poor

* Level 1 services are: Social Care (adults), Children and young people, Use of Resources

** Level 2 services are: Housing, environment, benefits and culture

- 7.3 The Audit Commission is suggesting a risk based and proportionate approach to the next round of corporate assessments. Unfortunately, all these approaches remain complex and obscure, with different ways of assessing performance across different services.
- 7.4 **The Audit Commission's preferred sequence in its corporate assessments states that any authority that is fair or weak and did not receive a corporate assessment in 2004 will be assessed in 2005. Since Barking and Dagenham Council would need to request a further corporate assessment to move to Good, this clearly indicates that the Council will be subject to a corporate assessment in 2005.**
- 7.5 This is important information in deciding whether the Council wishes to express an interest in becoming a pilot for the new corporate assessment. There do appear to be some distinct advantages in choosing to do this:
- it would demonstrate the Council's commitment to continuous improvement, and an openness to learning following on from being shortlisted as the most improved Council by LGC
 - the new format could work to our advantage given the work that has been undertaken in revising our community strategy, and linking this to balanced scorecards for 2004-5
 - it would allow us to shape and influence the new process rather than simply responding to the end result
 - the results would be private, and not published at that stage, but the inspection activity will be counted when the full Corporate Assessment is undertaken in 2005.

If we chose to participate we would need to confirm this by the 27th February. If chosen, we would undertake a self-assessment in April, and the pathfinder corporate assessments would take place in June-early July.

- 7.6 The Audit Commission state that the Direction of Travel Reports will continue on an annual basis, and greater attention needs to be given to these. They are a positive development as they provide a narrative indication of how the authority is performing at local level.

Background Papers

The CPA 2005 - The Way Ahead – the Audit Commission www.audit-commission.gov.uk