

MAIDSTONE BOROUGH COUNCIL

CABINET

9 OCTOBER 2008

REPORT OF MANAGEMENT TEAM

Report prepared by Anna Collier

1. Response to Comprehensive Area Assessment Consultation

1.1 Issue for Decision

1.1.1 To agree the Council's draft response to the latest proposals for the Comprehensive Area Assessment (CAA) framework in advance of the consultation deadline of 20 October 2008. The proposal is for two overall ratings, a 'flag' ranging from red to green on the area assessment and a organisation assessment from one performing 'poorly' to four 'performing excellently'. This includes proposals on changes to the framework, and timescales.

1.2 Recommendation of Management Team

1.2.1 That Cabinet agree the draft response to the consultation as set out at Appendix A.

1.2.2 That a further report is presented to Cabinet in December on the current position on the key components of the CAA.

1.3 Reasons for Recommendation

1.3.1 The Council is keen to play a role in shaping the new Comprehensive Area Assessment and responding to the latest consultation document.

1.3.2 The new framework will replace both of the individual Comprehensive Performance Assessments and annual use of Resources and Direction of Travel report. However, the focus of the assessment has been broadened further and in some aspects made more complicated.

1.3.3 In addition the Council needs to think about how the authority will prepare for the inspection regime and address the focus of both the area assessment and the organisational assessment. Overall, clarity on the scoring will be important, however there is still only limited information on how various elements of the assessment will be carried out.

1.3.4 The Comprehensive Area Assessment (CAA) is the new inspection mechanism which will be replacing the Comprehensive Performance Assessment (CPA) in 2009.

- 1.3.5 Under the CPA Maidstone Borough Council was judged to be an 'Excellent' authority based upon service delivery, capacity, organisation and improvements in previous years. The Use of Resources Assessment in 2007 and Direction of travel findings demonstrated that this improvement activity has continued.
- 1.3.6 However councils are increasingly required to hold a broader community leadership role as can be seen in the recent proposals in local government reform.
- 1.3.7 The new framework seeks to reflect this community leadership role. Whereas the CPA focused on outcomes and infrastructure how well local public bodies work with each other. The aim is that the CAA will be to further enhance this by being: -
- A catalyst for better local outcomes, more effective partnership working, more responsive services and better value for money;
 - A source of independent assurance for citizens, service users and taxpayers;
 - An independent evidence base for central government on progress against national priorities; and
 - A means of focusing, rationalising and co-coordinating inspection.
- 1.3.8 In the past year the guidance for Local Area Agreements has also been developed to take account of the varying priorities within different areas. The CAA will particularly focus on these locally agreed priorities as the starting point for the assessment.

2 **Consultation**

- 2.1.1 The latest consultation document was released at the end of July 2008 and contains the proposals for the new inspection mechanism following responses to the previous consultation document which was released in November 2007. The deadline for responses is the 20 October.
- 2.1.2 There is now only one consultation document, which can be accessed at <http://www.auditcommission.gov.uk/caa/downloads/CAAConsultation08.pdf>
- If Cabinet Members required a paper copy of this 82 page document please contact Anna Collier in the Policy and Performance Team on 01622 602253. A summary of the framework and the key changes have been outlined in this report.
- 2.1.3 There are a number of areas where the proposals have not yet been outlined in detail and therefore it is difficult to see how the CAA framework will be applied. These areas have been highlighted in the Council's draft response.
- 2.1.4 In addition to the consultation exercise the joint inspectorates are currently trialing different aspects of the framework in the following ten areas:

- Barking and Dagenham
- Birmingham
- Hampshire
- Kirklees
- North Tyneside
- Nottinghamshire
- Stockport
- Thurrock
- Torbay
- Westminster

2.1.5 The final CAA framework for 2009/10 will be published in early 2009 with the first assessments taking place in November 2009.

2.1.6 All the districts in Kent have been asked if they want to take part in further pilot activity in Kent. The Council has indicated that Maidstone would be willing to participate but at this stage no further information is available.

3 **Proposed changes to framework**

3.1.1 The previous consultation document proposed the following four key elements to the CAA as;

- Reporting performance against National Indicator Set;
- An area risk assessment ;
- Use of resources assessments for local public service bodies; and
- Direction of travel assessments for councils and fire and rescue services.

3.1.2 In response to feedback from this initial consultation, it is now proposed that these four key elements will be combined into;

- An **Area Assessment** (formerly the area risk assessment); and
- An **Organisational assessment** which will combine the use of resources themes and a managing performance theme.

Further details are provided later in the report.

3.1.3 Within the Organisational Assessment a **Managing Performance** theme replaces the direction of travel element and this new approach will cover;

- Identifying and delivering priority services, outcomes and improvements;
- Providing the leadership, capacity and capability to deliver future improvements;
- Contributing to improving wider community outcomes, including those set out in formal agreements such as Local Area Agreement or Multi-Area Agreement; and

- Tackling inequality and improving outcomes for people in vulnerable circumstances.
- 3.1.4 Both assessments will be published at the same time. The new National Indicator Set will be used as evidence for the area and organisational assessment in addition to the overall scores being published.
- 3.1.5 The inspectorates are consulting on a flag system for the Area Assessment three possible scoring options for the Organisational Assessment. This is in addition to the production of the narrative that was proposed in the last consultation.
- 3.1.6 The additional use of some form of external perspective is also being explored. It is currently thought that this may be provided through a panel of peers to provide guidance to a particular team working in the area.

4 **The Area Assessments**

- 4.1.1 The area assessment will be qualitative. The starting point of this assessment will be the area covered by the Local Area Agreement (LAA).
- 4.1.2 An assessments of the outcomes that have been achieved and the targets for the future will determine whether the performance trends in an area are sustainable, the impact that local services are having on improving outcomes for citizens and joint working.
- 4.1.3 The area assessment will focus on three main questions;
1. How well do local priorities express community needs and aspirations;
 2. How well are the outcomes and improvements needed being delivered; and
 3. What are the prospects for future improvements?
- 4.1.4 In order to answer these questions, it is proposed that surveys (including the place survey) will be used whilst also seeking views from organisations working with local communities.
- 4.1.5 From April 2009 the 'duty to involve' will apply to all Best Value authorities and the assessment will take into account how well the duty to involve is being implemented. The assessment will examine these key areas through:-
1. How well councils and their partners know and engage with their communities and understand the needs of vulnerable and marginalised groups;
 2. The extent to which the priority outcomes for the area have been defined with the involvement of communities;
 3. How well communities have been involved in assessing whether priority outcomes have been delivered; and

4. The effectiveness of local partners' activities in coordinating community engagement and communicating its impact on their decisions.
- 4.1.6 Many of these aspects will be considered as part of the development of the community strategy and the results of the place survey should be known early in 2009.
- 4.1.7 There will also be a focus on areas where inequality is greatest which historically have not been identified through national performance indicators which have tended to be collected as a borough wide basis.
- 4.1.8 On the prospects for future improvement, this will focus on exceptional success and innovation from which others can learn, concerns around key performance areas and whether sufficient attention has been paid to addressing these concerns.
- 4.1.9 Evidence will need to be provided that demonstrates past and current performance, current capacity and capability of the Council and partners, that partnerships are delivering results and areas where barriers to effective working are being challenged.
- 4.1.10 An inspection of the Local Strategic Partnerships is not proposed as standard but will be included if there is evidence that has demonstrated deep concern.
- 4.1.11 The Area Assessment has been designed to evolve over a period of time, however in the first year a baseline will be set which will potentially draw on which will using available evidence as part of the Comprehensive Performance Assessment.
- 4.1.12 In future years the assessment will concentrate on the changes that have occurred, action that has been taken and progress and evidence longer term initiatives.

5 **The Organisational Assessments**

- 5.1.1 The organisational assessment will be based on four themes. These will be combined and scored to give a view on the authority's ability to deliver value for money for example and managing performance.
- 5.1.2 The reports from the organisational assessments will also show how effective the council is as a community leader and summarise how well the council scores on:-
- **Managing finances**, looking at how effectively the organisation manages its finances to deliver value for money;
 - **Governing the business**, covering how well it governs itself and commissions services that provide value for money and deliver better outcomes for local people;
 - **Managing resources**, considering how well the organisation manages its natural resources, physical assets and people to meet current and future needs and deliver value for money; and

- **Managing performance**, covering how well it is delivering services, outcomes and sustainable improvements in its priorities that are important locally. Including whether it has the leadership, capacity and capability it needs to deliver future improvements.

5.1.3 An explanation of the proposed scoring models is set out in the following section.

6 Scoring the organisational assessment

6.1.1 Since the CPA was introduced there has been significant debate about how the individual scores are determined and in particular the overall score.

6.1.2 The first two options propose that an overall score is used which would combine the use of resources score (covering the first three themes) and the managing performance score. Each model is set out below.

Model One

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

6.1.3 Where the managing performance and use of resources scores are not the same, the managing performance score would carry more weight, in deciding the overall organisational assessment score. This can be seen in the table below.

Model Two

		Managing Performance			
Use of resources	Scores	1	2	3	4
	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

6.1.4 In this model the various inspectorates would consider the individual scores from all four assessment themes (the three use of resources themes and the managing performance theme). These would be assessed against local context as to which themes should carry more weight.

6.1.5 The second model provides greater opportunity to score a '4' but in less scientific and open to interpretation and individual views.

- 6.1.6 In the case of both of these models the below table illustrates the following descriptors of performance would be provided.

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

Model Three

- 6.1.7 The third option would contain the managing performance and use of resources scores but these would be provided separately in the organisational assessment report.
- 6.1.8 The model should provide the greatest clarity as in both of the previous models there will be further rules in how the combined Use of Resources score is arrived at in the table. However this will not enable authorities to compare performance overall and provide an overall statement unless an authority achieved a ‘4’ on each element then an excellent status would not be achieved.

7 **The Evidence Base**

- 7.1.1 Part of the evidence that will be used in the assessments will be gathered through the views and experiences of local people. Primarily this will be done through the Place Survey and other national surveys. There will be a particular focus on the experiences of people in vulnerable circumstances.
- 7.1.2 The place survey for 2008 has already been distributed and the Council will receive the results early in the New Year. The Government has been stipulated the survey will be carried out every two years.
- 7.1.3 Currently the possibility of using information on citizen and user perspectives from local citizens and user groups (such as the Citizens Advice Bureau) is being explored although no further detail is provided at this stage.
- 7.1.4 The following documents will also be key evidence source for the CAA with an assessment being based on whether the ambitions outlined in these documents are on course to being achieved;
- Sustainable Community Strategy;
 - The Housing Strategy;
 - Local Development Framework; and
 - Joint Strategic Needs Assessment.

7.1.5 It is expected that each area will review their progress as part of performance management arrangements and produce an **annual** self-evaluation and that alongside the self assessment a range of evidence will be provided.

7.1.6 The annual self evaluation will be taken into account as part of the assessment and this work will be the basis for the self assessment as part of the CAA. The more robust the self evaluation the larger part it will play in shaping the assessment.

8 **Inspection**

8.1.1 As was set out in the CAA consultation document in November 2007 although the level of inspection will be reduced it will still be an important feature. In addition to the planned programmed an inspection will take place in the following circumstances;

- Where performance or improvement levels are not satisfactory, are declining or are insufficiently clear;
- Where it has been identified that a service, outcome or service user group is subject to significant risk;
- Where risks and/or underperformance cannot be addressed properly through other means, such as local improvement activity, peer challenge or review, sector-led improvement support, directive action through Secretary of State, improvement notices or intervention; or
- Where ministers have given directions for an inspection to take place.

8.1.2 An inspection could be instigated at any time during the year as it is expected that evidence will be continually gathered by the Audit Commission and other inspectorates throughout the year.

9 **Reporting**

9.1.1 An area assessment report will also seek to drill down in smaller areas within the wider geographical region. Context will be provided in relation population, local arrangements regarding services and agreed local priorities.

9.1.2 Following an assessment if the council receives a red flag this will demonstrate that there are significant concerns about outcomes, performance or that future prospects are not being adequately addressed. A red flag will only be awarded where it is clear that sufficient corrective action is not being taken.

9.1.3 Equally a green flag will indicate that there is innovative or exceptional success in the area.

- 9.1.4 A summary report and a more detailed report on the area assessment will be published for each area covered by a Local Area Agreement. This will be for Kent as the administrative area for the LAA.
- 9.1.5 The Organisational Assessment will comment directly on the performance of key council services. Where an issue is raised in the area assessment it will be appropriately linked to the relevant organisational assessment.
- 9.1.6 The links between the area assessment and the organisational assessment will be managed in two ways.
- 9.1.7 Any positive or negative achievement of Maidstone Council (or other public service) would be noted as part of the area assessment will be reported in further depth in the organisational assessment and can potentially impact the resulting scores.
- 9.1.8 Equally any performance highlighted as part of an organisational assessment that could have a potential impact on the wider area will be reported as part of the area assessment.
- 9.1.9 The results of each National Indicator will also be published and results may be used to inform both the area and organisational assessments.
- 9.1.10 A prototype web reporting tool is currently under development and will be trialed at the CAA local regional conferences later this year. It will provide interactive maps, a narrative on the area, illustrations of red and green flags awarded, reports and comparisons on performance on the national indicators and links to organisational assessments. There is currently very limited information planned at a district level and this has been highlighted in the draft consultation response.
- 9.1.11 The Council would be able to formally challenge its organisational assessment scores. Details of the procedure will be published at a later date. Councils will also be able to appeal against the awarding of a red flag however the non awarding of a green flag can not be appealed against.
- 9.1.12 It is proposed that the area assessment and organisational reports will be coordinated and published in November each year with the first report in November 2009.

10 **Next Steps**

- 10.1.1 Work on the Use of Resources framework which still forms part of the new inspection mechanism is ongoing in Maidstone and this is a strength for the Council.
- 10.1.2 Maidstone has provisionally agreed to be part of the latest trial of the IDeA self evaluation tool within Kent. The area assessment is very different to any inspection the Council has undertaken previously requiring the Council to
- Look forwards at the changing needs, expectation and aspirations of citizens, planned actions and opportunities and risks; and

- Backwards at performance, what has/has not been delivered and the resulting impact on local citizens.

10.1.3 This will offer the Council the opportunity to influence the approach to develop the mind set to approach this new arrangements, begin to develop an evidence file and undertake an internal self assessment to analyse Maidstone's performance.

10.1.4 Work continues with Local Area Agreement and Maidstone's Local Action Plan which will be the starting point of the Area Assessment.

10.2 Alternative Action and why not Recommended

10.2.1 The Council could choose not to respond to the consultation put in place the framework for the CAA. This could lead to the Council being under prepared and potentially result in negative audit opinions and impact on the overall 'Excellent' status of the authority.

11 Impact on Corporate Objectives

11.1.1 At present the Strategic Plan sets out the authority's corporate objectives. The changes that have been proposed as part of the on going consultation around the CAA mean that the work on the Local Area Agreement (LAA), Local Action Plan and Sustainable Community Strategy and Strategic Plan will all need to consider the proposals will define the priority of local issues.

12 Risk Management

12.1.1 The CAA will be more area based and therefore the performance of partners could influence the Council's score. This will be mitigated by further work through the LSP.

12.1.2 The Area Assessment and priorities in the Kent LAA may not reflect Council or Maidstone priorities and therefore delivery on area initiatives could be limited. To mitigate this the Council has played an active role in the LAA development and is developing a Local Action Plan. However, decisions will be taken at the Kent Partnership and officers and leading Members are working to play an active role in the debate with Kent.

12.1.3 If the Council chose not to acknowledge the changes to the performance standards performance could reduce and may potentially lead to a negative outcome in any future inspection.

13 Other Implications

13.1.1

1. Financial
2. Staffing

x
x

3.	Legal	X
4.	Social Inclusion	X
5.	Environmental/Sustainable Development	X
6.	Community Safety	X
7.	Human Rights Act	X
8.	Procurement	X
9.	Asset Management	X

Financial

13.1.2 Performance indicators play an important role in identifying areas of potential concern and the budget setting process ensuring that resources are allocated in the most efficient and effective manner.

Staffing

13.1.3 The introduction of a new performance framework will lead to an increase in staff time as the framework has expanded.

Social Inclusion, Environmental/Sustainable Development, Community Safety and Procurement

13.1.4 There are a range of inspection criteria and performance measures that relate to these areas.

13.2 Background Documents

- Joint inspectorate proposals for Consultation – November 2007
- Use of resources guidance for Council assessments – March 2008
- Joint Inspectorate Proposals for Consultation – July 2008

NO REPORT WILL BE ACCEPTED WITHOUT THIS BOX BEING COMPLETED

Is this a Key Decision? Yes

No

If yes, when did it appear in the Forward Plan? _____

Is this an Urgent Key Decision? Yes

No

Reason for Urgency

[State why the decision is urgent and cannot wait until the next issue of the forward plan.]

Comprehensive Area Assessment Consultation Response

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

We agree that the proposals set out are a logical and forward thinking framework for improving performance. We support the belief that public agencies, along with the voluntary and community sectors should be assessed in order to demonstrate the impact they are having in the local area. We are also aware that the issues facing the local area are inter-linked and based on a wide range of social and environmental and economic factors. We agree the CAA should assess overall effectiveness but that this should provide an overall score and a simple mechanism for arriving at this position. In addition, the Inspectorates will need to understand each other's roles and have an equally strong joined up working relationship the impact as to minimise the impact on delivery.

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

The two key elements are clear; however further thought is required on the scoring mechanism and the progress on Use of resources should not be lost in the new model.

3. Is the link between these two assessments clear?

Yes there is a clear link between the two assessments, however the new national indicators will need time to be implemented and consideration will need to be made to the approach in two tier areas.

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

The three questions are logical and reflect the process of future planning of the area these are: What needs doing? How well are we progressing these aims and are we on course to achieve these priorities in the future?

However, we feel that it is essential that inspectorates respect the political priorities of the area and ensure that judgements are made based upon the way the priorities are delivered and not the priorities themselves.

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.

We agree with the red and green flag approach, which provides a more identifiable reflection of what is occurring in the area than a single narrative which was proposed in the original consultation.

However there are three of areas of concern that should be addressed in advance of the final framework, these are;

- That the public could mis-interpret the flags as a judgment on the area as a whole rather than relating to specific issues;
- That the number of flags given will become a method of benchmarking between councils;
- That the appeal process for the awarding of flags is set in place before the framework is finally released.

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

The new framework overall is more streamlined than was originally proposed and the combined managing performance theme recognises the complexities of partnerships within two tier areas. Given that the managing performance theme has replaced the Direction of Travel assessment there is still not sufficient detail to say whether this will be effective. An overall score is helpful for the local community, however this need to be evidence based and clarity is vital. The Council therefore does not support the idea if adjustments due to inspectorates views.

7. Do you agree with our proposals for the key questions and focus for the managing performance theme of the organisational assessment for:

a) councils?

If not, please suggest alternative questions and/or focus.

As stated above we feel further information needs to be provided on how the Managing Performance element of the organisational assessment will operate.

We have no further suggestions to make in relation to the four key questions.

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.

We feel that scoring option one is the fairest and simplest option to use. It will provide the greatest clarity to local citizens, the organisation and enable benchmarking activities.

We have significant concerns in relation to option 2 where 'discretion' will be employed and feel this could lead to an increase in the appeals process against scores.

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

The needs of vulnerable people are taken into account in both the area and organisational assessments, this theme runs consistently throughout the consultation document.

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

Yes, the CAA aims to measure outcomes based on the priorities and vision of the area and this can only be assessed over time. It will be a useful tool that will demonstrate progress and development helping to identify areas of weaknesses and therefore enabling the council to prioritise work.

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

Yes, the NI set is taken into account in both the Area and Organisational assessment. However, it is important that the inspectorates recognise that priorities will be different at an organisational and area level.

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 prototype reporting tool appears useful and interactive. However, there appears to be little focus at district level.

The red and green flag seem to feature highly and we have a concern that they may feature more highly than the narrative itself which will provide the relevant detail.

It is also important that the website is accessible and written in plain English.

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

We welcome the proposals for peer involvement though there is little information provided in the consultation on how this will work.

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

We agree with the approach of self evaluation though would welcome further guidance on the processes. The consultation document offers some contradiction on whether the process of self evaluation is mandatory or not.

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

We agree with this approach and feel that it will provide valuable information where the data is of high quality. We feel that this evidence should be available.