

REPORT TO: Executive Board
DATE: 6 June 2007
REPORTING OFFICER: Strategic Director Corporate & Policy
SUBJECT: CPA 2007 to CAA 2009

1.0 PURPOSE OF THE REPORT:

To provide a summary of the Audit Commission's consultation on the move from the current Comprehensive Performance Assessment regime to the new Comprehensive Area Assessment (CAA) in 2009.

The consultation also details the draft service assessment framework for the Environment, Housing in the Community and Culture Service Blocks in CPA 2007. It is apparent that a number of the performance indicators that were proposed for introduction or amendment for CPA 2007 will now not be included or amended. Annex 4 of this report highlights performance indicators that are judged to be as high risk for Halton in 2007.

2.0 RECOMMENDATION:

That subject to any changes the Board wishes to make, the Council's response to the Audit Commission consultation be based on the suggestions in Annexes 1 to 3 of this report.

3.0 SUPPORTING INFORMATION:

The Audit Commission's consultation document was published on 4th April 2007. The consultation closes on 14th June 2007. The consultation questions are included in this report along with a summary of the key points.

The recent Local Government White Paper announced that from 1 April 2009 the current CPA would be replaced by a new performance framework, the Comprehensive Area Assessment (CAA).

The Audit Commission state that they believe CPA still has an important part to play in continuing to support improvement, and that the last set of CPA results will aid in making the first set of new CAA judgments is 2009/10.

This report is presented in the following parts;

- Annex 1: Summary of arrangements for the assessment of CPA 2007 and consultation questions.
- Annex 2: Summary of the approach to CPA assessment for the transitional year 2008/09 and consultation questions.
- Annex 3: Summary of principles for developing Comprehensive Area Assessment to commence April 2009 and consultation question.

Annex 4: CPA 2007 critical indicators update.

4.0 POLICY IMPLICATIONS

None identified at this stage

5.0 OTHER IMPLICATIONS

None identified at this stage

6.0 RISK ANALYSIS

1) Failure to prepare the council, individual services and key partners for the transition from CPA to CAA would result in a lack of awareness and possible non-compliance with the new regulatory framework when it is introduced in April 2009.

2) There is an overall risk that a reduction in the individual Level 2 service block scores will increase the possibility of Halton achieving a lower overall CPA score, and star rating, in the 2007 assessment.

7.0 EQUALITY AND DIVERSITY ISSUES

N/A

8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

N/A

**Annex 1:
Summary of arrangements for the assessment of CPA 2007**

The Audit Commission have indicated a desire to maintain a level of consistency and minimise disruption as work begins on formulating the 'new' performance framework.

The arrangements for CPA 2007 are proposed as;

- **CPA 2007 will be reported in February 2008:**
This is to allow more time to verify and communicate data used in the assessments.
- **Corporate Assessments:**
No change to the current approach.
- **Use of Resources Assessments:**
The Key Lines of Enquiry (KLOEs) have already been published for the 2006/07 assessments. There are no further changes planned.
- **Direction of Travel Assessments:**
The approach will remain broadly the same, but it is intended to increase the focus on customer and resident satisfaction and engagement within the Key Lines of Enquiry.
- **Service block assessments:**
Children's Services, Adult Social Services and Benefits; there are no substantial changes anticipated.

Environment, Housing in the Community and Culture blocks; there has been a significant rethink since the publication of proposals in August 2006. It was planned that the PI sets would be expanded, however the Commission have now issued draft service assessment frameworks that are largely similar to the ones used in 2006.

The Commission's overarching approach to service assessments is that in view of comments received during previous consultations, and the publication of the White Paper, it would not be appropriate to significantly add to the number of PI's currently being used.

The consultation questions are;

Q. Overall, do you support the proposal not to now introduce most of the performance indicators previously signalled for adding in 2007?

SUGGESTED RESPONSE: Yes

Q. Overall, do you support the much smaller number of proposed additions and deletions?

SUGGESTED RESPONSE: Support the smaller number of proposed additions and deletions. Do not support changes to thresholds for certain indicators however. When thresholds were introduced it was to bring certainty to the process, so that authorities could plan their improvement in advance.

Changing the thresholds now for performance in the 2006/07 year that has already ended takes us back to trying to hit a moving target.

NOTE: the main changes are: the measure of kerbside recycling changes from 1 recyclable collected to 2; the measure of progress with the development plan is updated; deletion of the indicator for speed of planning searches; addition of indicators for fly-posting and graffiti; updating of repeat homelessness indicator; deletion of private sector unfitness indicator; and deletion of library stock level and stock turn indicator.

Q. Overall, do you support the proposals for minimal change overall to the CPA framework for 2007 (to be reported in February 2008)?

SUGGESTED RESPONSE: Refer to previous answers.

Annex 2:

Summary of the approach to CPA assessment for the transitional year 2008/09

The Commission have stated that they will apply two principles to managing the transition from CPA to CAA;

- To keep changes to CPA to a minimum, reflecting only necessary updating and addressing any significant external factors.
- To concentrate more clearly on those aspects of CPA that will continue under CAA, for example by strengthening the focus on citizens and service users and value for money.

There is a desire to use the final year of CPA to highlight the aspects of CPA that will be central to CAA;

- Engagement with citizens and users
- Partnership working and cross sector collaboration
- Local performance management
- Improving value for money

The Commission indicate that effort should be directed into devising a robust and reliable framework for the new scheme, rather than attempting to continue to strengthen the current framework (BVPI's, etc). The importance of designing robust and reliable local performance indicators, with sound data to support baselines and targets is clearly paramount. Data Quality is an issue that should be pursued in parallel to the events and actions covered in this report.

The exact make up of a core dataset is as yet unknown, although we do know that it will consist of 200 national indicators across all services with up to 35 local improvement indicators agreed through new generation LAA's, and 18 statutory education / early years targets. The contents of the dataset will be linked to the outcomes of CSR 2007 this coming autumn

Key points from the consultation document relating to the approach to the separate components of CPA during 2008/09 are detailed below;

- **Corporate Assessments:**
Overall comparability will be maintained, however there will be an aim to ensure that future corporate assessments pay particular attention to those issues in the current methodology that are most relevant to CAA, such as partnership working and risk management.
- **JARs:**
The programme of Joint Area Reviews of Services for Children & Young People (JAR) will continue to be completed on the same timetable as the Corporate Assessments. Arrangements have been revised and from April 2007 JAR will focus on services for vulnerable people and those services where the Annual Performance Assessment (APA) identifies issues, with fieldwork proportionate to the APA score.

- **Use of Resources Assessments:**

Use of Resources (UoR) assessments will continue under CAA and will be specific to individual organisations. UoR assessments are carried out in PCT's, police forces and other health bodies and the Commission will work to align the assessments more closely across the sectors to enable a more consistent picture that will readily feed into area assessments under the new CAA regime. Although the consultation document does not indicate this, it may mean that the format of the assessment changing slightly to fit with that of other sectors.

Some revisions will be proposed to the Use of Resources Key Lines of Enquiry (KLOE) for 2007/08. A consultation document will be published late April 2007. Some of these revisions will be to emphasise aspect of the new performance framework. Examples given are sustainable commissioning and procurement, asset management and partnership working. The KLOE will also be more outcome-based with a reduction on those focusing on processes.

Within the Financial Reporting, Financial Management, Financial Standing and Internal Control themes, it will be proposed that all criteria at Level 2 and Level 3 should have 'must have' status, thereby requiring that all criteria must be met at the relevant level of performance in order to achieve it.

It will be proposed that some of the criteria currently at Level 4 will be moved to Level 3 due to the fact that as performance across councils has improved, some of the Level 4 measures no longer demonstrate innovation or best practice but have become accepted routine activity.

- **Direction of Travel assessments:**

These will continue under CAA, as mentioned in Part 1, but there will be an intention to increase the focus on customer and resident satisfaction and engagement within the KLOE.

- **Service block assessments:**

OFSTED and CSCI will continue to assess Children's Services and Adult Social Services until the end of 2008 to derive Level 1 service assessment scores.

From April 2008, the assessment of Housing Benefit performance will pass from the Benefit Fraud Inspectorate to the Audit Commission. Further details are subject to discussion and confirmation.

Paragraph 65 of the consultation document states that *"the Commission will consider carefully the position with the remaining service assessments that we carry out for housing, environment and culture"*

Four options are presented for these assessments;

1. Retain the current format with minimal changes. This is the most consistent and least disruptive approach, but lacks an opportunity to begin the transformation to a new framework and CAA

2. Continue the current format, but make it more responsive to local circumstances. This would require local judgement in the form of a narrative assessment to complement the Performance Indicator (PI) based element of the score (similar to the CSCI and OFSTED formats used in Annual Performance Assessments). This approach would be more costly and requires an increase in regulatory activity – a move that would be contrary to the current agenda.
3. Stop using the current format and replace with a greater focus on performance improvement in the Direction of Travel Assessment. The Commission indicate that this may remove comparability over time, and may also affect the ability of some government departments to monitor performance against Public Service Agreements and other objectives.
4. Move away from Level 2 service assessments and trial comparative reporting using those elements of a new national indicator set that relate to these service areas. Focus could be placed on those indicators for which targets have been set through the current Local Area Agreement (LAA). This would give a nationally consistent approach with a local focus.

With regard to option 3, it has not been indicated that any of the other statutory performance reporting requirements will be discontinued prior to the introduction of CAA, and as such all the data that we currently report as an authority should be available in the respective systems / domains. The way that the KLOE are set up for the Direction of Travel assessments could ensure comparability and consistency over time. Any PI's that are designated to continue into the new performance framework following the Comprehensive Spending Review in 2007 (CSR07) could continue to be monitored through CPA if desired. As such a variation of option 3 and 4 combined may be possible.

The Commission make the point that the adoption of option 3 or 4 would require a change to the way in which the overall star category is derived, as currently Level 2 service assessment scores are a contributing factor.

The consultation emphasises that the need for robust and reliable data will continue to be important in the new framework, and it will be even more vital for partners to be basing decisions on reliable evidence and timely information. The issue of data quality standards is the subject of a separate consultation and will continue to be given priority by the Commission in the run up to the new performance framework.

Paragraph 72 of the consultation indicates the possibility of taking a more proportionate performance related approach to service assessments. An example given is that if option 1 or 2 is preferred, then 4 star councils that are improving well or improving strongly could be exempted from Level 2 service assessments in 2008/09.

If Halton retains its current 4 star status and continues to improve well in the CPA 2007 assessment, this could be a concession that the council would benefit from, providing an opportunity to focus on building and strengthening a framework of local performance indicators to be taken forward into CAA, rather than concentrating on

the backward look at the existing statutory indicators used in the service assessment framework.

The consultation questions are;

Q. Which of the above options for Level 2 service assessments for single tier and county councils in CPA 2008/09 would you prefer?

SUGGESTED RESPONSE: Prefer Option 3(abandon assessments for housing environment and transport) - if necessary retain 2007 scores in the model for 2008. If not acceptable, second preference is for option 1 (stay as we are). Option 2 (introduce a narrative assessment) is a waste of time and effort, Option 4 may be impractical if national indicator set delayed due to deferral of CSR, and new LAAs not signed off until June 2008, but could continue to report on existing indicators carried through into the new framework as suggested above.

Q. Are there other options for the service assessments that we should consider for 2008/09?

SUGGESTED RESPONSE: No

Q. Should we cease making level 2 service assessments for those single tier and county councils that remain at 4 stars and are assessed as improving well or improving strongly in the February 2008 CPA reporting?

SUGGESTED RESPONSE: Yes this would be welcome, but better to drop for all councils to reduce the burden.

Annex 3:

Summary of principles for developing Comprehensive Area Assessment to commence April 2009

The consultation document sets out a vision for the CAA framework. Although not highly specific, it details the key principles of a framework designed to deliver more effective improvements in local public services for citizens.

These key principles are that CAA will be;

- **Relevant to the quality of life of local people** – focusing on what matters in the locality, and to whom. It will check that local priorities have been set on the basis of a genuine understanding of diverse local needs. It will also continue to provide local people with assurances that local services are well run. (Use of resources assessments)
- **Area and outcome focused** – looking more at outcomes in the area than processes employed to achieve them. It will look at what happens rather than how it happens.
- **Constructive and forward-looking** – there will be a forward-looking assessment of risk, not a sole reliance on past performance. The assessment will highlight risks that appear inherent given the course of action being taken by local service providers at the time of the assessment, and their potential impact. This is designed to drive improvement and support innovation.
- **Joint and Participative** – CAA will be jointly developed by all key regulators, government departments, and sectors. It will seek to develop a shared view of the challenges facing an area by drawing on the views of local people and the partner organisations that commission and provide local services. It is designed to foster shared ownership of the changes that will be required to secure improvement.

Q. Do you support this vision for the Comprehensive Area Assessment?

SUGGESTED RESPONSE: Yes, but only if the reporting makes it clear that this is an assessment of all public services in the area, and not an assessment of the Council.

Care should also be taken to ensure that there is a balanced approach to developing national outcomes, and that the resulting framework reflects national priorities for all communities. Disproportionate weighting towards the activity of a single government department would be unwelcome and impractical. (Refer to DCMS influence on 'CPA - The Harder Test' through the expansion of the Culture block)

The key elements of the new performance framework, to which CAA will contribute significantly, are;

- Strengthening accountability to citizens and communities – the Best Value duty will be expanded so that authorities must secure the participation of citizens in their activities where appropriate.

- Providing citizens and communities with regular, transparent and timely information and reporting
- Measuring and focusing upon citizen's perspectives, experiences and viewpoints
- Facilitating streamlined reporting to government.
- Promoting the use of real-time information in local performance management.

CAA will effectively replace CPA, Joint Area Reviews, Annual Performance Assessment's in Children's Services and Adult Social Services and social services star ratings. It will report performance against the national indicator set for each locality.

The CAA framework will retain the Use of Resources assessment and Direction of Travel assessment from CPA.

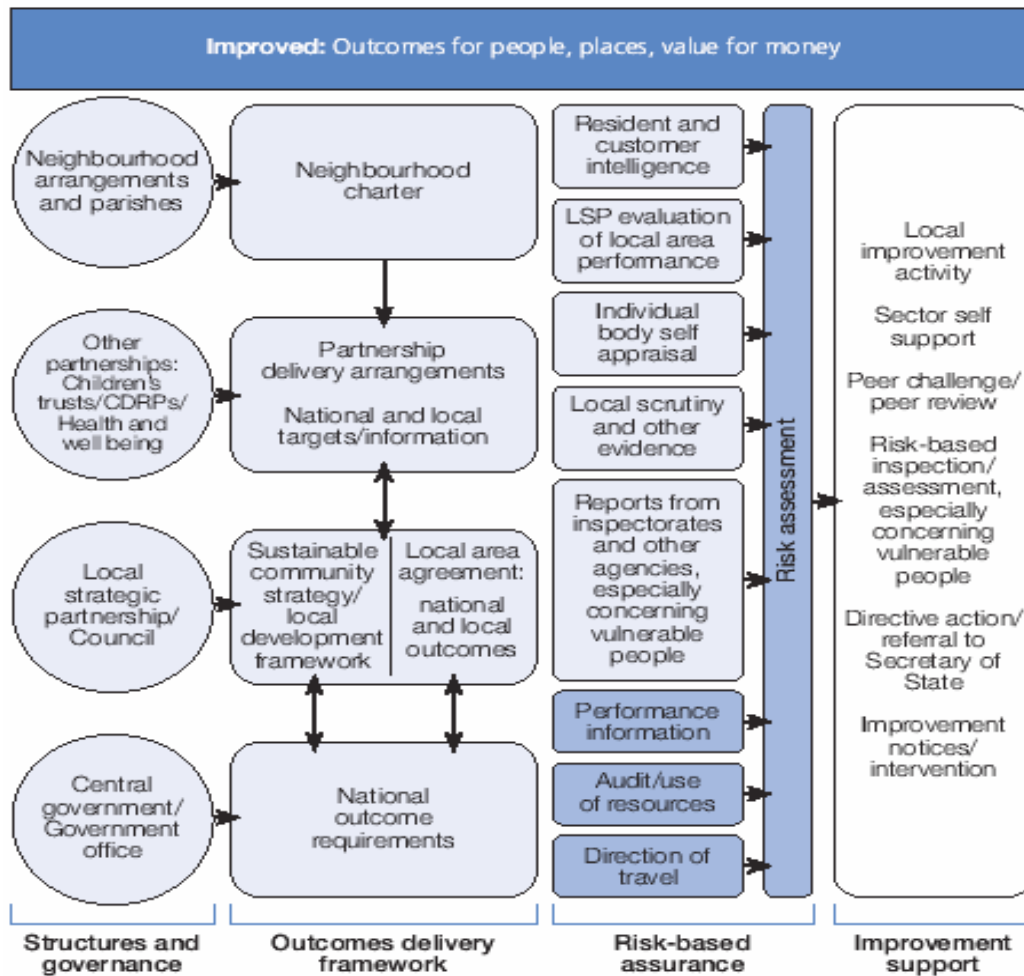
There will be increased emphasis on the Local Strategic Partnership (LSP) as the 'main' partnership in an area, supported by other relevant partnerships (Crime and Disorder Reduction Partnership, Children's Trusts, etc). Importantly, there will be an expectation on all partners to cooperate effectively with each other on the agreement and achievement of LAA targets. This will be backed by a statutory duty on some.

Each council, in consultation with the LSP, will be required to develop and publish a 'Sustainable Community Strategy' (SCS). The council will continue to negotiate a LAA with regional government office to reflect how the SCS will be delivered, with up to 35 targets representing national and local priorities from the set of 200 indicators yet to be developed. The LAA may include additional locally significant targets that are outside of the set of 200.

The requirement for the LSP and the council to report annual performance will remain.

The diagram on the page below is taken from the consultation document. The darker shaded boxes in the third column are the key elements of CAA.

The new performance framework



The consultation question is;

Q. Does the diagram capture all the key elements of the new performance framework and the key relationships within it?

SUGGESTED RESPONSE: The diagram is misleading because:

- 1. It implies that Neighbourhood Charters are mandatory and may lead to a one size fits all prescription*
- 2. It shows Children's trusts and CDRPs as "other partnerships" separate from the LSP. It is clear in the white paper that the LSP is seen as a partnership of partnerships, and that Children's Trusts and CDRPs sit within the LSP framework, not outside it.*

The proposal for a self appraisal feeding into the risk assessment would be burdensome if a full, annual self appraisal is required in addition to the annual LSP performance appraisal against the LAA, and self assessments for Direction of Travel and Use of Resources. Careful thought needs to be given to the relationship between self assessments both within and outside the CAA model.

**Annex 4:
CPA 2007 critical indicators update.**

The draft service assessment framework for CPA 2007 introduces some indicators not used in the assessment for 2006, which are particularly challenging for Halton. There are also a small number of indicators that have been included in the CPA assessment in previous years, for which Halton's performance has not kept pace with that of other authorities and as a result, Halton's performance is now nearer to the lower threshold level than it was previously.

Many indicators have some element of risk attached to them, however a number of indicators are judged to be high risk, these are: -

- **BVPI 84a – Kilograms of household Waste collected per head of population.**
- **BVPI 91b - Kerbside recycling of 2 or more commodities.**
- **BVPI 64 – Number of private sector vacant properties returned to occupation or demolished as a result of local authority action.**
- **BVPI 213 - Number of households considering themselves homeless who approached the LA for advice and for whom housing advice casework intervention resolved their situation.**
- **CPA reference C4 – Active library borrowers as a percentage of population**
- **CPA reference C2 – Public Library Service Standards on Access.**

As the performance information used will be for the year just ended (2006/07) there is nothing we can do now to change the outcome. Despite the fact that the draft service assessment framework for CPA 2007 contains fewer 'critical' indicators than the original proposed framework did (August 2006), the indicators designated 'high risk' present specific challenges to the authority.

It is almost certain there will be one or more performance indicators falling into the lower threshold category in both the Environment service block and in the Housing in the Community service block. In the overall CPA framework this may place greater pressure on the other elements of the CPA assessment in order to maintain a four star rating.