By: Paul Carter, Leader of the Council
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To: Cabinet 13th October 2008

Subject: Comprehensive Area Assessment (CAA) Consultation

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1.   Summary

1.1. A joint consultation paper on the new assessment framework for Comprehensive Area Assessment (CAA) was published on 29th July by the Audit Commission, the Commission for Social Care Inspection, the Healthcare Commission, HM Inspectorate of Constabulary, HM Inspectorate of Prisons, HM Inspectorate of Probation and Ofsted (referred to later as simply 'the inspectorates'). The consultation period closes on 20th October.

2.   Background

2.1. CAA was set out in the *Local Government White Paper: Strong and Prosperous Communities* and will be the new performance management framework for public bodies in England and Wales. It is set to be introduced in April 2009, and will replace the current Comprehensive Performance Assessment (CPA), Joint Area Review of children's services, APA of services for children and young people and social services star ratings. It is significantly more challenging than CPA because of the emphasis on the assessment of collective public service performance. Assessment frameworks for specific services (e.g. schools, colleges, police, probation plus health and social care) will continue.

2.2. Assessment will be comprised of two main elements. The *area assessment* will look at how well local public services are delivering results for local people, taking the priorities set out in the Local Area Agreement (LAA) as its starting point. This will be underpinned by *organisational assessments* of individual public bodies within that area. In Kent's case that includes all 13 councils and the Fire and Rescue Service, with the two Kent PCTs and Kent Police assessed as part of the Vital Signs and APACs frameworks respectively, which are designed to fit with CAA. For KCC, the organisational assessment will be a revised of the current Use of Resources framework and a new performance management assessment, making it very similar to the Capacity and Performance Management elements of the current CPA Corporate Assessment.

2.3. The current consultation paper sets out proposals for what these assessments will look like and what they will cover and it poses a series of set questions for consultees to address. An outline of the CAA proposals and the issues of concern are set out below. Appendix 1 and 2 from the consultation document (which are attached) summarise the proposed scope of the two assessments.

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3. Outline of the proposals

3.1. How will it work?

3.1.1. CAA will be a joint assessment, with the inspectorates sharing evidence and information to form a judgement on the performance of an area and the organisations within it. Audit Commission appointed CAA Leads covering each LAA area will help to co-ordinate local assessments and local teams.

3.1.2. CAA will be based on a more on-going relationship between the inspectorates and localities, with fewer structured on-site inspections than at present. This means little to KCC, since as an *"excellent"* 4-star authority we enjoyed freedom from service inspections for most of the last 6 years.

3.1.3. Evidence will be gathered throughout the year from a range of sources, such as the National Indicator Set, findings from inspections of direct services (where these happen) and the information used by councils and their partners to manage their own performance, including Self Assessments (see 4.1.1 below). The views and experiences of local people, including those whose circumstances make them vulnerable or hard to hear, will be a key source of evidence.

3.2. The Area Assessment

3.2.1. The area assessment will be a qualitative assessment and therefore not scored, taking the area covered by the Local Area Agreement (LAA) as its starting point and focusing on the prospects for better outcomes.

3.2.2. The assessment will consider 3 main issues: how well local priorities express community needs and aspirations; how well the required outcomes and improvements are being delivered and what the prospects are for future improvement. The focus will not be on the quality of the process arrangements within the area, but on the actual impact local services are having on improving outcomes for people.

3.2.3. The inspectorates will use a flag system to highlight both positive and negative issues. Red flags will be used where there are significant concerns about outcomes, performance or future prospects that are not being adequately addressed by local partners. But these won't be used if the council and partners are effectively tacking the issue. Green flags will be used to indicate innovative or exceptional success, which others could learn from.

3.3. Organisational assessments

3.3.1. Underpinning the area assessment will be organisational assessments of councils and fire and rescue services. These will focus on the organisation's effectiveness, assessing how well it delivers value for money (VfM) and how well it manages its performance.

3.3.2. The organisational assessment will look at how well a council:

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(i) *Manages finances* – how effectively the council manages its finances to deliver VfM

(ii) *Governs the business* – how well it governs itself and commissions services that deliver VfM and better outcomes for people

(iii) *Manages resources* – how well natural resources, physical assets and people are managed to meet current and future needs and deliver VfM

(iv) *Manages performance* – how well the council is delivering services, outcomes and improvements in its priorities that are important locally. This will include assessing the council's leadership, capacity and capability to deliver future improvements.

3.3.3. Given the central role it plays in leading communities, the organisational assessment will also comment on the council's effectiveness as a community leader and its contribution to local partnership arrangements. Little is said in the consultation to acknowledge the leadership dynamics of two-tier areas.

3.3.4. The report proposes 3 different scoring models for organisational assessment. Two models propose having 1 overall organisational score within a range of 1-4. The other model proposes publishing separate 1-4 scores for use of resources (strands i – iii in para 3.3.2. above) and for managing performance (strand iv above).

3.4.   Reporting CAA

3.4.1. The inspectorates will publish jointly an area assessment for every LAA area in November each year. There will be a summary report providing an overview of key priorities, overall successes and challenges and future prospects and a more detailed report with links to the underlying information and evidence.

3.4.2. Organisational assessments will be published alongside the area assessment. Where an issue has been raised as either red or green flag in the area assessment, appropriate links will be made to the relevant organisational assessment to support accountability.

3.4.3. Performance against the National Indicator Set will also be published alongside area and organisational assessments.

3.5.   Inspection and improvement planning

3.5.1. Rolling programmes of inspection will cease from April 2009 (with the exception of programmes for youth offending teams and children in public care).

3.5.2. Instead, inspection activity will be triggered at any point during the year by the emerging findings and reports from area and organisational assessments. It is intended that the number of inspections and inspector days will be no more than the current level.

3.5.3. The inspectorates are committed to working in partnerships with each other, Government Offices, Regional Improvement and Efficiency Partnerships and Joint

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Improvement Partnerships to ensure efficient inspection planning is co-ordinated with wider improvement planning.

4. Issues of concern

4.1. Framework for area self assessment

4.1.1. An annual area self assessment (ASA) provides a large part of the evidence base for area assessment. By doing an ASA the Kent Partnership will be able to ensure that the evidence inspectors have to consider reflects the needs, priorities performance and aspirations of Kent. It is not a mandatory requirement of CAA, but if Kent chooses not to do an ASA then the evidence base will be only that provided by individual services and the inspectorates' own information. There will be no other opportunity to set the agenda for the way in which the CAA distinguishes Kent from any other area. An annual ASA will require collaboration and resources from across all Kent Public Service Board Partners

4.1.2. A draft framework for ASA is currently being trialled. KCC's intention is to get involved in the trial to help shape the methodology and influence the final framework so we end up with a workable practical process, which allows us to concentrate resources effectively across both the ASA and the annual LAA review.

4.1.3 Although the Kent Agreement 2 will be taken as the priorities outcomes which will be examined by the CAA process, it will take account of the wider National Indicator Set and the goals and aspirations of the sustainable community strategy, Vision for Kent. This will require a more structured approach across the Kent Partnership and its working groups to the delivery and measurement of progress on V4K than has been the case to date.

4.2. Lack of clarity on organisational assessment

4.2.1. The organisational assessment element is largely based on the current Use of Resources framework which has been robust in the past and where KCC has scored very highly. It extends this to embrace a wider definition of 'resources;' akin to the areas covered by the 'Capacity' element of the current CPA Corporate Assessment. However there is only a generalised statement of principle on the additional element of 'managing performance'. This is of major concern.

4.2.2. Further definition and explanation of the proposed structure is required. We would have concerns were it to be based solely on the new National Indicator Set PIs, as these would not necessarily be fit for purpose in determining organisational performance on key KCC services or on organisational and political priorities as set out in *Towards 2010*. Many of the NIS PIs do not relate directly to service delivery priorities as they attempt to measure outcomes or perception of outcomes.

4.3. Level of burden/additional bureaucracy

4.3.1. With a considerable quantity of detail still lacking from this consultation – in relation to area self assessment, the 'performance management' element of the

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organisational assessment and the lack of clarity about the relationship of both to the annual review of the LAA, it is safe to assume that there is likely to be an increased burden on local authorities as a result of CAA, not a reduction.

4.3.2. Where in theory there may some change proposed in shifting the burden from service-based assessment (APA, JAR, ARM etc) to a corporate focus on the organisation as a whole, it is already proposed that there will be three-year rolling programmes of inspection for safeguarding (of both adults and children) youth offending and children in public care and it is unlikely that direct scrutiny of other children's' services and social care will not continue.

4.4.   Judgement of 'future improvement'

4.4.1. The consultation states that the main purpose of the area assessment is to provide a view of "the prospects for future improvement" This is in many ways similar to the approach a risk assessment would take. It will be based on the evidence of current performance (for example in the ASA) and on the robustness of partnership arrangements. It does potentially require a significant element of judgement to be made by inspectors. We will need to ensure that the evidence we provide and the assumptions we ourselves make about our future prospects are the principle grounds on which we are judged, leaving little room for subjectivity. The framework and rationale for this aspect of the area assessment is focused on capacity and capability to deliver, managing risk and addressing concerns, innovation and securing continuous improvement and lastly, governance arrangements. In all of these, there is a very strong KCC basis on which to build, but possible unevenness in the position across all Kent partners.

5.   Recommendations

5.1. Members are asked to:

(i) comment on the proposals and contribute to the response; and

(ii) agree to the Leader and Chief Executive, in consultation with the Chairman and opposition parties lead members for Corporate signing off the final KCC response.

Background papers – Audit Commission CAA consultation July 2008.
http://www.audit-commission.gov.uk/caa/downloads/CAAConsultation08.pdf

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Appendix
1
Questions underpinning the area assessment

Main questions:
1. How well do local priorities express community needs and aspirations?
2. How well are the outcomes and improvements needed being delivered?
3. What are the prospects for future improvement?

Underlying issues:

1. How well do local priorities express community needs and aspirations?
To answer this question inspectorates may explore, for example:

• How well do local partners understand their diverse communities? How well do they engage with, involve and empower local people (including through the third sector)? How well do local people feel they are listened to? This will include harder to reach/hear communities, children and young people and those at risk of poorer outcomes.

• To what extent do local people feel their contributions make a difference to decisions about setting local priorities and are they involved in reviewing progress against them? Does this engagement encompass all communities?

• Are priorities in the sustainable community strategies and Local Area Agreement sufficiently appropriate and ambitious to meet the locality's challenges and context? Do they take account of national priorities and standards, inequality in the area, the needs of the most vulnerable members of the community, local needs analyses and weigh up the views of local stakeholders? Are ambitions appropriately stretching?

Essentially we will be looking for:
• robust decision-making across local partners;
• evidence of effective implementation of the duty to involve; and
• whether local partners are focusing on the right things.

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When we seek to identify community needs and aspirations, we may consider various community perspectives, such as those of: the area's citizens, residents and users of public services, as individuals and/or members of diverse communities; specific disadvantaged and vulnerable communities in the area; the national 'community'; and future generations (to take account of sustainability).

2. How well are the outcomes and improvements needed being delivered?

To answer this question, inspectorates will take each area's Local Area Agreement targets and the ambitions set out in the Sustainable Community Strategies as a starting point. So the following list will look different as we tailor our assessments to each place and the types of information and evidence available (This should also look beyond the Local Area Agreement, especially at those indicators/sources of evidence linked to vulnerable groups.)

To answer this question inspectorates may explore, for example:

• How safe is the area?
• How healthy and well supported are people?
• How well kept is the area?
• How environmentally sustainable is the area?
• How strong is the local economy?
• How strong and cohesive are local communities?
• How well is inequality being addressed?
• How well is housing need met?
• How well are families supported?
• How good is the well-being of children and young people?

We will integrate within our assessments judgements about how well outcomes, services and improvements are being achieved where inequality and risk to individuals is greatest. This may include a wide range of people whose circumstances make them vulnerable and this will vary according to local context. It will specifically include groups at very high risk, such as people who need social care services or are leaving care, people with learning disabilities or receiving mental health services. It will also include those who may make others vulnerable, such as offenders, and including people under probation supervision. Access to settled accommodation and employment are particularly important factors for these groups.

3. What are the prospects for future improvement?
The answers to the main questions 1 and 2 above will provide key sources of evidence for answering this main area assessment question. To answer the third question, and in deciding whether to 'flag' any issues, inspectorates may explore:

• Do the local partners have the capacity and capability to deliver their ambitions, strategies and plans (we will look in greater detail at partnership arrangements where improved outcomes are not being delivered or if other evidence raises concerns)?

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• Are local partners taking adequate action to manage, mitigate or address any concerns and risks we may have identified in answering questions 1, 2 and 3, (or which they may have identified in their locality self assessment)?

• Are local partners engaged in any exceptional innovative practice which has been, or promises to be, successful and which others might learn from?

• How well improvement planning is being implemented? Including whether key objectives and milestones are being achieved and whether local partners have robust plans for improving?

• Are there any significant weaknesses in arrangements for securing continuous improvement, or failures in governance, that would prevent improvement levels being sustained?

The focus on reducing inequality across diverse communities, and emphasis on people in vulnerable circumstances, will be followed through to question 3.

Appendix

2

The proposed managing performance KLOE and published use of resources KLOE

Use of resources:

Managing finances: How effectively does the organisation manage its finances to deliver value for money?

1.1 Does the organisation plan its finances effectively to deliver its strategic priorities and secure sound financial health?

KLOE focus, The organisation:
• integrates financial planning with strategic and service planning processes on a medium- to long-term basis;
• engages local communities and other stakeholders in the financial planning process;
• manages spending within available resources and is financially sound over the medium term; and
• recognises individual and collective responsibilities for financial management and values and develops financial skills.

1.2 Does the organisation have a sound understanding of its costs and performance and achieve efficiencies in its activities?

KLOE focus, The organisation:
• understands its costs, including whole life, transaction and unit costs, the main factors that influence these and how they link to performance;
• takes account of this understanding of its costs and performance in decision making and commissioning; and
• identifies the scope for making efficiencies and is on track to achieve planned efficiencies.

1.3 Is the organisation's financial reporting timely, reliable and does it meet the needs of internal users, stakeholders and local people?

KLOE focus, The organisation:

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• produces relevant, timely and reliable financial monitoring and forecasting information;
• uses financial and related performance information to monitor performance during the year;
• produces financial reports that are clear, relevant and concise to support strategic decision making;
• prepares accounts that meet statutory requirements, financial reporting standards and present fairly, or give a true and fair view of, the financial performance and position; and
• publishes reports that provide an objective, balanced and understandable assessment of the organisation's performance in the year.

Governing the business: How well does the organisation govern itself and commission services that provide value for money and deliver better outcomes for local people?

2.1 Does the organisation commission and procure quality services and supplies, tailored to local needs, to deliver sustainable outcomes and value for money?

KLOE focus, The organisation:
• has a clear vision of intended outcomes for local people which shapes its commissioning and procurement, and is based on an ongoing analysis and understanding of needs;
• involves local people, partners, staff and suppliers in commissioning services;
• seeks to improve the customer experience, quality and value for money of services through service redesign, making effective use of IT;
• understands the supply market and seeks to influence and develop that market;
• evaluates different options (internal, external and jointly with partners) for procuring services and supplies; and
• reviews the competitiveness of services and achieves value for money, while meeting wider social, economic and environmental objectives.

2.2 Does the organisation produce relevant and reliable data and information to support decision making and manage performance?

KLOE focus, The organisation:
• produces relevant and reliable data and works with partners to ensure the quality of partnership data;
• understands the needs of its decision makers and provides them with information that is fit for purpose and is used to support decision making;
• ensures data security and compliance with relevant statutory requirements; and
• monitors performance against its priorities and targets, and addresses underperformance.

2.3 Does the organisation promote and demonstrate the principles and values of good governance?

KLOE focus, The organisation:
• has adopted, promotes and demonstrates, the principles of good governance;

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• maintains focus on its purpose and vision;
• demonstrates a strong ethical framework and culture; and
• applies the principles and values of good governance to its partnership working.

2.4 Does the organisation manage its risks and maintain a sound system of internal control?

KLOE focus, The organisation:
• has effective risk management which covers partnership working;
• has a clear strategy and effective arrangements, including allocation of appropriate resources, to manage the risk of fraud and corruption; and
• has a sound system of internal control including internal audit.

Managing resources: How well does the organisation manage its natural resources, physical assets, and people to meet current and future needs and deliver value for money?

3.1 Is the organisation making effective use of natural resources?

KLOE focus, The organisation:
• understands and can quantify its use of natural resources and can identify the main influencing factors;
• manages performance to reduce its impact on the environment; and
• manages the environmental risks it faces, working effectively with partners.

3.2 Does the organisation manage its assets effectively to help deliver its strategic priorities and service needs?

KLOE focus, The organisation:
• has a strategic approach to asset management based on an analysis of need to deliver strategic priorities, service needs and intended outcomes;
• manages its asset base to ensure that assets are fit for purpose and provide value for money; and
• works with partners and community groups to maximise the use of its assets for the benefit of the local community.

3.3 Does the organisation plan, organise and develop its workforce effectively to support the achievement of its strategic priorities?

KLOE focus, The organisation:
• has a productive and skilled workforce;
• knows in the medium to longer term what staff it will need, with what skills, and has plans to achieve this;
• engages and supports staff in organisational change; and
• has policies that support diversity and good people management.

Managing Performance:

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4.1 How well is the organisation delivering its priority services, outcomes and improvements that are important to local people?

4.2 Does the organisation have the leadership, capacity and capability it needs to deliver future improvements?

KLOE focus, The organisation is:
• effective in identifying and delivering priority services and outcomes;
• improving the services and outcomes for which it is responsible;
• contributing to wider community outcomes; and
• tackling inequality and improving outcomes for people in vulnerable circumstances.