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<b>REPORT TO:</b>	<b>IMPROVEMENT PANEL</b>	<b>AGENDA ITEM:</b>
<b>DATE OF MEETING:</b>	<b>27<sup>TH</sup> OCTOBER 2005</b>	<b>CATEGORY:</b>
<b>REPORT FROM:</b>	<b><u>DEPUTY CHIEF EXECUTIVE</u></b>	<b>DELEGATED/ RECOMMENDED</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>IAN REID (5791)</b>	<b>OPEN/EXEMPT PARAGRAPH NO:</b>
<b>SUBJECT:</b>	<b>COMPREHENSIVE PERFORMANCE ASSESSMENT OF DISTRICT COUNCILS FROM 2006</b>	<b>DOC:</b> s:\cent_serv\committee reports\improvement panel\27 oct 05\cpa of district councils - 2006.doc
<b>WARD(S) AFFECTED:</b>		<b>REF: IR/SAC</b>
		<b>TERMS OF REFERENCE:</b>

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## **1.0 Recommendations**

- 1.1 The views of this working panel be forwarded to the next meeting of the Finance and Management Committee to help the Council formulate its response to the Audit Commission consultation on their proposals for Comprehensive Performance Assessment of District Councils from 2006.

## **2.0 Purpose of Report**

- 2.1 To inform Members of the Audit Commission consultation document regarding proposed changes to CPA of District Councils from 2006 (attached Annexe A) and facilitate a discussion within the working panel on the options proposed. The views of this panel can then be forwarded to the Finance and Management Committee to help determine the Council's formal response.

## **3.0 Detail**

- 3.1 The Audit Commission recently released a consultation document regarding their proposals for CPA of District Councils from 2006. This follows on from the initial CPA Assessment of each District Council in England in 2003/2004 and subsequent consultation and review by the Commission on the framework for CPA for all Councils from 2005. The Commission concluded that there was a need for CPA to be refined and updated in line with their principles of strategic regulation, and Councils duty of continuous improvement.

- 3.2 The Commission have set out the new arrangements for “upper tier” Councils which were broadly similar to the previous arrangements but incorporate a “more rigorous test of Council performance”. They have also introduced an annual use of resources judgement which makes a more demanding assessment of financial management and provides a value for money judgement. This use of resources assessment is currently being undertaken by all councils, although it will not be formally assessed and scored for District Councils until 2006.
- 3.3 The consultation sets out proposals for District Councils in addition to the use of resources assessment were each council would receive:
- Annual Service Assessments
  - A Direction of Travel Statement
  - A Targeted and Simplified Assessment which would replace the previous Corporate Assessment
- 3.4 The guiding principles for the new CPA Framework are outlined in Section 3 of the consultation document and the work is intended to deliver improvements, better value for money and relate to the perspective of service users. It is also intended that it builds on previous CPA work, be more affordable and have a reduced impact on Councils own internal capacity. The paper then goes on to discuss the elements of the proposed CPA process in more detail and develop options of how that might be delivered on the ground.
- 3.5 The options are outlined in some detail in Section 4 of the consultation document and it is not proposed to repeat that information in this report. However a very brief commentary on the options is detailed in the paragraphs below. The options are divided between Group A and Group B. Group A options re-categorise all Councils over a number of years, possibly up to 6 years. Group B options allow Councils, to put themselves forward each year, if they want to be reassessed. Equally the Audit Commission can bring forward Councils they consider to need re-categorisation.

### **Group A Options**

#### **Option 1**

- 3.6 This option broadly takes the approach adopted in the first round of CPA Assessments. This option is well known to District Councils and is a costly option both in terms of Audit Commission inspection activity and resources required by Councils to prepare the necessary corporate assessments.

#### **Option 2**

- 3.7 This option follows the approach adopted for “upper tier” Councils and is similar to option 1. Whether it also includes an annual direction of travel scored judgement which would allow CPA categories to be updated. The option to have a CPA Assessment reviewed to reflect ongoing improvements in performance was a comment that featured widely in the responses by District Councils to the consultation that followed the previous CPA exercise. However this annual review option makes this option more expensive and resource demanding than option 1.

### **Option 3**

- 3.8 This option is a streamlined version of option 1 where the corporate assessment result from 2003 is reused. The corporate assessment score that is therefore input into the model could be up to 6 years old when it is used and it is suggested that the use of resources and direction of travel assessments could be modified to make allowance for changes over that period. Consequentially this is the cheapest option within group A.

### **Group B Options**

#### **Option 4**

- 3.9 This option uses the use of resources, direction of travel and service assessment to identify whether there is a potential for re-categorisation. If there was sufficient evidence of sustained performance that was "significantly better", then a new corporate assessment would be carried out. The thinking within this option is that the corporate assessment work would be reduced by being informed, on the basis of risk, by the initial assessments. This assessment would be undertaken only where the Council wishes to be considered for re-categorisation or there was evidence of significant weakening of performance.

#### **Option 5**

- 3.10 This option is similar to option 4 but does not include service assessments. The decision on whether there was any potential for re-categorisation would be made solely on the annual use of resources and direction of travel statements. Again any additional activity would only be carried out at those Councils where and when sufficient evidence of progress and regression was found. Both options 4 and 5 would be less expensive than options 1 and 2. Where there were signs of significant weak performance the Audit Commission would decide whether a re-categorisation exercise would be undertaken. However for improving performance, the Council would decide whether it wished to be considered for re-categorisation and devote the resources required to undertake the additional assessment work necessary. It can be seen therefore that both these options to some degree pass responsibility back to Councils if they want to pursue re-categorisation of the CPA Assessment.
- 3.11 Consultation events are being held around the country during October and the East Midlands event was held on the 24<sup>th</sup> October at Castle Donington. The Leader and the Chief Executive have been invited to that event and a report will be brought back to this panel from that meeting.

### **Key Questions for the Consultation**

- 3.12 Section 7 of the consultation document outlines key questions for District Councils to answer.

#### 4.0 Conclusions

- 4.1 Given the draft Corporate Plan challenge of improving our CPA Assessment the Group B options offer maximum flexibility to Councils to put themselves forward for re-assessment.
- 4.2 The importance to local people of service delivery by Councils would indicate a preference for Option 4 over Option 5, which does not include service assessments. However, it is likely that Option 5 would be more demanding of resources to undertake the additional assessments.

Local government

Consultation

September 2005



# **The framework for Comprehensive Performance Assessment of district councils from 2006**

Consultation document



1. Introduction	3
2. Background	6
3. A new framework for district council CPA	10
4. Options for district council CPA	15
5. Quality assurance and review	22
6. Opportunities for getting involved	23
7. Consultation questions	24
Appendix 1 District Council Reference Group	26
Appendix 2 Local Services Inspection Forum agreed service assessment principles	27
Appendix 3 The Principles of Public Services Inspection	30

## Introduction

- 1 The Audit Commission (the Commission) issued a consultation document in December 2004 on the possible framework for comprehensive performance assessment (CPA) from 2005. That document included some preliminary thoughts on district councils. In the light of the response to those proposals we have decided to undertake a separate and more comprehensive consultation relating to the framework for district council CPA. This document sets out our current thinking and some possible options that could be considered for district council CPA for the period up to March 2009.
- 2 There are 238 district councils in England, which vary considerably in terms of their size and the areas and communities that they serve. Total expenditure by district councils in 2003/04 was £6.5 billion, some 7 per cent of local government spending.
- 3 District councils provide a range of services that have a significant impact on all local people in the area in which they live, and they contribute directly and in partnership towards wider aims of public policy, including making communities safer and healthier. Services provided by districts (such as street cleaning, housing, sports and leisure, parks and open spaces) have a major impact on resident perception of satisfaction with public services in their area.
- 4 District councils, as best value authorities, have a statutory duty to put in place arrangements to secure continuous improvement in their functions having regard to a combination of economy, efficiency and effectiveness. Under statute the Commission has a duty to assess how well authorities are fulfilling this general requirement for continuous improvement.
- 5 CPA was introduced in 2002 as a way of drawing together the most significant elements of our wider audit and inspection framework to form an overall view of the performance of councils and their arrangements for improving services to the public. CPA is the tool that we use to fulfil our statutory duty to categorise best value authorities according to their relative performance (s99 Local Government Act 2003). CPA assesses performance from various perspectives in a consistent and comparable way and has proved to be an effective mechanism for categorising councils and driving improvements in services for local people.



- 6 Between June 2003 and December 2004 we completed an assessment of each district council in England. This comprised a corporate assessment, similar to that undertaken in single-tier and county councils, and diagnostic work in key service areas of housing and public space. It also took into account an assessment from the Benefit Fraud Inspectorate (BFI).
- 7 This first round of CPA for district councils was an intensive round of inspection activity. It provided for the first time a large amount of valuable information about the performance of district councils across England. Councils have used the results of CPA to help them identify priorities for improvement and support their own improvement planning.
- 8 In developing a new framework it will be important to build on the investment made in the first round of district council CPA and to apply our learning from it. Therefore, in parallel with the publication of this consultation document we are publishing two separate reports that set out the results of the first round of district council CPA and identify key learning<sup>i</sup>.
- 9 This paper does not consider single tier and county councils. The adopted framework for single tier and county councils<sup>ii</sup> is published on our website ([www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)) together with consultation papers on direction of travel scored judgements and service assessments (although these consultations are now closed). It may be helpful to read those documents alongside the proposals in this consultation paper.

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<sup>i</sup> *Learning from Comprehensive Performance Assessment of District Councils: Improvement Breakthroughs and Comprehensive Performance Assessment: Scores and Analysis of Performance for District Councils in England, 2003/04*, Audit Commission, September 2005.

<sup>ii</sup> *CPA – The Harder Test: The New Framework for Comprehensive Performance Assessment of Single-Tier and County Councils from 2005 to 2008*, Audit Commission, June 2005.





## Outline of consultation document

- 10 The next section of this document summarises the original framework for district council CPA and the background to this consultation as well as confirming the assessment activities taking place in district councils during 2005/06. Section 3 then sets out a number of guiding principles that must inform a new framework for district council CPA together with certain generic features of CPA which are consistent with those principles. Section 4 identifies a series of options on which we welcome feedback. Section 5 summarises our approach to quality assurance. Section 6 sets out opportunities for getting involved and section 7 the consultation questions. Appendices set out supporting detail.

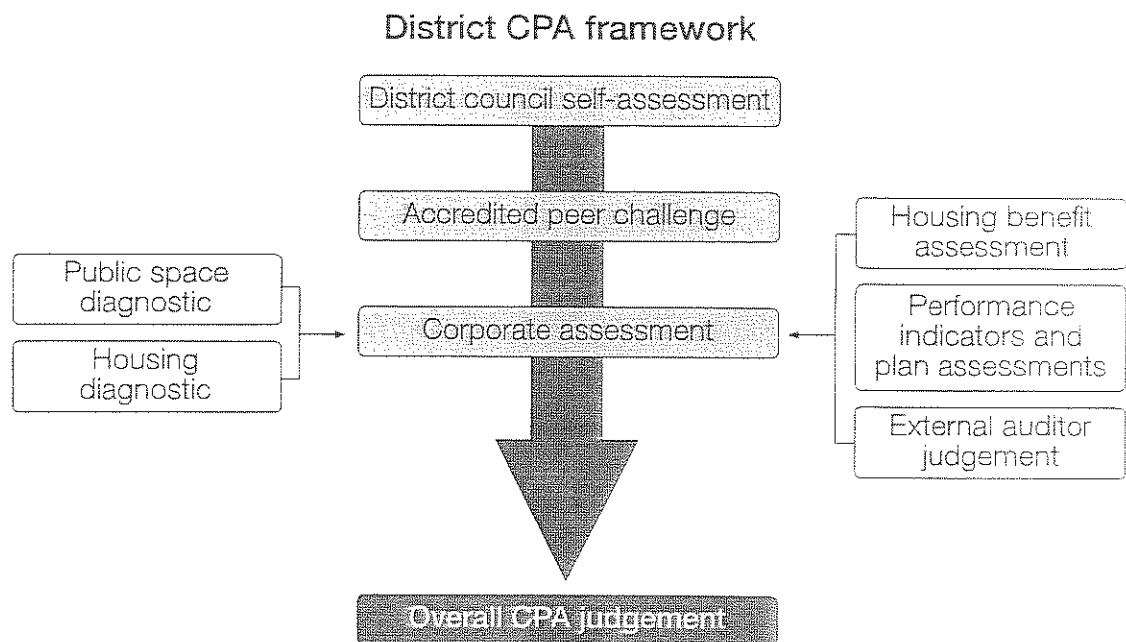
## Responding to the consultation

- 11 Consultation will continue until 30 November 2005. Responses received after this date cannot be considered. Responses to the issues raised in this document should be clearly headed 'District council CPA consultation' and emailed to [cpa@audit-commission.gov.uk](mailto:cpa@audit-commission.gov.uk) or sent to Local Government Performance and Improvement Directorate, Audit Commission 1st Floor, Millbank, London SW1P 4HQ.
- 12 Information supporting this consultation is also available from the Commission's website including details of events that will take place during the consultation period. Please note that responses will be considered as being on the record.
- 13 We also intend to work with a number of councils to pilot a variety of approaches to help inform the final framework. If you are interested in becoming involved please let us know as soon as possible and no later than 30 September, by email to [cpa@audit-commission.gov.uk](mailto:cpa@audit-commission.gov.uk).
- 14 We aim to confirm our approach in March 2006 for implementation from April 2006.

## Background

### A reminder of the original district council CPA

- 15 The methodology applied in the first round of district council CPA produced a single overall judgement<sup>1</sup> covering core service performance and council ability to improve. The programme was implemented on a county by county basis.
- 16 Self-assessment and accredited peer challenge informed a corporate assessment. This assessment brought together external auditor judgements, performance indicator and plan assessment, housing benefit assessment (undertaken by the BFI) and two thematic diagnostic assessments to produce an overall CPA judgement.



<sup>1</sup> Excellent, good, fair, weak, poor.



- 17 The corporate assessment methodology comprised three key questions and ten themes and each theme was scored on a 1-4 scale (where 1 was 'weak' and 4 'strong'). Three of the ten themes (namely, investment, achievement of service quality, achievement of improvement) were given a weighted score. By scoring each theme and applying predetermined weightings cumulative scores were calculated which translated into a CPA category (excellent, good, fair, weak, poor) by the application of an arithmetic model. Categorisation was subject to the proviso of a single rule that if any of the BFI, auditor or diagnostic assessments received the lowest possible rating a council was prevented from becoming an excellent council overall.

Key questions	Themes
1 What is the council trying to achieve?	1. Ambition 2. Prioritisation 3. Focus
2 How has the council set about delivering its priorities for improvement?	4. Capacity 5. Performance management
3 What improvements has the council achieved/not achieved to date?	6. Achievement of service quality 7. Achievement of improvement 8. Investment
4 In light of what the council has learnt, what does it plan to do next?	9. Learning 10. Future plans

- 18 Results were published as a single report for each council together with a shortened community digest in the form of a web-based summary.
- 19 Since the publication of first round reports progress assessments have been undertaken at a number of councils, including councils identified as poor or weak. A number of other councils had some reviews of progress against their improvement priorities on the basis of locally agreed approaches.



## Background to this consultation

- 20 In 2004 we proposed changes to the CPA framework and we consulted<sup>1</sup> on the broad outline for the framework for CPA from 2005 for all councils. We identified the need for CPA to be refined and updated in line with the Commission's principles of Strategic Regulation, and councils' duty of continuous improvement.
- 21 We set out proposals whereby the overall CPA architecture for single tier and county councils would remain broadly similar but key changes would make it a more rigorous test of council performance while at the same time reducing the overall burden of regulation. We also proposed that the annual use of resources judgement would be a prominent element of the new CPA architecture and would be conducted in all councils, including district councils from 2005. We highlighted our intention to make a more demanding assessment of financial management and also to provide a value for money judgement.
- 22 The consultation paper set out a broad proposal for district councils. It proposed that in addition to an annual use of resources judgement each district council would receive:
- annual performance assessments covering specific service areas;
  - a direction of travel statement; and
  - instead of a comprehensive programme of corporate assessments, a targeted approach would be adopted with corporate assessments taking place in a significantly reduced form.
- 23 We received more than 300 written responses from a range of external organisations and individuals, including individual and joint responses from local authorities. The framework for single tier and county councils explains the main responses to the consultation and how the overall single tier and county council framework has been developed to take account of the issues raised. A detailed analysis of responses is available on our website together with a list of those who responded [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk).

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<sup>1</sup> *Proposals for the Comprehensive Performance Assessment from 2005*, Audit Commission, December 2004.

- 24 Just over 100 of the written responses were from district councils. It was clear from these that more work was required to develop an appropriate framework for district councils. In particular, concerns were raised about the lack of detail and questions were raised about opportunities for re-categorisation.
- 25 In response to this feedback we have given careful consideration to ways in which these concerns can be addressed in the context of Strategic Regulation.

## Activity in 2005/06

- 26 Before a new framework is implemented in April 2006 there will be interim activity in all district councils. This activity, which will not lead to any re-categorisation, comprises:
- use of resources assessments; and
  - direction of travel statements (incorporating progress assessments in poor and weak councils);
- and will be reported in the Annual Audit and Inspection letter for each council by 31 March 2006.
- 27 The web-based community digest for each council will be updated to reflect these elements while the new arrangements are being consulted upon and finalised.
- 28 Detailed information about the use of resources assessment for 2005/06 can be found on our website ([www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)). The self-assessment return date for district councils is 30 September 2005.
- 29 Information on direction of travel statements for district councils for 2005/06 will be published in mid September.

# 3

## A new framework for district council CPA

### Guiding principles for a new CPA framework for district councils

30 The Commission's principle of Strategic Regulation is at the heart of our approach to CPA. This means that CPA of district councils should:

- focus on improvement;
- be seen from the perspective of service users;
- provide value for money for taxpayers;
- be targeted and risk based; and
- be delivered in partnership with others.

The principles of strategic regulation are fully in accordance with the government's Ten Principles of Public Services Inspection which are detailed in Appendix 3.

31 Furthermore a new framework should:

- build on the previous round of CPA of district councils but be much less intensive both in terms of audit and inspection activity and the impact on the leadership and managerial capacity of district councils;
- enable comparisons to be made with single tier and county councils where this is desirable in terms of being able to compare similar services across different types of council;
- be affordable, both in terms of the level of central government grant and fees paid by councils and in terms of the impact on councils' own internal capacity; and
- include appropriate involvement of other organisations supporting improvement including the use of peers in our assessment activity.

A future framework must be informed by these guiding principles.



32 There are certain generic features of CPA, which are consistent with our underpinning principles. These features will be relevant to any approach to CPA at district councils and include:

- annual use of resources assessment, including a judgement on value for money. This is being implemented at all councils from 2005/06 including district councils;
- adoption of the principles<sup>I</sup> agreed by all inspectorates in the Local Services Inspectorate Forum (LSIF) for any service assessments, including a common 1 to 4 scoring scale;
- direction of travel judgements or statements<sup>II</sup>;
- continued use of five categories; and
- corporate assessments that provide a means of assessing the ability of the council to focus on key local issues for its residents and deliver strong services to meet those needs.

33 We now consider how each of these features might be adapted for use in a future district council CPA framework.

## Key elements of CPA

### Use of resources assessments

34 Use of resources assessments are based on the work of auditors under the new Code of Audit Practice<sup>III</sup>. We have published our methodology for these assessments and this is being implemented at all councils, including district councils, in 2005/06.

35 The framework comprises five themes:

- financial reporting;
- financial management;
- financial standing;

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<sup>I</sup> Set out in Appendix 2 of this consultation paper.

<sup>II</sup> For 2005/06 there will be a scored direction of travel judgement for single tier and county councils. For district councils the direction of travel statement will not be scored.

<sup>III</sup> The new Code was approved by Parliament in March 2005.



- internal control; and
- value for money.

- 36 Full detail and key lines of enquiry can be found on our website ([www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)).
- 37 Use of resources assessments are a key feature and should feed into a new district council CPA framework.

## Service assessments

- 38 Service assessments can be wholly based on performance information or include inspection activity. Inspection activity can vary in scale from activity focusing on diagnostic work in a few key areas to more extensive inspection of service performance.
- 39 Assessment can look at service areas in various ways – discrete service areas or cross-cutting. Some assessments are carried out by the Commission while others such as benefits are the responsibility of other statutory bodies (BFI in the case of benefits).
- 40 For single tier and county councils it has been decided to move to a service assessment model that reduces reliance on assessment of plans or inspection scores and places more reliance on performance data. When inspections are carried out we will follow our recently adopted service inspection methodology which is available at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk).
- 41 There are a number of ways in which service assessment information could feed CPA for district councils. It could follow the single tier and county council model and have separate service assessments for benefits, housing, environment and culture. We have recently consulted on a service assessment framework for single tier and county councils and this is published on our website at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk). The responses to this consultation have been numerous and detailed and they are being analysed prior to final decisions being made on the final service assessment framework for single tier and county councils. We have included as an attachment to this report on our website an abstract from that consultation identifying the performance data that would be relevant to district councils. We will shortly be publishing the final service assessment framework for single tier and county councils and an appropriate district council subset can be produced from that in due course. Different service blocks could be developed for district councils but would be less capable of comparison with single tier councils.



- 42 An alternative to separate service assessments would be to use a single basket of indicators. In this case there could be one service score (as opposed to the multiple service scores) feeding into CPA.

### Corporate assessments

- 43 Councils cannot deliver appropriate, high-quality services unless they have effective leadership. Corporate assessments (CAs) have provided a means of focusing on the importance of having a successful corporate 'engine' to drive the delivery of strong services and they feature in many of the options described later in this paper.
- 44 In our 2004 consultation we highlighted our intention to strengthen the CA methodology to test more fully how councils understand their communities and provide community leadership, how this understanding of local people and places translates into the council's ambitions and priorities and what in practice councils are achieving.
- 45 For single tier and county councils CAs will be carried out on a rolling programme over the period 2005-2008. For single tier and county councils the framework comprises five themes:
- ambition;
  - prioritisation;
  - capacity;
  - performance management; and
  - achievement (considered in relation to the local and national shared priorities<sup>1</sup>).
- 46 There are options for CA for district councils. Achievement could be measured in relation to the local and national shared priorities or in relation to service delivery (perhaps using the same areas as used for service assessments or the council's own improvement plan) or in relation to cross-cutting policy objectives.

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<sup>1</sup> The shared priorities agreed by local/national government are: sustainable communities including transport, safer and stronger communities, healthier communities, older people and children and young people.



## Direction of travel statements

- 47 Annual direction of travel judgements form part of CPA from 2005 for single tier and county councils to assess progress of improvement each year. A consultation paper on the labels and criteria for direction of travel scored judgements in single tier and county councils has been published on our website at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk).
- 48 For 2005/06 district councils will receive a direction of travel statement (not a scored judgement). For the future this approach could continue or the approach used in relation to single tier and county councils of a scored judgement could be adapted for district councils too.

## Developing options for CPA of district councils

- 49 The options for CPA of district councils differ according to the ways in which various elements summarised above are combined in order to provide the rounded view of performance that is needed to support the robust categorisation of councils. In the next section we set out some options for consideration.

# 4

## Options for district council CPA

- 50 The following options for consultation set out some different ways in which the various elements of CPA could be brought together. The options fall into two categories:
- options that allow the Commission to re-categorise all councils (group A) through a programme to be delivered over a number of years; and
  - options that allow the Commission to identify, from initial evidence of improvement, that a council may be ready to be considered for re-categorisation (or where service or corporate failure indicates a potential need for re-categorisation) before activity to confirm whether re-categorisation should take place (group B).
- 51 All options need to allow for the possibility that re-categorisation can be either upwards or downwards depending on performance.

## Longer-term context

- 52 The national policy context, including the introduction of local area agreements and our ongoing work on area profiles, raises the potential for future area based assessments of public services and a focus on the achievement of local priorities. It is therefore important that a new framework for district council CPA looks forward beyond 2008/09 and that all the options should be capable of contributing to any such future framework.
- 53 The Commission intends to consider ways in which district council CPA may contribute towards area based assessments in the longer term. We are, therefore, seeking volunteer district councils to help us pilot work in this area during the next 18 months.



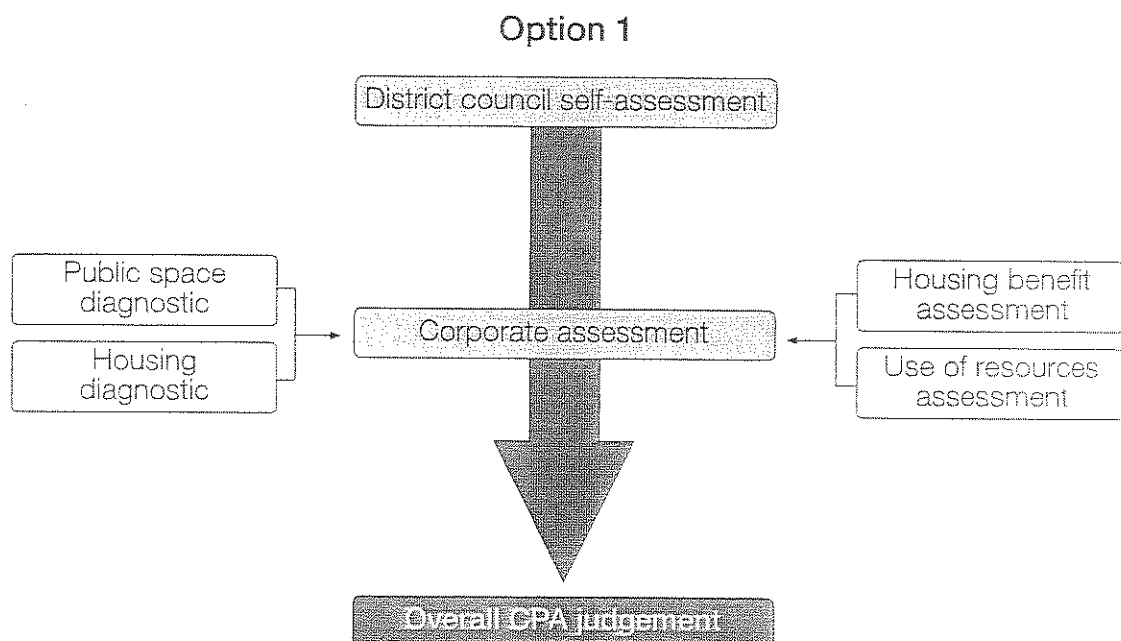
## Group A

### Option 1

54 This option takes the first round assessment framework as its starting point.

55 The framework under this option would include:

- service delivery diagnostics (for example, public space and housing as in the first round);
- benefits assessment;
- use of resources assessment;
- a periodic corporate assessment; and
- it could include regular statements of direction of travel that sit alongside CPA categorisation.



56 It does not include separate regular service assessments.

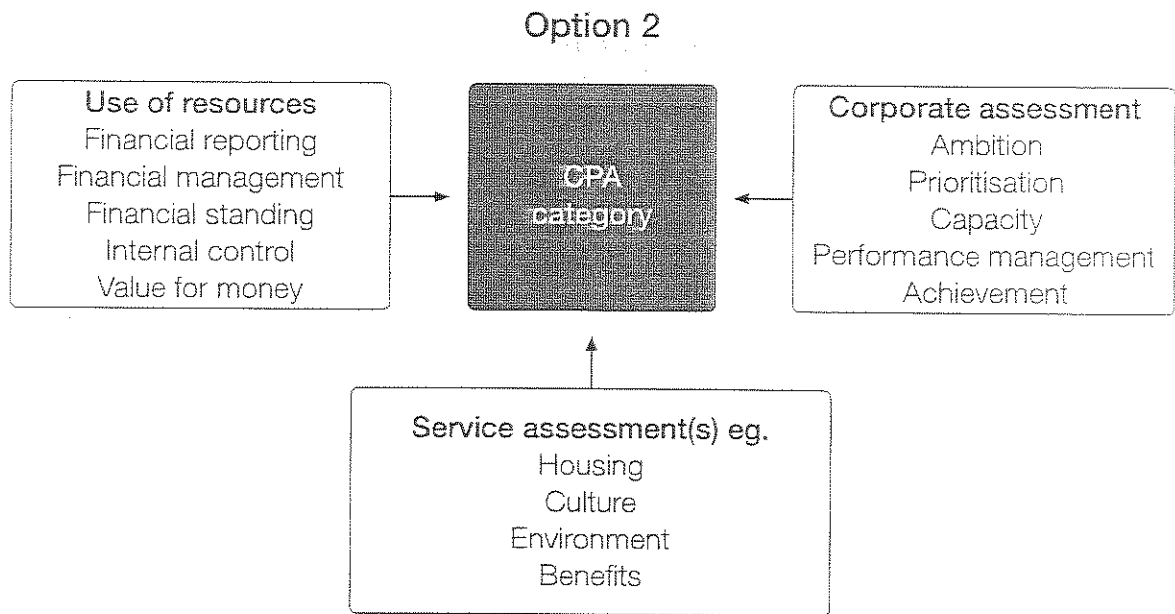
- 57 Corporate assessment activity would be an in-depth and comprehensive assessment activity for all councils by way of a phased programme over the period 2006-09. We would pilot ways of undertaking a corporate assessment.
- 58 This option would require a high level of resource. The cost of this approach during 2003 and 2004 for all councils was approximately £20 million and required significant effort by district councils in preparation for the corporate assessments.

## Option2

- 59 This option takes the adopted single tier and county council CPA framework as its starting point.
- 60 The framework under this options would include:
- use of resources assessment;
  - service assessment(s);
  - periodic corporate assessment; and
  - possibly direction of travel scored judgements published annually when CPA categories were updated.
- 61 A rules set would bring together scores from each component part to produce an overall CPA category.
- 62 Corporate assessment activity would be periodic on a rolling programme covering all councils in the period 2006-09. In these circumstances it may be appropriate to provide transitional protection of corporate assessment scores along similar lines to those in place for single tier and county councils<sup>1</sup>.
- 63 Some essential modifications would be required to the single tier and county council framework. For example, service assessment(s) would need to reflect district council functions and could be developed as one or a series of blocks as discussed earlier.

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<sup>1</sup> See paragraphs 72-74 of *CPA – The Harder Test*.



64 Consideration would also need to be given to the most appropriate CA activity and in particular how to measure achievement.

65 This option is likely to require the highest resource commitment both in terms of the financial cost of inspection activity and the resource required within district councils to prepare for the various elements of the framework.

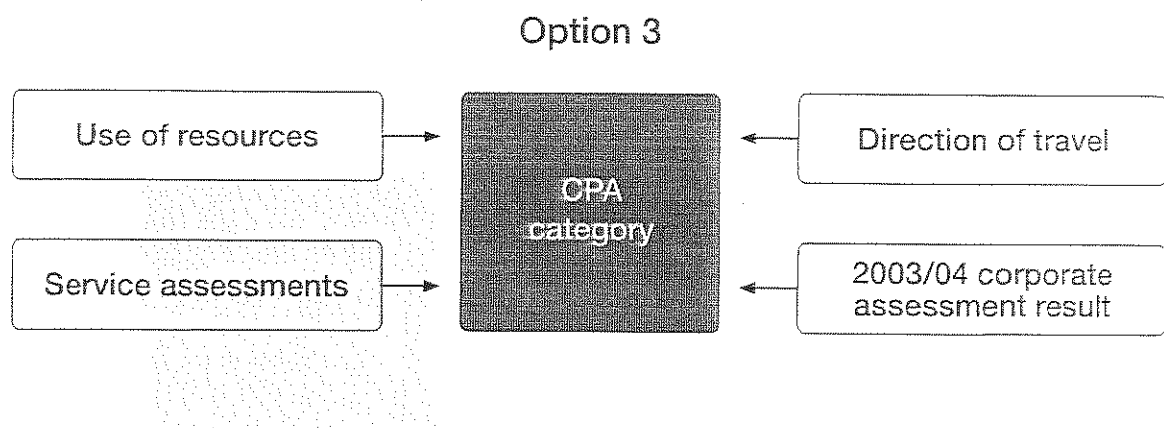
### Option 3

66 This option takes existing performance information as its starting point.

67 The framework under this option would bring together the following components:

- use of resources assessment;
- service assessment;
- direction of travel statement; and
- 2003/04 CA result.

- 68 A rules set would be devised to produce a CPA category. As there would be no separate corporate assessment activity the direction of travel and/or use of resources assessments would need to be enhanced to cover key aspects of corporate performance (including performance management).
- 69 This would be the least resource intensive option of Group A but would require the use of a CA score which could be up to six years old by 2009. It would also be necessary to pilot a rules set which is robust. This option would have the disadvantage of not providing any assessment in relation to the local and national shared priorities such as safer and stronger communities nor reviewing user focus, diversity and human rights through a new corporate assessment.



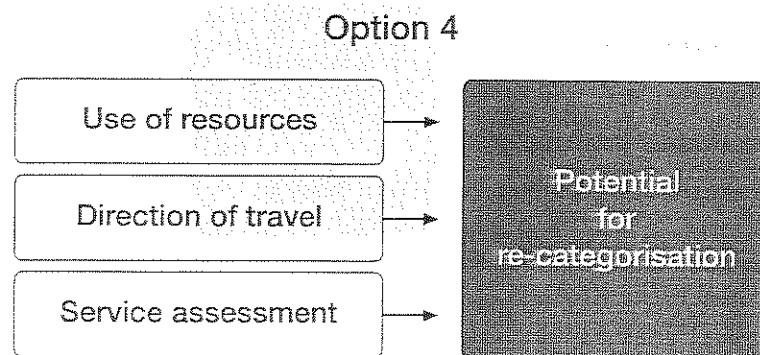
## Group B

### Option 4

70 In this option the framework would bring together annual:

- use of resources assessments;
- service assessments; and
- direction of travel statements;

to provide the basis for a Commission decision as to whether or not to undertake further assessment activity and an opportunity for re-categorisation. The further assessment activity would be a proportionate CA.



71 This new CA activity would only be carried out at those councils where:

- there was sufficient evidence of sustained performance that was significantly better than that indicated in the original CA, and the council wished to be considered for re-categorisation; or
- there was evidence of significant weakening of performance.





- 72 Excellent councils would not feature in this process unless they showed significant signs of weakening performance. Other councils would only feature if they wished to devote time and effort to the re-categorisation process, or if they showed significant signs of weakening performance.
- 73 The CA activity would provide an opportunity to probe areas highlighted by the use of resources, service and direction of travel assessments and, on the basis of risk, could consider:
- ambition and prioritisation;
  - capacity and performance management; and
  - achievement. This could focus on what the council is achieving across the range of its activities either against its own local priorities or against a set of cross-cutting themes based on the local/central government shared priorities or both.
- 74 The different options for a proportionate CA for district councils will be piloted. These will need to ensure that comparison can be made between the old and new categories for district councils.

## Option 5

- 75 Similar to option 4 but without service assessments. Annual use of resources and direction of travel statements would be used together to provide the basis for deciding whether or not to undertake further activity. Again any additional activity would only be carried out at those councils where and when sufficient evidence of progress or regression was found.
- 76 Both this option and option 4 would be less expensive than options 1 and 2, and would only involve councils that wished to be considered for re-categorisation, or that showed signs of significant weakening performance.

## Quality assurance and review

- 77 We will continue to build quality assurance (QA) arrangements into our processes for delivering CPA and each of its elements. Our approach will be to design into our arrangements specific requirements for QA and at all key stages of assessment including:
- selection and training of those carrying out assessments;
  - planning of assessment work, including scoping of fieldwork;
  - evidence gathering;
  - reporting; and
  - review.
- 78 A number of key principles inform our Commission wide approach to quality and will apply equally to a future district council CPA framework:
- support for the four stages of planning, delivery, reporting and follow up;
  - fairness and consistency of standards and judgements;
  - adding value through the assessment process;
  - risk based and proportionate;
  - based on clear national principles and guidance;
  - involving people with the right skills and support to carry out their respective roles;
  - supported by robust audit trails and clear judgements; and
  - build on what works and make effective use of existing approaches and systems.
- 79 No matter how clear and open the process, disagreements will arise from time to time. Where an authority is dissatisfied with a scored judgement made by the Commission it can request a review of that judgement. Where a review is conducted it will be carried out by senior officers who were not involved in the original work. Full details of our review procedure for scored judgements can be found on our website at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

## Opportunities for getting involved

- 80 The District Council Reference Group which played a key role in developing the first round framework has been re-formed and invitations extended to a number of additional district councils to seek to enhance further the extent to which it represents the spread of councils.
- 81 A list of those councils on the Reference Group is set out in Appendix 1.
- 82 This group will continue to meet throughout the consultation period and engage with us in moving forward to develop an appropriate framework.
- 83 We shall also hold a series of consultation events commencing in October:
- |            |                          |
|------------|--------------------------|
| 14 October | Tonbridge, Kent          |
| 24 October | Castle Donnington, Derby |
| 25 October | Bridgwater, Somerset     |
| 27 October | Redworth, County Durham  |
| 28 October | Alton, Staffordshire     |
| 31 October | Cambridge                |

Full details of dates and venues are posted on our website.

- 84 We also intend to work with a number of pilot councils to test component elements of a new framework. We have invited provisional expressions of interest from district councils and shall be contacting councils with further detail as to the piloting activity shortly. Any further expressions of interest should be made by 30 September 2005 by email to [cpa@audit-commission.gov.uk](mailto:cpa@audit-commission.gov.uk).

## Conclusion

- 85 This consultation looks ahead to CPA for district councils from 2006. The future CPA assessments will provide us with more information on how well local authorities are working with others to deliver outcomes for local areas.
- 86 A future framework must be informed by the guiding principles of Strategic Regulation which is at the heart of our approach to CPA. We have set out a series of options for consideration and encourage responses on these and any other aspect of the future CPA framework for district councils.

# 7

## Consultation questions

### 1. Guiding principles for overall district council CPA framework

- 1.1 We have outlined some guiding principles in section 3; are there any others you think we should be following?
- 1.2 Do you think that peers should play a part in our assessment activity and if so what do you think is the best way of using them?

### 2. Key elements of CPA

- 2.1 How do you think that the key elements of CPA should be used in relation to district council CPA? Please indicate the relative weighting or priority each element should have:
- 2.2 use of resources assessments?
- 2.3 service assessments?
- 2.4 corporate assessments?
- 2.5 direction of travel statements or scored judgements?
- 2.6 How should they be brought together to allow recategorisation?

### 3. Re-categorisation

- 3.1 The consultation paper sets out two approaches:
  - re-categorisation of all councils through a programme to be delivered over a number of years (group A); or
  - options that allow the Commission to identify, from initial evidence of improvement, that a council may be ready to be considered for re-categorisation (or where service or corporate failure indicates a potential need for re-categorisation) before activity to confirm whether re-categorisation should take place (group B).

Which of these two main approaches do you prefer?



- 3.2 Of the five framework options outlined in the consultation paper, which do you prefer and why (see section 4)?
- 3.3 How burdensome do you think each option would be?
- 3.4 Is there an alternative framework you would suggest?

#### 4. Quality assurance

- 4.1 Do you have any comments on our approach to quality assurance?

#### 5. Other comments

- 5.1 Do you have any comments on any other aspect of the consultation paper or any issue in relation to the future framework for district council CPA?

# Appendix 1

## DC Reference Group

Adur District Council	Allerdale Borough Council
Arun District Council	Ashford Borough Council
Braintree District Council	Bridgnorth District Council
Cambridge City Council	Canterbury City Council
Chichester District Council	Chiltern District Council
Colchester Borough Council	Craven District Council
Crawley Borough Council	Durham City Council
Easington (District of)	East Hampshire District Council
East Lindsey District Council	East Northamptonshire Council
East Staffordshire Borough Council	Exeter City Council
Fareham Borough Council	Gloucester City Council
Gosport Borough Council	Hastings Borough Council
Horsham District Council	Hyndburn Borough Council
Ipswich Borough Council	Kettering Borough Council
Mid Sussex District Council	Newark and Sherwood District Council
North Cornwall District Council	North East Derbyshire District Council
Norwich City Council	Nuneaton and Bedworth Borough Council
Oswestry Borough Council	Pendle Borough Council
Penwith District Council	Purbeck District Council
Richmondshire District Council	Rochford District Council
Salisbury District Council	South Bedfordshire District Council
South Norfolk District Council	South Northamptonshire Council
South Oxfordshire District Council	South Ribble Borough Council
South Shropshire District Council	South Staffordshire Council



Spelthorne Borough Council  
Tandridge District Council  
Three Rivers District Council  
Wansbeck District Council  
Wychavon District Council

St Edmundsbury Borough Council  
Taunton Deane Borough Council  
Vale Royal Borough Council  
Worthing Borough Council  
Wycombe District Council

## Appendix 2

### Local Services Inspectorate Forum (LSIF) service assessments agreed principles

The following principles have been agreed by the inspectorates, including the Commission, represented on the LSIF. The principles are relevant to all service block assessments that contribute to CPA. It is recognised that not all service block assessments will include on-site inspection activity but, where they do, those principles relevant to inspection activity will apply.

#### Consultation

The way in which the assessments are constructed, and any periodic changes to these, including criteria for judgement and, where relevant, the way in which any data is manipulated, will be consulted upon with relevant stakeholders. The final frameworks will be made public in good time for authorities to understand the likely impact for them.

#### Content

The assessments will focus on current performance in the service area rather than on improvement. They should cover at the very least what would be commonly considered to be the critical issues with each service area, and preferably all of, or the majority of, the full scope of that service area.

The service assessments will take a strong user focus, taking account of the quality of direct service delivery to the customer. To ensure that any inspections<sup>1</sup> are focused on users the following principles of user-diversity-focused inspection have been agreed by the LSIF:

- inspections should evaluate whether statutory requirements on equalities, diversity and human rights are being addressed;
- inspections should challenge service providers to promote and outline their approach to equality, diversity and human rights;
- inspections should examine the access to and impact of services for all sections of the community, including minority and disadvantaged groups;
- inspections should take account of, and report on, the views of users and of particular communities, including those groups of users who may be hard to reach;
- inspections should examine the processes and models that are in place for understanding service users and communities and for gathering service users' views, and judge whether those processes are effective and appropriate;
- inspections should make use of any valid, existing information from recent consultations with individuals, communities or groups carried out within or by the inspected body;
- if inspectors judge that insufficient information on users' or particular communities' views is available, inspections should incorporate arrangements to gain those views where appropriate;
- inspections should examine whether the outputs of local consultation and other user feedback, for example, complaints, influence decision making about how services can be improved and whether they result in appropriate changes to service delivery; and
- inspections should ensure that their findings are reported in a form that is accessible to the different local population groups.

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<sup>1</sup> Where inspections are carried out as part of an assessment.



The assessments will explicitly include value for money considerations in arriving at a final score.

Where an overlap exists between service assessments, or with the shared priority elements of the corporate assessment, there should be an explanation of the reason for the overlap.

## Methodology

The 'owners' of the assessment will ensure that they are transparent about the processes and timeframes that apply in arriving at the service block assessment for an individual council and the reasons for these.

The way in which the assessments are arrived at will be demonstrably consistent across relevant authorities.

Where there is an expectation of continuous improvement, for example, due to changes in legislation, professional standards and user requirements, the assessment methodology will reflect this.

The assessment methodology will be constructed in such a way that both improvement from a poor performance position and maintenance of high performance are captured, both being desirable within a balanced assessment framework.

## Scoring

The assessments will either directly provide, or be capable of transparent conversion into, scores on a 1 to 4 integer-only basis, with 4 being high.

The 'pitch' of these scores will be as follows:

- 4 – A service<sup>1</sup> that delivers well above minimum requirements for users.
- 3 – A service that consistently delivers above minimum requirements for users.
- 2 – A service that delivers only minimum requirements for users.
- 1 – A service that does not deliver minimum requirements for users.

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<sup>1</sup> 'Service' may refer to several services or functions working together.

There will be no direct or indirect quotas or other restrictions on the numbers or proportions of authorities that score in each category.

The assessments will, as far as possible, take account of the impact of local circumstance on performance, including deprivation or other structural factors.

The information on which these assessments are based will be robust and reliable, and there will be a sufficient amount of it for the purposes of properly assessing the relevant performance of the particular body.

### Annual updating

The assessments will be capable of annual updating, including for 'excellent' councils.

Assessments will be capable of annual updating without the need for 'on-site' inspection activity where necessary (for example, in 'excellent' councils).

The assessments, or all the components that together make up the assessments, will be 'signed off' (including having ministerial agreement where necessary), not be subject to any further change (for example, as a result of an ongoing 'appeal') and delivered to the Audit Commission by a date to be agreed.

## Appendix 3

### The Principles of Public Services Inspection

The principles of inspection in this policy statement place the following expectations on inspection providers and on the departments sponsoring them:

1. The **purpose of improvement**. There should be an explicit concern on the part of inspectors to contribute to the improvement of the service being inspected. This should guide the focus, method, reporting and follow-up of inspection. In framing recommendations, an inspector should recognise good performance and address any failure appropriately. Inspection should aim to generate data and intelligence that enable departments more quickly to calibrate the progress of reform in their sectors and make appropriate adjustments.



2. A **focus on outcomes**, which means considering service delivery to the end users of the services rather than concentrating on internal management arrangements.
3. A **user perspective**. Inspection should be delivered with a clear focus on the experience of those for whom the service is provided, as well as on internal management arrangements. Inspection should encourage innovation and diversity and not be solely compliance-based.
4. **Proportionate to risk**. Over time, inspectors should modify the extent of future inspection according to the quality of performance by the service provider. For example, good performers should undergo less inspection, so that resources are concentrated on areas of greatest risk.
5. Inspectors should encourage rigorous **self-assessment** by managers. Inspectors should challenge the outcomes of managers' self-assessments, take them into account in the inspection process, and provide a comparative benchmark.
6. Inspectors should use **impartial evidence**. Evidence, whether quantitative or qualitative, should be validated and credible.
7. Inspectors should disclose the **criteria** they use to form judgements.
8. Inspectors should be **open** about their processes, willing to take any complaints seriously, and able to demonstrate a robust quality assurance process.
9. Inspectors should have regard to **value for money**, their own included:
  - Inspection looks to see that there are arrangements in place to deliver the service efficiently and effectively.
  - Inspection itself should be able to demonstrate it delivers benefits commensurate with its cost, including the cost to those inspected.
  - Inspectorates should ensure that they have the capacity to work together on cross-cutting issues, in the interests of greater cost effectiveness and reducing the burden on those inspected.
10. Inspectors should **continually learn** from experience, in order to become increasingly effective. This can be done by assessing their own impact on the service provider's ability to improve and by sharing best practice with other inspectors.

Source: The Government's Policy on Inspection of Public Services,  
[www.cabinetoffice.gov.uk/opsr](http://www.cabinetoffice.gov.uk/opsr)

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