

Comprehensive Area Assessment (CAA)

Summary

This report updates members about the Comprehensive Area Assessment and invites initial observations on the draft Audit Commission strategic plan.

Recommendations

That the report be noted.

Action

Officers to develop a proposed response to the Audit Commission's draft Strategic Plan and seek member approval.

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Comprehensive Area Assessment (CAA)

Background

1. The last LGA/Audit Commission (AC) Liaison meeting was held on 17th February. There were two main topics of discussion – CAA in year 2 and the longer term future of inspection and assessment.

2. During positive discussions members pressed the Commission on the range of changes we are seeking for Year 2 – in particular evidence of a reduced burden, greater member involvement, more joined up inspectorate activity at local level and our concerns about the timetable for shire districts in year 2. There was also some consensus about the longer term future of inspection and assessment.

Evaluating CAA

3. **LGA sector evaluation of CAA:** The LGA published a sector evaluation at the CAA Conference on 26th January. The evaluation was based on feedback from council leaders, a survey of councils and discussions at the Improvement Conference and elsewhere. The report also made a number of recommendations for changes in Year 2 – reflecting previous discussions at the Board. A copy is available on the LGA website <http://www.lga.gov.uk/lga/publications/publication-display.do?id=7726431>

4. **National Overview report:** The Inspectorates have published a CAA “Oneplace” national overview report – which is available on the Audit Commission’s website. <http://www.audit-commission.gov.uk/Pages/default.aspx>. A copy of the conclusions is attached at **Annex A**.

5. The report looks at the findings from the first year of CAA and complements local reporting of CAA results through the “Oneplace” website. It is structured primarily to:

- provide an analysis of the area assessment reports against the 4 underlying themes in CAA – sustainability; inequalities; vulnerable groups; value for money;
- draw out factors promoting or inhibiting innovation – which reinforces what we already know about what makes for improvement.

6. Finally the report also provides information for local leaders and highlights numerous case study examples of how their peers have overcome some of the common challenges they face.

7. In terms of the conclusions which are of particular relevance to the Board’s work, the report concludes that:

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- every one of the major challenges society faces is being tackled by local public services in at least one area, but that proven ways of tackling problems are not being consistently adopted (para 93);
- some areas are weak across a range of outcomes and the Inspectorates have concerns about the capacity of some bodies to improve (para 94);
- responsibility for innovation lies with local public bodies working together with partners and they need the freedom to tailor local solutions to local problems. “The rules within which local public bodies have to operate, and the associated funding and performance management frameworks, must not detract from local efforts to solve local problems” (para 99).

8. **Joint Inspectorate evaluation:** As well as providing a national overview of CAA the Inspectorates have also commissioned two pieces of research to evaluate CAA:

- the first asks whether the core components of CAA have been delivered effectively and to what extent CAA has driven behavioural change at local level. This is likely to mirror the findings of our own evaluation research.
- the second aims to establish the cost to inspected bodies of complying with CAA and make comparisons with CPA. It seems likely that the findings will be at odds with the general feedback we have received from the sector that the burden has not reduced.

9. It is understood that the Inspectorates will publish the research before the Board meeting in March, with an indication of their proposals for year 2. An update will be available at the Board meeting.

Audit Commission Strategic Plan

10. The Audit Commission has invited comments on its draft Strategic Plan “Trust, transparency and value for money”. The plan sets out how – in the new environment of expenditure constraint - the Commission can best fulfil its role in promoting greater accountability of local public bodies in England whilst at the same time encouraging improvement in the services they provide. The draft plan is available on the Commission’s website at <http://www.audit-commission.gov.uk/aboutus/ourstrategicplan/Pages/default.aspx>

11. The draft plan sets out how the Commission proposes to underpin public trust by ensuring local public bodies can be held to account for:

- looking after public money
- achieving more with less
- improving places and people’s lives.

An extract from the plan setting out the proposed activities under each theme is attached at **Annex B**.

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12. The final plan will be published in the second half of 2010 after the general election and the appointment of a new Chief Executive. Comments have been invited by 21 May.

13. Subject to initial views from the Board it is proposed that officers develop a draft response for member approval.

Financial Implications

There are no additional financial implications arising from this report.

Implications for Wales

There is a different approach to performance management in Wales.

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Oneplace national overview report - February 2010

Conclusions

92 All the material on Oneplace is available to the public. Those involved in managing and planning services locally can see examples of different areas struggling with and overcoming similar obstacles. In the same way they can find examples of good practice or relevant comparators, and adapt them to their own local circumstances.

93 The examples in Oneplace show that every one of the major challenges society faces, from the recession to climate change, is being tackled innovatively and successfully by local public services in at least one area in England. But innovation and success are not visible everywhere. Proven ways of tackling problems are not being consistently adopted. For every theme where one locality is reaping the rewards of innovation, another is falling behind, even where public services in the area have prioritised the issue.

94 Most areas show a mixed pattern of strength and weakness. Even well-managed local public bodies have areas where they need to improve. But some areas are weak across a range of outcomes. Thirteen areas received more than one red flag, indicating significant concerns; four of those received no green flags. Eight councils and one fire and rescue authority still use resources poorly. And we have concerns about the capacity of some bodies to improve. District councils are more likely than any other kind of council to be rated inadequate or poor on every component part of the Audit Commission's use of resources assessment (Ref. 3). Organisations scoring poorly for financial management may be less well-placed to cope with expected reductions in public service budgets.

95 Many of the most impressive achievements of local public bodies are in dealing with the consequences of society's problems – unemployment, street crime, homelessness, child poverty and chronic ill health. There are fewer examples where the underlying causes of these problems have been successfully tackled. Some have taken steps to help vulnerable adults live longer and more comfortably in their own homes. Others have targeted programmes at groups of young people at risk of becoming unemployed, homeless or involved in crime. Such approaches improve people's lives and can save public money. But they are still exceptions, not the norm.

96 Some problems remain hard to overcome. Regeneration programmes in cities like Manchester have improved the physical infrastructure without necessarily making the same impact on deprivation or inequality among residents. Oneplace highlights examples where communities are becoming more economically, socially or environmentally sustainable, but few examples where all three ambitions have been achieved at the same time. Alcohol abuse is associated with chronic ill health,

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teenage pregnancy, domestic violence and street crime and antisocial behaviour. But there is little evidence of successful measures to tackle alcohol abuse at source.

97 Improving the understanding of how to tackle stubborn challenges like these, and of the relationships between, say, economic regeneration, child poverty and tackling inequality, will be a priority for local public bodies, but also for the inspectorates as we prepare work programmes for 2010. We will build our knowledge in these and other areas both through our assessment and regulatory work and through our study, research and survey programmes.

98 The challenge of delivering more for less also informed the first year of CAA. Some local public bodies have improved the value they secure for public money. Others are going to have to match their achievements as public service budgets tighten. Many examples show how local public bodies built a business case that attracted additional funding to tackle their issues. But an ability to bid for funds may no longer be enough. Those who can improve the efficiency of their current activities capture the savings available from working with partners and draw on capacity from other sectors will be better able to achieve their objectives in tougher times.

99 The responsibility for innovation lies with local public bodies working together with their partners. The principal message for government from the first year of CAA is that local public bodies need the freedom to tailor local solutions to local problems. Most of the innovations we have highlighted involve some local adjustment to programmes, approaches or interventions that operate nationally. The rules within which local public bodies have to operate, and the associated funding and performance management frameworks, must not detract from local efforts to solve local problems. Nor must they become more rigid in response to tighter budgets. So the government needs to take care that it does not unwittingly oblige local partners to seek multiple sources of funds for the same activity, nor pursue inconsistent objectives as a condition of securing those funds. And tighter financial control must not lead to greater protection of individual budgets, and thereby jeopardise the potential for substantial savings to be made from joint working.

100 Recent policy pronouncements from all major political parties point to the increased future importance of devolved service delivery (Ref. 16, Ref. 17, Ref. 18). Whatever approach government takes to performance management in such a devolved world, local people need to be able to hold public services to account. To do so effectively they need good information including independent professional judgement on the quality of services and the prospects for areas. By providing that information, Oneplace supports local democracy.

Audit Commission Draft Strategic Plan: “Trust, transparency and value for money”

Our strategic objectives: underpinning public trust

30 From 2010 to 2015 the Commission will underpin public trust by ensuring that local public bodies can be held to account for:

- looking after public money;
- achieving more with less; and
- improving places and people’s lives.

31 In order to meet these three strategic objectives, we will give priority to a range of activities. These are outlined below.

Strategic objective 1: looking after public money

32 Our assurance roles are key to looking after public money. Fulfilling them requires us to appoint auditors to work at a local level, and undertake a range of national activities. To ensure local public bodies look after public money, we will:

- maintain a high-quality audit regime by prescribing a Code of Audit Practice, appointing auditors to local public bodies, and monitoring and reporting publicly on the quality of their work;
- maintain a cost-effective audit regime through competitive procurement of services from the private sector, and by improving the efficiency of our own audit practice;
- improve financial management and responsibility by encouraging local public bodies to follow the principles and practices of world class financial management;
- improve the usefulness of information about public services by providing assurance on the accuracy of non-financial information, including information for payment by results in the NHS, and on information governance;
- encourage public bodies to apply the good governance standard of the Independent Commission for Good Governance in Public Services;
- reduce fraud and error by operating the (NFI) and expanding it to cover new data sets and new participants in central government and the private sector, while ensuring the highest standards of data protection; and
- reduce error by making arrangements, when we are asked and it is proportionate to do so, to provide assurance to grant-paying bodies on grant claims and returns.

33 We will target our work to meet new priorities:

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- to ensure financial resilience in the wake of the credit crunch and the failure of Icelandic banks, we will ask auditors to report on the financial stability of councils;
- to enhance accountability for public money, we will work with relevant partners to make published financial information more understandable to more people;
- to improve transparency about the finances and performance of public services, we will provide relevant information for the public in an understandable form on the Oneplace website;
- to strengthen trust in published information about local public services, we will enhance our approach to data quality to make the underlying data more reliable; and
- to strengthen governance, we will add to our knowledge of how to improve accountability and transparency in local public bodies, and develop our advice and assistance capacity.

Strategic objective 2: achieving more with less

34 Local public services will need to achieve much more with less. To help them improve productivity and value for money, we will:

- assess and report on the way resources are deployed, within and between public bodies; and
- identify ways to save money without damaging services, through our value for money research and studies.

35 We will strengthen our work in the following areas:

- to meet demand for benchmarking and meaningful comparative information, we will define, collect, quality assure and publish cost and value for money indicators that enable comparisons to be made about significant areas of expenditure;
- to ensure public services have the right information for effective management and accountability, we will draw on our considerable experience of specifying indicators to develop essential minimum data sets; in doing so we will be conscious of the need to save money and reduce bureaucracy;
- to improve understanding of where public money is spent, we will focus on understanding the true costs of services including environmental costs; based on this, we will target areas where there is potential to save money and eliminate waste;
- to improve value for money in public bodies, we will develop a capacity to respond to requests for help in identifying waste and inefficiency using our advice and assistance powers; and
- to inform the public about value for taxes, we will develop stronger value for money reporting on the Oneplace website, on an organisational and an area basis.

Strategic objective 3: improving places and people's lives

36 Following the success of the CPA and the first year of Oneplace, we will work with the other inspectorates to develop and target our assessment and inspection effort on improvements across areas, including outcomes for diverse communities and untapped efficiencies. We will:

- provide useful, plain English information through Oneplace that enables the public to hold their local public bodies to account;
- help improve places and people's lives, by sharing the learning from areas with red and green flags in Oneplace and our national studies; and
- maintain a focus on service quality, by inspecting housing and other local services, identifying good practice while exposing poor performance.

37 We will also focus on the following areas:

- to ensure poor performers improve, we will report on progress in places that are struggling to deliver outcomes as identified in Oneplace, while also helping them identify effective approaches from places that do better;
- to ensure our work is cost effective, we will use readily available information in an evidence-based approach, targeting our assessment resources on issues where they will have greatest effect and publishing the results through Oneplace; and
- to encourage sustainable development, we will develop ways to assess sustainability in its widest sense, including how places can be made more sustainable and people with different needs can be helped to lead fulfilled lives.

Underlying themes

38 The public needs to have confidence in:

- the integrity and ability of those responsible for public services;
- the processes those responsible for public services adopt to govern, manage, improve and report on them;
- the relevance and accuracy of the information those responsible for public services use and publish; and
- the ability of those responsible for public services to understand and meet the needs of different people and different communities, while applying principles of equalities and human rights.

39 These are themes that will feature throughout our work on all three strategic objectives. We will continue to develop and disseminate knowledge to strengthen the capability of local public bodies on them, drawing on international comparisons between UK home countries and from abroad.

Sustainability: The Commission seeks to embed sustainable development principles throughout its work.