



Briefing 07/34

May 2007

From CPA to CAA

This consultation paper sets out how the Audit Commission intends to manage the transition from Comprehensive Performance Assessment (CPA) to the new Comprehensive Area Assessment (CAA) framework to be in place from April 2009.

TO: All Chief Executives, main and email contacts (England)

CC: All Chief Executives, main and email contacts (Wales, Scotland and Northern Ireland)

Key issues

- Consultation on the 3 stages of transition up to CAA being in place from April 2009
- The Audit Commission wants to concentrate on those elements of CPA which will continue under CAA
- Key elements of CAA are performance information, use of resources, risk assessment and direction of travel
- APSE is seeking views on this consultation (email: djohns@apse.org.uk)

1. Introduction

The Audit Commission has published a consultation paper on how it intends to manage the transition from Comprehensive Performance Assessment (CPA) to Comprehensive Area Assessment (CAA) to be in place from April 2009. The full paper is available by clicking on the following link: <http://www.audit-commission.gov.uk/caa/downloads/TransitionfromCPAtoCAAconsultation.pdf>

The consultation defines the transition into 3 distinct stages. Stage 1 is the CPA methodology for the next national reporting round in February 2008. Stage 2 includes the changes to the CPA framework for 2008/09 to aid the transition. Stage 3 is the implementation of CAA, to be in place from April 2009. The Audit Commission are seeking views on Stages 1 and 2 by 14 June 2007 and have stated that views on the proposals for CAA are welcome at any time. Please send any comments through to Debbie Johns at the APSE office (email: djohns@apse.org.uk).

2. Stage 1: CPA to be reported in February 2008

The first stage includes proposed changes to the CPA framework for single tier and county council CPA to be reported in February 2008. It is proposed to only make minor changes to minimise disruption.

There are no changes proposed to the rules for deriving the individual assessments and the overall star categories. There will be minor changes to corporate assessments to reflect changes in legislation or other requirements if necessary.

For the use of resources assessment, the key lines of enquiry are already confirmed and are on the Audit Commissions website: <http://www.audit-commission.gov.uk/localgovernment/useofresources/urindex.asp?CategoryID=english^576#m2007>. They will update the data in the value for money profiles tool in spring 2007 and are dropping the requirement for councils that scored only 1 for the value for money in their use of resources assessment to complete a new self-assessment, for the next round of use of resources assessments.

The Audit Commission has decided, with a very small number of exceptions, that it would not be appropriate to add significantly to the number of PIs used, in view of the White Paper intending to reduce the number of indicators. Therefore, some of the proposed indicator changes indicated in the previous consultation in April 2006 (including the sports and leisure equity and value for money indicators) are not contained in the PI set for the service assessments. A full list of the indicators for February 2007 is available in Appendix 2 of the full report: <http://www.audit-commission.gov.uk/caa/downloads/TransitionfromCPAtoCAAconsultation.pdf>

Direction of travel assessments will remain broadly the same but the Audit Commission intend to increase the focus on customer and resident satisfaction and engagement within the key lines of enquiry.

It is intended to publish the next set of national results in February 2008 and CPA categories will continue to be updated, where appropriate, at the end of each quarter. There will also be an opportunity for re-categorisation where there is significant and sustainable improvement or deterioration.

3. Stage 2: CPA 2008/09

The aim is to keep changes to CPA to a minimum and concentrate more on those aspects that will continue under CAA.

The use of resources and direction of travel will continue under the new performance framework and will also be carried out in 2007/08 in all councils and fire authorities. For district councils, the Audit Commission will consider introducing scoring of direction of travel assessments in 2008. Under the new performance framework, while the risk assessment will be area focussed, the use of resources and direction of travel assessments will continue to assess individual organisations. The Audit Commission are working towards aligning the use of resources assessments across local services sectors (e.g. councils fire, police, primary care trusts, other health bodies), so that these can inform area assessments. The use of resources key lines of enquiry will be consulted on later in April 2007. The Audit Commission are raising the standards by proposing a requirement to meet all criteria at levels 2 and 3 for the financial reporting, financial

management, financial standing and internal control themes. They are also proposing to keep criteria at level 4 to a minimum.

The current 3-year programme of corporate assessments is due to be completed by December 2008. They will pay particular attention to those elements most relevant to CAA, such as partnership working and risk management.

The Audit Commission will be responsible for assessing benefits and this has been put alongside other level 2 service assessments. They will include consultation on the fire service assessment for 2008 with the local government CPA consultation to be undertaken later this year as a step towards full integration for implementing CAA in 2009. The range of options for the service assessments undertaken in 2008/09 in single tier and county council CPA are as follows:

- a) Retain the service assessments in their current form with only minimal changes
- b) Continue with the current service assessment approach while making it more responsive to local circumstances, by introducing an element of local judgement rather than a purely PI-based score
- c) Cease undertaking these in their current format, which could be replaced by a greater focus on performance improvement in the direction of travel assessments
- d) Move away from level 2 service assessments and trial comparative reporting using those elements of the new national indicator set that relates to these service areas. Particular focus could be on those indicators for which targets have been set through the LAA. It might be possible to develop this also for level 1 service assessments.

The approach could also be made proportionate; so for options a) and b), councils that are improving well or improving strongly could be exempted from level 2 service assessments in 2008/09. Options c) and d) would require a change in how the Audit Commission generate overall star categories. A further consultation will be issued on this later in 2007. The Audit Commission are consulting separately on data quality standards and the deadline for this is 30 April; click on the following link to download this consultation: <http://www.audit-commission.gov.uk/reports/NATIONAL-REPORT.asp?CategoryID=&ProdID=F4E13DD0-2808-4f3a-98FF-358AF9010155>.

4. Stage 3: CAA April 2009

The vision of CAA is stated to be:

- a) Relevant to the quality of life of local people; what matters **here** and **to whom**. It will challenge whether priorities are rooted in a genuine understanding of diverse local needs and will continue to provide local people with assurance.
- b) Area and outcome focussed
- c) Constructive and forward-looking; CAA will contain a forward-looking assessment of risk, not rely on past performance.
- d) Joint and participative; be jointly developed by all key regulators, government departments and sector representatives. It will seek to develop a shared view about the challenges facing an area or place, what is being achieved locally and common ownership of the changes that need to be made.

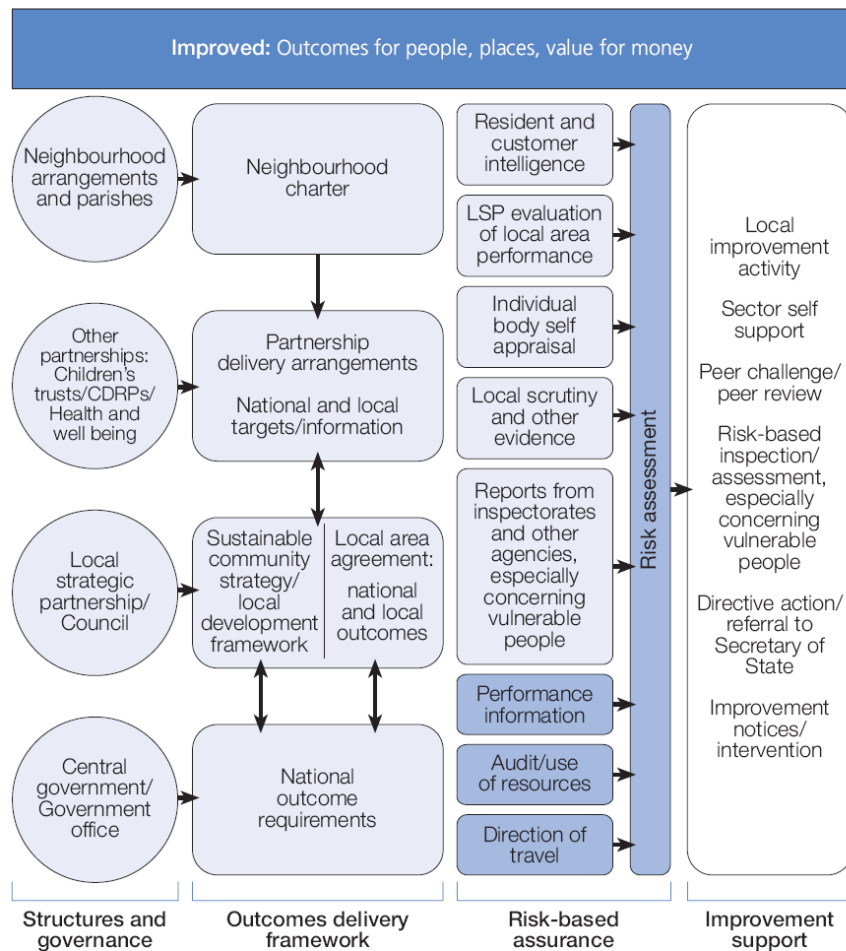
The White Paper contains key elements of the new performance framework, including adding to the best value duty the need to secure the participation of citizens in authorities' activities, measuring citizens' perspectives, having a single set of 200

national indicators and agreeing through LAAs up to 35 improvement targets for each local area.

CAA will replace CPA, JARs, APAs and social care star ratings with an annual risk assessment and will report performance against national indicators. It will contain an annual scored use of resources judgement for local public sector bodies and an annual scored direction of travel judgement for each local authority. It will target inspection primarily on the basis of risk assessment and ensure there is greater sector and partner-led improvement support.

There will be an expectation on all partners (backed by a statutory duty on some) to co-operate with each other on the agreement and achievement of LAA targets. Each council, in consultation with the LSP will be responsible for developing and publishing a sustainable community strategy (SCS). Single tier and county councils will negotiate a LAA with their regional government office which will reflect how this strategy will be delivered. It will include 35 targets that represent national and local priorities from a set of 200 indicators. The LAA may also include additional local important targets outside of this set. The diagram below shows the new performance framework; the key elements of CAA being performance information, audit/use of resources and direction of travel:

Figure 2
The new performance framework



Source: Audit Commission

5. Conclusion

The consultation paper signals the journey to CAA and the key elements of this being performance information, use of resources, risk assessment and direction of travel. The framework represents a clear departure from labelling councils under the current CPA framework to focussing on a set of key outcomes for the area. The Audit Commission are taking logical steps to phase in this transition prior to 2009.

The Audit Commission have signalled that there are 4 options for undertaking service assessments in 2008/09; ranging from retaining these in their current format to moving away from service assessments and concentrating on the new national indicator set. Ideally, authorities will want to pilot the new national indicators prior to them being included in CAA and move towards the new requirements. However, it is important that this is achievable and that there is both the capacity and record keeping systems in place to do this. It will be interesting to see whether the new national indicators represent a shift from the more traditional measures or whether, for ease of collection, there is consistency with previous measures.

The consultation stresses that the LAA will include 35 targets that represent national and local priorities from a set of 200 indicators and may also include local targets as well. The model shows how the outcomes link in from a neighbourhood level through to a national level, although in practice, it might not be as simplistic. That is, different performance measures may be given a greater priority at different levels (by neighbourhoods/parishes, partners, the Council and central government).

In line with reducing the burden, inspection will be targeted primarily based on risk assessment. The White Paper inferred that this risk judgement would be area-based which inspectorates work together on. This consultation paper states that the Commission will operate as a gatekeeper for inspection activity affecting local authorities. There is a question though, as to whether local authorities will have their own judgement or whether this will be combined and therefore, inspection could be triggered due to reasons outside the control of the local authority.

What also isn't clear is the basis on which freedoms and flexibilities are going to be determined. Under CPA, the labelling mechanism was used to determine, for instance, whether a local authority has powers to trade. The White Paper stated that a methodology for the risk judgement is going to be developed in 2009, so it could be that this may contain criteria for freedoms and flexibilities. This does raise the question as to whether freedoms and flexibilities could be based on the direction of travel, use of resources, risk assessment or whether the power to trade is conferred to all councils (the approach taken in Wales)

Please send any comments through to Debbie Johns at the APSE office (email: djohns@apse.org.uk). APSE will be responding to the consultation on behalf of its membership.

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