

Comprehensive Area Assessment – joint inspectorate response to CAA evaluations

Para 8 of the CAA report indicates that the Inspectorates have commissioned two evaluation reports of CAA. This note updates members on the findings of the reports and the joint Inspectorate response.

Joint Inspectorate response: In their response to the two evaluation reports the Inspectorates set out the changes they will make to CAA in year 2.

Many of the proposed changes reflect the proposals agreed by the Improvement Board and set out in our sector evaluation of CAA published two months ago. In particular the Inspectorates say that they will:

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- Improve joint working across inspectorates;
- Make more effective use of elected member peers
- Ensure much greater engagement of Councillors in CAA – including encouraging CAA Leads to report their findings to Overview and Scrutiny Committees;
- Use the baseline of the first year assessments to ensure future work is risk-based and proportionate;
- Reduce the administrative impact of CAA, and in particular carry out a significant review of the approach to use of resources;
- Stagger work with district councils in year 2 to help ensure that they can more effectively engage in the process;
- Improve the transparency of joint judgements and emerging findings; and
- Promote a greater focus on learning and improvement to ensure Oneplace adds value for the public and that the assessments add value for local public services.

The Audit Commission has separately signalled its intention to update the Use of Resources assessment on a risk basis and to carry out a fundamental review of its approach to Use of Resources and Organisational Assessments for implementation in 2011. In future years the Commission will seek to make more use of the annual audit letter as the prime accountability report for organisations.

Further details about each of the two evaluation reports are attached.

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An evaluation of year one of CAA: This research, undertaken for the Inspectorates by a consortium led by Shared Intelligence, addressed two key questions about the first year:

- Have the core components of CAA been delivered effectively and has it met its process objectives;
- To what extent and in what ways has CAA driven change in the behaviour of local institutions and partnerships?

The research was undertaken using a range of methods including on-line surveys with inspected bodies and inspectorate staff and in depth case study work in nine areas. The findings about how CAA was delivered and experienced by the sector mirror the findings of our own evaluation report.

The report identifies a number of learning points which support many of our proposals for year 2:

- The **different approaches to and philosophies of inspection between inspectorates**, linked to the sector-specific performance frameworks of government departments need to be reconciled for a truly joint assessment.
- The **different components of CAA should be better integrated**. In particular the links between the Use of Resources judgement and area assessments could be stronger.
- The focus on **local priorities and underpinning themes** should be strengthened and supported through better guidance and criteria for inspectors on assessing risk and outcomes.
- It is important to consider whether **more engagement** in CAA by elected members, district councils, the third sector and the public would be helpful, and if so how to achieve this.
- Improving the **transparency of the process**, particularly in relation to assessment of outcomes, the awarding of green and red flags, the roles of the different inspectorates and moderation would help strengthen CAA.
- Thought needs to be given to how to **capture and disseminate informal feedback and learning**, over and above Oneplace, to support improvement.
- More needs to be done to incorporate the '**underpinning themes**' (of inequality, sustainability, vulnerable people and value for money) into the process. There is considerable support for the development of area based assessments of value for money reflecting the concept of 'Total Place'.
- The **burden of inspection could be reduced** through lighter touch, more proportionate CAA through, for example, less frequent, risk based organisational assessments and/or area assessments and whole area Use of Resources (UoR) assessments.

Establishing the costs of CAA: The Inspectorates commissioned OPM to estimate the costs of CAA incurred by local authorities and to compare CAA year one costs with costs incurred under the previous CPA regime.

The calculated costs are based on estimates provided by councils of staff days and non staff costs spent on various activities. The report does not attempt to provide an estimate

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of costs for the sector as a whole due to a wide variation in estimated time spent on inspection activities for both CPA and CAA.

However the OPM report says that the overall cost to councils under CAA is at least 15% less than CPA. When looking at individual types of authorities, and taking a mid point in a range of costs, the report suggests CAA is 22% less expensive for single tier councils, but 5% more expensive for districts. County councils are also believed to have seen a large reduction.

Commenting on the variations in the amount of time spent on CAA, and therefore on staff costs, OPM say this may be explained in several ways:

- Different authorities, out of choice, are pursuing different strategies, either to respond to the regime as a whole (i.e. in some cases a much less intensive approach is being used for CAA than for CPA) or in an attempt to improve their result on a specific assessment or inspection;
- Some authorities have chosen or felt encouraged to undertake work that was deemed non-compulsory for CAA (self-assessments and case studies) while others have not;
- The new regime focuses on partnership working and outcomes for the whole area. Where strong partnership working arrangements were already in place, authorities may have had to carry out less work to be ready for CAA or to respond efficiently to inspector/auditors initial findings;
- Many authorities are now operating more mature performance management approaches and supporting information systems, and are therefore able to comply with assessment in inspection more easily; and
- Partnership working is more complex in councils that cover a wide geographical area and include a wide range of partners (e.g. more than one PCT). The task of supporting the inspection and assessment process in a partnership approach is therefore made more complex and potentially more time-consuming.

Aware that the Inspectorates had commissioned this work the LGA worked with a sample of 5 case study councils to explore the cost implications for them. What our work, undertaken by LGAR, demonstrated was a range of different outcomes with CAA being more expensive for some, about the same and being less expensive.

We press released our report to coincide with the OPM work with the intention of saying that the compliance costs of CAA vary but that in any event the total cost of regulation and assessment is still too high in the current financial climate and drawing attention to some of the changes we want to see for CAA in year 2.