

REPORT TO CABINET

REPORT OF: Chief Executive

REPORT NO. CEX306

DATE: 7th November 2005

TITLE:	New Guidance on District CPA
COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	N/A
CORPORATE PRIORITY:	All
BACKGROUND PAPERS:	Report No. CEX301 to Resources DSP

Background

The Audit Commission have recently published a new framework for Comprehensive Performance Assessment of District Councils from 2006

I reported on this framework to the Resources DSP on 10th October who referred it to the Budget Working Group for consideration at their meeting on 26th October. A copy of my report to this committee is included as Appendix A. The Budget Working Group considered both my report and the proposals and set out their views against the key questions posed in Section 7, page 24 of the framework. Their views were as follows:

1. Guiding Principles

The working party thought that an additional guiding principle should be added and this would be that the costs of any CPA process should be proportionate to the expenditure of local authorities

- 1.2 The working party thought that peers could add value to any assessment if they had good practical experience of the particular circumstances faced by the local authority they were inspecting.

The working party also felt that these powers could be drawn from the private sector as well as the public sector.

2. Weighting of Each Element

After due discussion the working party concluded that the 4 elements should be weighted as follows:

Use of Resources	25%
Service Assessments	60%
Corporate Assessments	10%
Direction of Travel Assessment	5%

3. Re-Categorisation

After considerable discussion and by a small majority, 5:4, the working party favoured the selection approach outlined in group B.

3.2 Framework Options

Of the 2 options in group B, the working party expressed a clear preference for option 4 because it included a service assessment.

3.3 Implications of each option

The working party felt they did not have enough information to form a realistic assessment of the financial implications of each option for the district council.

3.4 Alternative Framework

The working party considered that the proposed frameworks did not address the central problems inherent in the CPA which are that the process of inspection is heavily externalised and somewhat opaque with a lack of clarity regarding the making of final decisions and the evidence taken into account.

One way of avoiding this was felt by the direct engagement of seconded senior managers and members in the inspection itself with the Audit Commission becoming responsible for accrediting the inspection process. This development would embody the process of inspection within the culture of Local Authorities, improve the understanding and skills of staff and overcome the concerns that inspectors lack contemporary management knowledge or experience.

5.1 Any Other Comments

The working party were unanimous in their view that the residents of South Kesteven and other Councils are not interested in or aware of CPA outcomes and therefore felt the whole process of inspection should be abandoned.

Duncan Kerr
Chief Executive

REPORT TO CAPACITY AND RESOURCES DSP

REPORT OF: Chief Executive

REPORT NO. CEX 301

DATE: 10th October 2005

TITLE:	The Framework for CPA of District Councils
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	N/A
COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	N/A
CORPORATE PRIORITY:	All
CRIME AND DISORDER IMPLICATIONS:	N/A
FREEDOM OF INFORMATION ACT IMPLICATIONS:	N/A

The Proposals in a nutshell

1. Section 4 of the paper sets out five options for the framework of future CPA. These options fall into two groups. The first group (Group A) enables all District Councils to be re-categorised between 2006 and 2009. The second group (Group B) limits re-categorisation to those authorities where the Audit Commission is satisfied that there is evidence of significant improvement or weakness.
2. The first question is therefore which of these two approaches does the Council prefer? If there has to be a CPA, my own preference is for it to be applied in such a way that all local authorities can be re-assessed as with group A for the following reasons:
 - i) It is difficult for the Audit Commission to make an informed view of whether there has been "significant" change without undertaking a full inspection.

- ii) If the “rules of the game” i.e. the framework changes then it should follow that all Councils should be re-assessed. A Council that achieved excellent under the 2001 framework might be only good, or fair, under the 2005 framework without any deterioration in actual performance but merely because the framework measures different things.
- iii) Assessing all authorities is a fairer and more equitable process than merely re-assessing some.
- iv) If authorities judged high performing under the 2001 framework are granted additional freedom, flexibilities and finances then it will be very unlikely that they will show significant deterioration. At the same time authorities not granted these incentives will have a much harder time demonstrating significant improvements leading to a two-tier system of institutionalised discrimination.

Options under Group A

3. There are three options under group A:

Option 1 - Re-assessment without regular service assessments.

This option seems very dangerous. It is one of the central tenets of the CPA process that it should be undertaken from a user perspective and it is very difficult to see how this can be done if the process is not informed by regular service assessments.

Option 2 - Full re-assessment based on all factors

Option 3 - Re-assessment without corporate assessment

Although less flawed than option 1, this option still has serious drawbacks. Information from corporate assessment forms a significant component of the eventual judgement and is hard to infer without detailed knowledge.

It is therefore recommended that option 2 be the Council's preference.

Section 7 – The consultation Questions

4. Question 1.1 asks whether there are any omissions from the guiding principles, which are listed in section 3 as:

Focus on improvement
 Be seen from the perspective of service users
 Provide value for money for taxpayers
 Be targeted ad risk based
 Be delivered in partnership with others

The following could be seen as omissions:

- 1) The lack of reference to support for local discretion – even to the extent of celebrating diversity of practise rather than seeking uniform solutions
- 2) The need to ensure that the process of inspection results in actions that deliver sustainable improvements to the lives of residents.

3) Recognition of the vast differences between the level of resources available to individual Councils and the consequences that this will inevitably have on their outcomes.

Question 1.2 asks about the involvement of peers. Whilst in principle this is a good idea in practice there is likely to be a severe shortage of suitable persons willing and able to execute this task. So I would suggest that we support this only if supply issues are properly and adequately addressed.

Question 2.1 asks for a relative weighting of the priority of each element. I would suggest the following:

Use of resources	20%
Service assessments	50%
Corporate assessments	25%
Direction of travel and scored judgements	5%

Question 2.6 asks how they should be brought together. My preference is to keep it simple by a plain scoring process. Any attempt to introduce rules regarding bars and limitations is unnecessarily complex.

Questions 3.1 and 3.2 ask about the approaches, and as indicated above, I would recommend Group A and option 2 in particular.

Question 3.3 asks about the burdens. My view is that if we are to have inspections then we must have a thorough process, and from our experience of the first round of CPA we do not anticipate that option 2 would be unduly burdensome.

Question 3.4 asks about an alternative framework. Whilst I do not intend to propose an alternative framework, it does strike me that the process of inspection is heavily externalised and somewhat opaque, with a lack of clarity regarding the making of final decisions and the evidence they take into account. This means that the outcome is, on occasion, disowned by the Council.

One way to avoid this would be to involve Council staff and maybe even members in the process of inspection. This could accord with the Audit Commission's staff aim to become a strategic regulator. Under this proposal, inspectors would be sourced from seconded senior managers from adjacent Councils. These staff would be trained and accredited by the Audit Commission who would over-see the corporate and service assessments that they would carryout and "sign-off" the process.

This development would embed the process of inspection within the culture of Local Authorities, improve the understanding and skills of staff and overcome the concerns that inspectors lack contemporary management knowledge or experience.

Question 4.1 asks about quality assurance approach and I have no comments to make.

Recommendation

- 5. That the Committee considers the questions in section 7 and my suggested response as set out above and report to the Cabinet.**

Duncan Kerr
Chief Executive