

Local government

Consultation

December 2004

Proposals for comprehensive performance assessment from 2005

Consultation document

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Preface

Comprehensive performance assessment (CPA) measures how well councils are delivering services for local people and communities while reducing the overall regulatory burden on them. It is a complex set of judgements reflecting the nature of local government bodies themselves and the services that they provide. The strength of CPA has been that it has looked at performance from various perspectives which, taken together, have provided a more complete picture and a better understanding of where to target activities to secure improvement.

Since CPA was introduced in December 2002 council services have improved significantly. But, of course, the duty to secure continuous improvement remains. This means that CPA needs to develop further to support continuous improvement in local government, and CPA itself needs to change to ensure that it focuses on the right things and in an appropriately challenging way. Expectations of public services do not stand still and nor will CPA.

We are now proposing changes to CPA which will be a more stringent test with more emphasis on outcomes for local people and value for money. We will also be challenging those authorities who are not improving as quickly as others to do more to match the pace that many are already achieving.

There has also been a reduction in the regulatory burden since 2002, and we intend to continue to reduce the overall burden in line with our commitment to Strategic Regulation. CPA has been a lever for reducing inspection and regulation in better performing councils and focusing support for others. In 2002/03 the Commission carried out more than 400 inspections in single tier and county councils for CPA. We anticipate that our activity will reduce further. For example, by 2006/07, the volume of inspections needed for CPA, including the corporate assessments planned for that year, should fall by 68 per cent from the 2002/03 level.

Looking ahead, we will continue to do more to improve the availability of information and data on the quality of life and public services in local areas. CPA will contribute to that, and we will continue to refine our approach to respond to changes that will impact on the delivery of services to local people.

We hope that you will respond to the questions raised in this consultation paper, and look forward to receiving your comments.

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Introduction

- 1 The Audit Commission (the Commission) issued a consultation document in January 2004 on the framework for CPA from 2005, and in May we reported on how we saw CPA developing in the light of the responses to that consultation.¹ The framework published by the Commission set out:
 - an overall architecture for CPA consisting of a corporate assessment, together with an annual use of resources judgement, and annual service assessments; and
 - a set of proposed rules for determining the overall CPA category.
- 2 We said in *CPA – the new approach* that, later in 2004, we would consult further on the framework, providing more details of the corporate assessment methodology, the use of resources evaluation and the service assessment blocks. We also said that we would consider further the timetable for corporate assessments in order to align these, as far as possible, with the proposed joint area reviews of services for children and young people.
- 3 During 2004 the Commission has worked with nine ‘pathfinder’ authorities on proposals for the revised corporate assessment – a key element in the overall CPA framework. We have also worked with eight other councils to evaluate our new ‘value for money’ analysis, and we are most grateful to these and the nine pathfinder authorities for their help and feedback. We are now consulting on more detailed proposals for CPA from 2005.

Outline of consultation document

- 4 The next section of this document summarises the main changes that we are proposing. Section 3 then sets out the proposals in more detail, covering:
 - the overall framework for CPA 2005 at single tier and county councils;
 - the proposals for the different elements in the framework:
 - corporate assessments,
 - use of resources judgments,
 - service block assessments; and
 - the proposals for rules, categories and ‘direction of travel’ statements.

Sections 4, 5, 6 and 7 then set out:

- proposals for district councils;
- quality assurance and review;
- conclusion; and
- consultation questions.

¹ The consultation document was *CPA 2005 – The Way Ahead* (Audit Commission, January 2004); the Commission’s decisions on the framework, following consultation, were published in *CPA 2005 – The New Approach* (Audit Commission, May 2004).

The appendices set out supporting details and information on scoring and categorisation rules, the corporate assessment process, the Local Services Inspectorate Forum's principles for service block assessments, and proposals on the use of performance information.

Responding to the consultation

- 5 This consultation will continue until 18 February 2005. Responses to the issues raised in this document should be sent to cpa@audit-commission.gov.uk. Information supporting this consultation is also available from the Commission's website. Responses to the consultation questions set out in section 7 would be particularly welcome.
- 6 We aim to confirm our approach in May 2005.

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Summary of main changes

- 7 CPA has had, and continues to have, a significant impact on local government by:
 - reporting publicly, in straightforward language, how well each local authority is performing;
 - helping councils to focus on their own improvement and targeting support for improvement where it is needed;
 - providing an independent challenge to local authorities that has contributed to improvement in public services;
 - improving the co-ordination of audit and inspection; and
 - reducing the burden of inspection and regulation.
- 8 CPA now needs to be refined and updated, in line with the Commission's principles of Strategic Regulation, which are to:
 - help drive improvement in public services, while still providing assurance that minimum standards are being met and resources are being properly used;
 - champion the interests of service users, by assessing performance from the public's perspective;
 - increase the value for money that public services provide, by sharing best practice, exposing waste and poor practice, and challenging inefficiency;
 - provide better value for money from regulation itself, by targeting audit and inspection more effectively to where it is most needed and can have most impact, thereby minimising the burden of regulation on the front line of public service delivery; and
 - work closely in partnership with those that we audit and inspect, with other organisations supporting improvement, and with other regulators.
- 9 The Commission is now making proposals for CPA 2005 to put these principles into practice. The proposed new approach will be similar in many respects to the current CPA in that:
 - there will be a corporate assessment;
 - individual service blocks will be updated annually, with some services being accorded greater weight than others;
 - there will be a use of resources judgement, which will also be updated annually; and
 - these three elements will be brought together in an overall assessment, updated annually and summarised by assigning each local authority to a category bearing a simple description.
- 10 There will nevertheless be significant changes that will make CPA 2005 a more rigorous test of local authority performance than it is at present, while at the same time reducing the overall burden of regulation. Our proposals also need to take into account the development of joint area reviews of children's services.

11 The main changes proposed are as follows:

- The corporate assessment will become more challenging, in that it will:
 - include an explicit judgement of the quality and impact of the council's efforts to promote user focus and diversity;
 - assess how well the council contributes to the achievement of shared priorities between local and central government while understanding and meeting the needs of its local communities;
 - include, within the key lines of enquiry, more explicit consideration of management of resources and value for money when reaching judgements about capacity; and
 - assess the performance of the council in leading and influencing communities, local partnerships and other local agencies, with a focus on what difference councils are making to local places and people.
- The service blocks will be revised, and their content improved, by:
 - bringing together services for children and young people into a single service block, reflecting the focus of the Children Act;
 - removing dependence on inspections of individual services, permitting a further reduction in the overall level of inspection and making better use of other available information about the performance of local authority services; and
 - taking account of consultation with government departments about appropriate performance indicators and other information for use in CPA.
- The use of resources block will be a more rigorous assessment than previously. It will:
 - include an explicit judgement on value for money; and
 - provide the opportunity for councils to show, through their annual Efficiency Statement, that they are delivering the efficiency gains required under the Efficiency Review.
- There will be a simpler, but more robust and informative, approach to bringing together the various elements of CPA into an overall assessment and categorisation:
 - within each category, authorities will be more clearly distinguished from each other by the introduction of a 'direction of travel' statement; and
 - to ensure that authorities attach importance to improving services across the board, the overall CPA categories will be determined by the use of rules rather than the addition of scores.

12 In making these changes we are clear that:

- CPA beyond 2005 will be a more demanding test, but the overall burden of regulation will reduce as there will be less service inspection;
- we remain committed to continuous improvement, so key lines of enquiry will develop over time; and
- precise comparison between the old and the new system will be difficult and there will inevitably be movements between categories, both up and down.

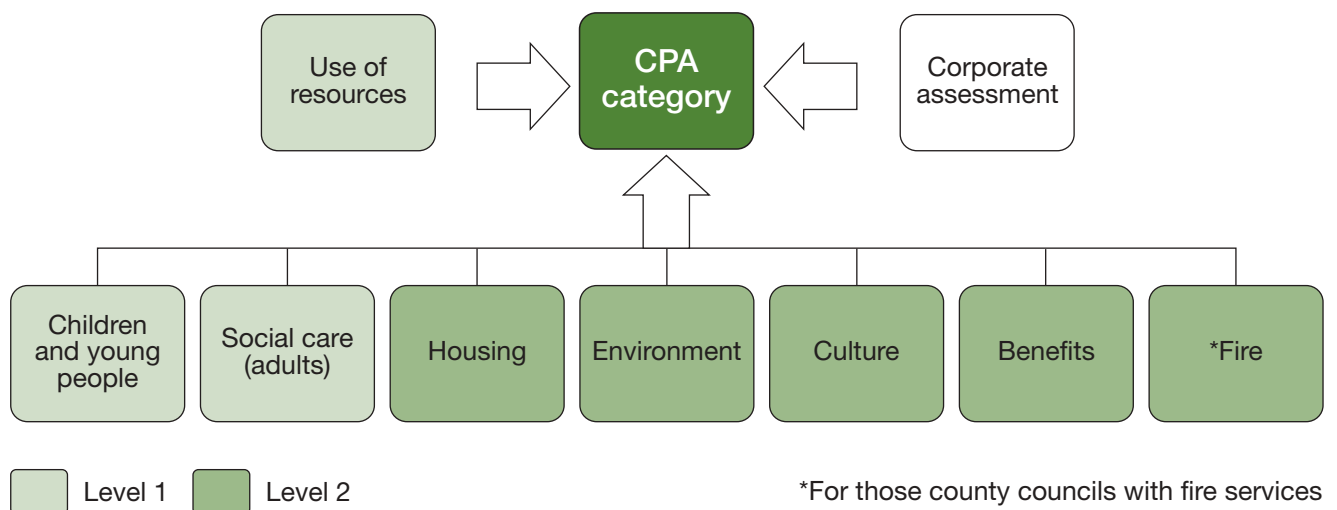
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Key changes in more detail

Overall architecture for CPA 2005 at single tier and county councils

- 13 The proposed overall architecture for CPA 2005 at single tier and county councils remains substantially the same as that set out in the outline proposals made by the Commission earlier in 2004 (**Figure 1**).
- 14 The elements comprise a periodic corporate assessment, annual use of resources judgements, and annual service block assessments. Service block assessments are made by the Commission itself or provided to the Commission by Ofsted, the Commission for Social Care Inspection (CSCI) and the Benefits Fraud Inspectorate (BFI). Each of these elements provides a different perspective on performance. For example, corporate assessments and use of resources judgements take a community perspective on the council's performance and service assessments include a focus on the users of those services.

Figure 1
CPA 2005 overview



- 15 A 'rules' system will be used, which will define the combinations of performance scores across the elements of CPA that together determine the overall category. In this system, the corporate assessment is a key element, with the 'level 1' service blocks (children and young people and social care for adults) and the use of resources block then having a more significant impact on the overall category than the 'level 2' service blocks. Details of the rules are given in Appendix 1.
- 16 The revised corporate assessments will be programmed over a three-year period. This is to reduce the burden of inspection and regulation, and to ensure that the programme can be delivered to the required quality. Revisions to some service assessments will also be phased in, for example, CSCI plan to vary their approach to assessing services for older people from 2006, and the Commission's own service assessments will be the subject of some transitional arrangements. Consequently it will become more difficult to make detailed comparisons of councils' performance between scores reported under the CPA framework introduced in 2002 and that now being proposed.

CPA and deprivation

- 17 In July 2004, the New Policy Institute (NPI) published *Comprehensive Performance Assessment and Deprivation*. This report drew conclusions relating to the impact of deprivation on CPA. We have used this study to inform our development of the approach to CPA from 2005. In particular, we have strengthened key lines of enquiry (for corporate assessments and use of resources judgements) to ensure that a better understanding of deprivation forms part of the consideration of the local context. We are also improving the collection and analysis of information before teams go on site to carry out corporate assessments, and our training and briefing to teams will include consideration of deprivation. With regard to the development of any new performance information for use in CPA, we will consider whether levels of deprivation may have any impact on the resulting measures and scores. Finally, we are encouraging other inspectorates to make use of the findings of the NPI study in their development of future inspection methodologies.

Sharing learning from CPA

- 18 CPA represents a valuable source of learning about the key drivers of improvement in local government, both for individual councils and at a national level. The Commission has shared the learning from CPA in various ways, including the production of regular national reports and briefings, through its joint work with the Improvement and Development Agency (IDeA) on performance management, measurement and information, and in its recent work on improving financial management. Recently the Commission has launched a web tool focused on improvement in district councils, and is providing practical advice on improving local public services through the Improvement Network, jointly launched with the Chartered Institute of Public Finance and Accountancy (CIPFA), the Employers' Organisation and the IDeA. The Commission will continue its commitment to identifying and sharing the learning from CPA 2005 and beyond.

Corporate assessments

- 19 Councils cannot deliver appropriate, high-quality services unless they have effective leadership. When corporate assessments were first introduced they provided a means of focusing on the importance of having a successful corporate 'engine' to drive the delivery of strong, direct services.
- 20 Corporate assessments will continue to be a key element of CPA and the proposal is that all single-tier and county councils will receive an assessment once between 2005 and 2008.
- 21 The themes that will be covered in corporate assessments will be the council's:
- ambition for the community;
 - prioritisation;
 - capacity;
 - performance management; and
 - achievement.
- 22 We are strengthening the methodology to test more fully how well councils understand their local 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. From 2005 the test of achievement will be how well councils are delivering the 'Shared Priority' outcomes based on the Central/Local Partnership agreement while understanding and meeting the needs of its local communities.
- 23 Taking into account the lessons from work at nine pathfinder councils in June and July 2004, we propose the following:
- new key lines of enquiry will be used by inspection teams in corporate assessments from 2005, and these will include more demanding criteria for assessing performance. The proposed key lines of enquiry can be found at **www.audit-commission.gov.uk**;
 - achievement will be assessed according to the following five themes:
 - sustainable communities and transport,
 - safer and stronger communities,
 - healthier communities,
 - older people, and
 - children and young people (with the assessment provided from the joint area review).

- 24 We believe that the corporate assessment now provides a better opportunity to judge councils against both their local priorities, as set out in their community strategy, and national priorities.

User focus and diversity

- 25 User focus, diversity and human rights will be integral elements of the new corporate assessment. These judgements will influence each theme score and therefore make a significant contribution to the overall assessment score. This reflects the importance we attach to ensuring that the diverse needs of communities are reflected in the way that services are designed and delivered with and for local people. The corporate assessment will include consideration of whether councils are meeting statutory requirements on human rights, race, age, sexual orientation, gender, disability and religion. We will also invest more time in understanding the context in which councils deliver services, for example, to rural communities or those living in pockets of extreme poverty or deprivation.

Reporting and scoring of corporate assessments

- 26 The corporate assessment report will set out our conclusions on each of the main themes and the associated scores. In addition, the executive summary will include clear statements, for every council, on community leadership, political and managerial leadership, user focus and diversity, as well as value for money. There will be a short summary comment about how the council's local priorities relate to national and shared priorities.
- 27 The new scoring system we propose has been developed as a result of learning from the corporate assessment pathfinders. The principal feedback we received was that the expectations, particularly in the case of the shared priority themes, were too high and that it would be very difficult for a council to score well. The amended approach puts more emphasis on the council's contribution to achieving outcomes directly and through partnerships, and is more focused on the extent to which the activity meets local needs and priorities. We believe this will allow a more realistic assessment of what councils themselves can be expected to achieve.
- 28 Scoring of corporate assessments will be in line with the general principles for assessments set out later in this document, and, in order to be consistent with the principle of using rules to determine the overall CPA category, we propose to move to a rules based system for reaching an overall corporate assessment score. The aim will be to ensure that councils reach a minimum level of performance on all corporate assessment themes to achieve an overall score. Appendix 1 provides details of the approach to scoring and the rules that we are proposing to apply. We are proposing to have one overall achievement score that would then be used with the scores on corporate themes to determine the corporate assessment score. Individual scores, and findings, for each of the shared priorities would be provided as supporting information.

- 29 The criteria for judgement linked to key lines of enquiry and the scoring system reflect the need to build in continuous improvement, in line with the best value duty in the Local Government Act 1999. This means that a council that scored a 2, 3 or 4 under the 2002 system will need to perform better under the revised system to retain their score. In addition, although we intend to apply the same core corporate assessment methodology until 2008, in applying this methodology over the three-year programme, our teams will be influenced by best practice, policy expectations and professional standards at the time of the inspection. We will publish any revisions to our key lines of enquiry and criteria for judgement on an annual basis.

Corporate assessment process

- 30 Each single tier and county council should expect to receive an assessment once during the period 2005 – 2008. The corporate assessment process is summarised in Appendix 2.

Corporate assessments and joint area reviews (JARs)

- 31 The Commission has been working with other inspectorates to develop the joint area review (JAR) of children's services. The detailed proposals for joint area reviews are at www.ofsted.gov.uk/everychildconsultation
- 32 In order to reduce the burden of regulation and the extent of duplication of assessment of corporate governance within councils, a decision was taken in September 2004 to deliver the JAR assessments at the same time as the corporate assessments. Wherever possible, relevant outputs from corporate assessments and JARs will be relied upon within each of these.
- 33 Corporate assessment measures the council's ability to engage with and lead their communities, deliver community priorities in partnership with others, and ensure continuous improvement across the range of council activities. Corporate assessment will report, as one of its five achievement themes, on the contribution of the council to the quality of outcomes for children and young people. The content for this part of the assessment will be provided from the JAR. In addition, the JAR will provide examples of outcomes and activity that can be reported within other achievement themes in the corporate assessment.
- 34 JARs cover all services for children and young people that are directly managed or commissioned by the council, as well as health and youth justice services provided by other bodies. It focuses on the contributions made by services to improving outcomes. Reports of JARs will cover the leadership and management of services for children and young people and, in particular, the way that such services work together to improve outcomes. The corporate assessment will provide the strategic findings about the council for this section so that the JAR team will not need to make additional enquiries beyond those pursued through investigating the contribution of services to improving outcomes.

- 35 The Commission is committed to contributing to an evaluation of the lessons from the first aligned JARs and corporate assessments in order to ensure that the process can be kept as efficient and cost-effective as possible, while having a positive impact on improvement.

Programme of corporate assessments

- 36 We are developing a programme of corporate assessments which takes into account proposals to align this with the JAR programme. We are aiming to publish our programme by the end of December 2004.
- 37 We want to make better use of all the information that councils hold about themselves, including their analysis of others' views on their performance, as well as the data that is collected by a variety of other agencies, partners and stakeholders, including government offices and departments.
- 38 Using this information as well as the council's self-assessment, we will introduce a new pre-assessment challenge activity (involving the council, its partners, peers and other inspectorates) to determine the priorities for the assessment and to set the scope of the on-site activity. The aim will be to focus the inspection more effectively on the things that matter locally and drive self-improvement from the start of the process. This will also help to ensure that the time on site is well spent and is no more of a burden than absolutely necessary. The pre-assessment analysis will be as open and transparent as possible to enable councils and stakeholders to develop a fuller picture of performance. We will continue to work with government departments, other agencies and sponsored bodies, CIPFA and government offices to generate this data in time for our assessments.

Use of resources judgements

- 39 The annual use of resources judgment will be a prominent element of the new CPA architecture and will be conducted in all councils, including district councils. It will offer stronger judgments on financial planning and management, internal controls, and financial standing. It will also provide a value for money (VFM) judgment drawing on a self-assessment by the council. The work required for the use of resources judgment will be based on annual audit work.
- 40 Key lines of enquiry will be used to provide a scored judgment on use of resources. Our understanding of the local context will include consideration of council tax and other funding, as well as the mechanisms councils have used to consult on and determine the level of resources. The proposed key lines of enquiry can be found at **www.audit-commission.gov.uk**
- 41 The Office of the Deputy Prime Minister (ODPM) will require councils to produce an annual efficiency statement from 2005 which, from 2006, will report efficiency gains achieved. The Commission's view is that, in order to minimise burdens on councils, the self-assessments that councils provide to help inform the judgement on value for

money should incorporate this statement of gains achieved. A final decision on this is expected in December 2004 and will take account of the consultation with councils currently being undertaken for the ODPM by the Institute of Local Government Studies (INLOGOV).

- 42 We expect the VFM self-assessment element to become easier to prepare once a baseline has been set in 2005. For the year in which a corporate assessment is carried out the VFM self-assessment would be contained within that supporting the corporate assessment.
- 43 We tested the new VFM self-assessment in eight councils and the approach has been generally well received. The principles on which we have based the value for money judgement have been widely endorsed, but there were some concerns about the quality and availability of data that will be used to inform the judgement, the need to reflect the local context and priorities and the potential burden of this requirement. We have simplified the methodology and will continue to address these issues as we refine it further in response to consultation.

Principles for judging value for money

- 44 The key principles that will underpin our approach to judging value for money are as follows:
- we will judge value for money primarily from a community-wide perspective rather than the view of individual service users (which will be looked at in service inspections where these are carried out);
 - costs alone do not reflect value. Local context and quality of service are important and need to be taken into account in arriving at value for money judgements;
 - where possible we will look at gross costs, as net costs can mask high spending if income is also high;
 - full long-term costs and benefits should be taken into account, not just immediate costs;
 - numerical data on costs and performance provide a starting point for questions, not answers;
 - value for money judgements need to allow for local policy choices (within a national policy context) about priorities and standards of service; and
 - judgements should address current performance in achieving value for money outcomes, how well value for money is managed and improved over time and the extent to which a long-term approach is taken.

Scoring use of resources judgements

- 45 We propose that each of the themes within the use of resources judgement will be scored on the 1-4 scale also used for corporate assessment themes and for service assessments. These four ratings would then be combined, using a rules set, to produce an overall score. The scores and rules for consultation are given at Appendix 1.

46 In line with the principles of continuous improvement, the key lines of enquiry and descriptors that will be used when making the use of resources judgement will be more demanding than previously. In view of this, and the inclusion of a new explicit judgement on value for money, it will be harder to achieve the same score on use of resources than previously.

Service block assessments

47 Service block assessments are used, together with the annual use of resources judgement, to update CPA categories each year. They provide an annual scored judgement on performance that takes account of relevant national service delivery requirements. The service blocks also include a focus on the users of these services.

48 Ofsted and CSCI will deliver judgements in relation to children and young people, and CSCI and BFI will deliver judgements in relation to older people and benefits respectively.

49 The Commission is responsible for delivering annual service block assessments in environment, housing, culture and, where relevant, fire services at single tier and county councils. The focus of the Commission's assessments in environment, housing and culture, is set out in **Table 1**.

Table 1
Environment, housing and culture service block assessments

Service block	Sub-block	Key assessment issues
Environment	Creating a better environment	Achieving environmental improvements
	Maintaining the environment well	Managing public space and assets
	Sustaining a quality environment for future generations	Efficient use of resources and consideration of the natural environment
Housing	Balancing housing markets	Affordable housing, market renewal, sustainability
	Community housing	Homelessness, housing advice, private sector housing, supporting people
	Managing council homes	Decent homes, repairs and maintenance, resident involvement, housing management
Culture	Libraries	Use, service standards, spending, satisfaction, stakeholder commentaries
	Arts, museums and heritage	Accreditation, visits, satisfaction, stakeholder commentaries
	Sport, play and recreation	Quality and performance, participation, satisfaction, stakeholder commentaries

- 50 In addition to the assessment issues summarised in Table 1, we are inviting views on how we should reflect relevant aspects of Supporting People in existing county council service block assessments.
- 51 In developing our proposals for service block assessments we have worked closely with other inspectorates to achieve greater consistency between approaches to scoring. Agreement has been reached within the Local Services Inspectorate Forum (LSIF) on performance descriptors for both service assessments and for scoring service inspections on a scale 1-4 (**Table 2**). This will help to bring about a common approach to the way that service performance is judged and reported.
- 52 The Commission and other LSIF members have also agreed a set of principles that determine the nature and content of their service assessments, as well as the assurance they need to give in terms of the way they have consulted and agreed the content of their annual assessments. These principles are given at Appendix 3.

Table 2

Performance descriptors for service assessments and scoring service inspections

Score	Descriptor for annual service block assessments	Descriptor for service inspection
4	A service that delivers well above minimum requirements for users	A service that delivers well above minimum requirements for users, is highly cost-effective and fully contributes to the achievement of wider outcomes for the community.
3	A service that consistently delivers above minimum requirements for users	A service that consistently delivers above minimum requirements for users, is cost-effective and makes contributions to wider outcomes for the community.
2	A service that delivers only minimum requirements for users	A service that delivers only minimum requirements for users and is not especially cost-effective, nor contributes significantly to wider outcomes for the community.
1	A service that does not deliver minimum requirements for users	A service that does not deliver minimum requirements for users, is not cost-effective and makes little or no contribution to wider outcomes for the community.

What will the Commission's service block assessments be based on?

- 53 In the current CPA model, service inspection scores carry a more significant weighting within each service block than performance indicator results. We propose to move to a model that does not rely on assessments of plans¹ or inspection scores and so we will consult further on a new approach to service block assessments. This is still at an early stage of development, and the proposals set out here and on our website illustrate the principles and how these might be applied. We very much welcome views and suggestions on these proposals.
- 54 There has been pressure to improve the coverage, quality and stability of service block assessments while also ensuring that the approach is sustainable, proportionate and affordable. At the same time, we are clear that it would be too burdensome to carry out service inspections just to provide scores for the annual service block assessments in CPA. The priority for inspections will be those services with low scores in poor, weak and fair councils and then only when on-site inspection activity is seen as the best approach in contributing to improvement. Where inspections are carried out, we will follow the approach to service inspections on which we consulted in August 2004. Our proposals were generally welcomed and we are now developing a Code of Inspection Practice that will be in place by March 2005.
- 55 With less inspection for CPA there is a need to broaden and strengthen the set of performance and other information on which to base annual service block assessments. Therefore, we propose making greater use of information that councils provide to government departments and other bodies for evaluation purposes. We will also seek to make more use of information that is provided by councils on a voluntary or partial basis to enable further comparisons. But these proposals depend on this data being available, reliable and accurate.
- 56 We also believe that the way performance information is used in CPA needs revision. We are proposing to change the approach because, currently, scores are based on relative rankings of performance indicators across all councils when performance results are collected well after the year to which the data relates. This makes it almost impossible for authorities to predict what their score will be and it does not recognise directly the council's own achievements in raising its performance in absolute terms. Therefore, we will consult on an approach that will seek to reduce unpredictability and volatility and will recognise achievements against levels of performance, for CPA scoring purposes, and which would be known to local authorities in advance. Appendix 4 provides more information on our proposals, and transitional arrangements, and points councils to where they can find more details of the performance information that we are considering using.
- 57 This approach will need further detailed consultation between now and February 2005, covering:
- the principles of using broader performance information and how this will be used to produce scores;

¹ The only exception will be the Local Transport Plan assessment.

- the scope and content of each block;
- how required levels of performance will be determined for scoring purposes;
- how local priorities could best be reflected in this approach;
- whether and, if so, how third party commentaries on performance could be used;
- the impact of individual, and groups of, indicators and other performance information in the overall assessment for each block; and
- consideration of the quality of data and, where necessary, how we would want to confirm that authorities are ensuring data quality.

Fire service block – how the Commission’s CPA for fire and rescue services will feed into CPA for relevant county councils

- 58 All fire and rescue services, including those that are the responsibility of county councils, will be assessed during the first half of 2005 using a CPA methodology tailored to them. In order to avoid duplication, there will not be a separate service block assessment of county fire services to feed into the county council’s CPA. Instead, the relevant CPA category of the fire and rescue service will be converted into a 1-4 score (Table 3).

Table 3
Fire and rescue service scores

Score for fire service block assessment for county council’s CPA	Fire CPA category
4	Excellent
3	Good
2	Fair
1	Weak/poor

- 59 After 2005, the fire service assessment block for the relevant 16 county councils will need to be updated each year on a similar basis to the approach to service block assessments outlined in this paper. We will discuss the basis for making annual fire service block assessments with the ODPM and relevant fire authorities.

The scope of the children and young people, social care (adults) and benefits annual service assessments

- 60 Ofsted and CSCI are consulting on proposals for annual performance assessments of services for children and young people. CSCI and BFI are also consulting, respectively, on their proposed annual assessments of social care services for adults and benefit services. Key proposals being made by each of these are summarised below with further detail available through relevant web links.

Services for children and young people: The annual performance assessment (APA) of services supporting children and young people in local authority areas will form the service block for children and young people in CPA 2005. Further details on APAs can be found in the JAR consultation documents which can be obtained from www.ofsted.gov.uk/everychildconsultation

Social care services for adults: The adults social care judgement for 2005 will, subject to consultation and ministerial agreement, be similar to the existing process, but with a broadened evidence base that will strengthen the user focus and value for money component of the judgement. However, CSCI is seeking to improve the approach further and plans to focus, and consult on, changes from 2006 onwards in these areas:

- introducing new evidence based on information gained from CSCI regulatory activity;
- strengthening the value for money component in service inspections and the overall performance assessment;
- improvements to the selection of performance indicators and the definitions used in the performance assessment framework performance indicator set;
- reviewing the content and complexity of the delivery and improvement statement – the self-assessment completed by the council;
- considering the potential for making sub-judgements on the different user groups in order to deal with the tendency for the older people’s judgement to ‘overpower’ other smaller-scale services, such as those for disabled people; and
- considering how to organise the annual review meeting in light of the changing local authority structures and the integrated children’s framework.

Further details can be found at www.csci.org.uk/council_performance/adult_social_care_2005.htm

Benefit services: BFI assesses the housing benefit and council tax benefit services provided by local authorities and will be changing the way that it scores the performance of these services for CPA 2005 and onwards. From April next year, BFI’s assessments will be based primarily on achievement against a new version of the performance standards. These new performance standards will be subject to a separate consultation with local authorities and will produce a score that will inform the CPA assessment of benefits services. It is intended that BFI will use self-assessments against the new performance standards to derive a 1-4 score with the following single word labels, which equate to the LSIF descriptors (**Table 4**).

Table 4
Benefit Fraud Inspectorate labels

Score	BFI single word label
4	Excellent
3	Good
2	Fair
1	Poor

More information on how BFI intends to assess the performance of benefits services can be found at www.bfi.gov.uk

Categorisation and ‘direction of travel’ statements

Changes to overall CPA categories

- 61 The Commission is considering whether there is merit in moving from having five overall performance categories to four, possibly with new labels to describe each level of performance. This would mark more clearly the move from the old system, as well as bringing some consistency with other elements of the CPA that are scored on a 1-4 basis. We welcome comments on this and, if this option were taken, we would propose a new category merging those categories currently described as ‘weak’ and ‘poor’.
- 62 The way in which corporate assessments, use of resources judgements and service block assessments combine to determine the overall category is set out in the table of rules, at Appendix 1, for arriving at an overall category.

Direction of travel statements – reporting on progress of improvement

- 63 Many stakeholders have identified the importance of attaching a clear ‘direction of travel’ label to the overall CPA category to indicate the progress being made towards achieving improvement. This is particularly important for those councils that may have to wait until the end of the corporate assessment programme to have that judgement renewed.
- 64 Direction of travel statements will be prepared for all councils. The statements will draw on the same framework used for corporate assessments to provide a way of tracking progress within the core themes of ambition, prioritisation, capacity and performance management, as well as in achievement of outcomes. Poor and weak authorities will receive statements with more detailed information relating to recovery planning, and these will be merged with other progress reporting to minimise duplication.

- 65 We propose to introduce a set of direction of travel labels to accompany the CPA category. We welcome comments on the following descriptions of progress of improvement:
- progressing strongly;
 - progressing well;
 - making only limited progress; and
 - falling behind.
- 66 We will continue to include direction of travel statements within annual audit and inspection letters, and a summary of the findings will continue to be included in CPA scorecards. The statements will provide a way to track and report on councils' progress against their improvement priorities.
- 67 The statements will continue to be prepared by the Commission's relationship manager in consultation with others, including the appointed auditor and other regulators. They will draw on evidence from a number of sources including:
- the relationship manager's discussions with the council;
 - performance information and other relevant data, including information from other bodies, where appropriate;
 - available audit and inspection reports and annual performance assessments;
 - relevant self-assessment information prepared by the council – using existing information to ensure that authorities are not asked to duplicate material; and
 - other relevant council documents.

Progression and regression

- 68 In summary, we propose that:
- each year the Commission will update the use of resources judgements and the service block assessment scores using the results of its own assessments and the analysis provided by our partner inspectorates and regulators. These scores may allow councils to progress, or regress, into a different CPA category in December each year;
 - for single tier and county councils, movement into a higher category will be possible without this being conditional on carrying out a further corporate assessment or, in the case of excellent authorities potentially moving to good, without carrying out any support activity designed only to obtain inspection scores which might prevent this; and
 - single tier and county councils will, therefore, normally have one corporate assessment between 2005 and 2008. The result from that assessment may, of course, result in progression or regression into a different CPA category. This change will be reported in December each year.

4

Proposals for district councils

- 69 The general principles and concepts underpinning CPA are as applicable to district councils as they are to single tier and county councils. One of these principles is that CPA should reflect our commitment to Strategic Regulation and that the resources we use to reach assessments in each of the elements of CPA should be tailored to the needs and circumstances of local authorities.
- 70 We must also take into account the resource implications of CPA for district councils, both in terms of the resources available for inspection activity and in terms of the impact on councils themselves. This means that, while much of the CPA framework is applicable to district councils, we will tailor it for this group of councils.
- 71 Each year all district councils will receive a use of resources judgement based on the annual audit. As for single tier and county councils this will include the proposed VFM judgement.
- 72 We propose to develop an annual performance assessment covering the major service areas (housing, benefits, environment, culture, community safety). The approach would be similar to that proposed for single tier and county service block assessments, in that it would be based on performance information, but we would identify the specific set of performance indicators and other information relevant to districts. We are considering further whether, and if so how, an annual performance assessment should be scored. We would welcome views on whether each of the service areas within an annual performance assessment should be scored on a 1-4 basis or whether a single score (on a 1-4 basis) covering all service areas would be more appropriate.
- 73 District councils will also receive an annual direction of travel statement from 2005. The annual use of resources judgement and service assessment, combined with the activity to support the direction of travel statement, will enable relationship managers and councils to track performance and improvement across services.
- 74 The first round of corporate assessments at district councils represented a significant investment of inspection activity that has provided valuable information to help councils improve further. However, there is neither the need nor the resources to invest at a similar level in corporate assessment activity from 2005. For this reason we are not proposing to have a programme of corporate assessments for all district councils. Any corporate assessment activity will be targeted where it is likely to have most impact, and, when it is carried out, it will be in a significantly reduced form.

- 75 In order to give priority to more poorly performing councils, we propose that the triggers for deciding to carry out a corporate assessment should be:
- for 'poor' and 'weak' district councils, when the previous year's service assessment, the progress assessment within the direction of travel statement, and the use of resources judgement identify significant improvement and indicate that the council is likely to move up in the overall CPA categories subject to the results of a corporate assessment; and
 - for 'fair' and 'good' councils, when there is robust evidence of sustained progress in improvement from service assessments, positive direction of travel statements and use of resources judgements for the previous two years. Again this evidence should indicate that the council is likely to move up in the overall CPA categories subject to the results of a corporate assessment.

5

Quality assurance and review

76 We will continue to build quality assurance (QA) arrangements into our processes for delivering the elements of CPA. Our approach will be to design into our arrangements specific requirements for QA at each of the following key stages:

Within corporate assessments

- pre-assessment analysis;
- initial challenge and scoping;
- on-site evidence gathering; and
- reporting.

Within annual use of resources judgements

- data and information collection;
- analysis of data and information; and
- reporting of use of resources judgements.

Within annual service block assessments delivered by the Commission

- data and information collection;
- analysis of data and information; and
- reporting of service block assessments.

For elements of corporate assessment and service assessment blocks where the Commission is using the results of the work of other inspectorates

- acceptance of findings and reports in agreed formats. Normally we will rely on the outputs received from other statutory inspectorates without carrying out procedures to assess the quality of the work performed and without re-performing any of the work.

For direction of travel statements

- reporting of labels describing progress of improvement.

77 Our approach to ensuring the quality of our work will also be built into our processes for selecting and training inspection teams. We will:

- aim to select only highly experienced, trained and accredited staff, peers and contractors to deliver our corporate assessments;
- continue to work with the Improvement and Development Agency on recruiting and developing peers;
- regularly review and seek feedback from authorities on the performance of teams; and
- allocate teams to authorities on the basis of their understanding of the type of authority and specific relevant issues while balancing teams to ensure that different perspectives are provided.

- 78 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 requested it will be carried out by senior officers who were not involved in the original work.
- 79 CPA categories that result from individual elements will not themselves be subject to review, since these are determined by the individual elements.

6

Conclusion

- 80** We believe that these changes mark a significant step forward in the development of CPA. While the changes will bring about a more stringent test of local authority performance the overall burden of regulation will continue to reduce. This is being achieved by making corporate assessment and the use of resources judgement more rigorous than they were previously. At the same time the overall burden of regulation will reduce as there will be less service inspection. We will be less dependent on the inspection of individual services and we will make better use of other available information about the performance of local authority services.
- 81** Corporate assessments and use of resources judgements will include a stronger community perspective, looking at performance in terms of the impact on local areas and people and in terms of the value for money provided by the council. Service block assessments will continue to focus on users.
- 82** We recognise that more work is needed to develop further the proposals for service block assessments. In particular, we are consulting in more detail on the use of performance information, and we look forward to receiving views and comments on these proposals. Further information on our proposals for the use of performance information is available on our website.
- 83** Many councils will continue to do well under the new framework because they already provide good quality services that meet the needs of local communities and provide value for money. Others may not and so it is likely that some councils will find it difficult to maintain their existing CPA category. The challenge for councils is to build on their strengths and to continue to focus on improvement.
- 84** Looking ahead, CPA 2005 will provide us with more information on how well local authorities are working with others to deliver outcomes for local areas. Corporate assessments, in particular, will place more emphasis on the importance of managing partnerships well. These changes are fully consistent with developments such as Local Area Agreements and the Commission's pilot work on area profiles which bring together, for the first time, information and data on the quality of life and public services in a local area. We will continue to refine CPA further to respond to these and other changes influencing the future development of local government.

7

Consultation questions

1. Overall categories

- (a) What do you think about the suggestion of moving from five overall categories (excellent, good, fair, weak and poor) to four (see paragraph 61)?
- (b) What labels would you attach to four categories (see paragraph 61)?

2. Scoring and rules

- (a) What do you think about the scoring and rules for corporate assessment (see paragraph 28 and Appendix 1)?
- (b) Do you think we should report an overall score for achievement, in corporate assessments, or report only individual scores for each shared priority theme (see paragraph 28)?
- (c) How do you think individual scores for each shared priority should be used to determine an overall score for achievement (see paragraph 28)?
- (d) What do you think about the scoring and rules for use of resources (see paragraph 45 and Appendix 1)?
- (e) What do you think about the rules for determining the overall CPA category (see paragraph 62 and Appendix 1)?
- (f) What are your views on developing an annual performance assessment for district councils covering key service areas (see paragraph 72)?
- (g) If we develop an annual performance assessment for district councils, do you think that each service area within this should be scored or should there be just an overall score (see paragraph 72)?

3. Direction of travel statements

- (a) What do you think about the introduction of a direction of travel statement (see paragraph 63)?
- (b) Do you agree with the proposed labels and, if not, what labels would you suggest for these (see paragraph 65)?

4. Performance information

We are consulting in more detail on proposals relating to the use of performance information in CPA, and, in particular, in relation to service block assessments. Our detailed proposals are set out at www.audit-commission.gov.uk (see paragraphs 56 and 57 and Appendix 4).

What is your view on our proposals in relation to each of the following?

- (a) the principles of using broader performance information and how this should be used to produce scores;

- (b) the scope and content of each block (including the approach to Supporting People);
- (c) how levels of required performance, for scoring purposes, should be determined;
- (d) how local priorities should best be reflected in this approach;
- (e) whether and, if so, how third party commentaries on performance could be used;
- (f) what the impact of individual, and groups of, indicators and other performance information should be in the overall assessment for each block; and
- (g) how we should seek to confirm that authorities are ensuring data quality.

5. Integrating corporate assessments and joint area reviews

- (a) What are your views on the proposals for managing the demands and processes of these by integrating them where possible (see paragraphs 32 to 34, 36 to 38 and Appendix 2)?

Responding to these consultation questions

Responses on the issues raised in this consultation document should be emailed to **cpa@audit-commission.gov.uk** or sent to the Audit Commission, 1st floor, 30 Millbank, London, SW1P 4HQ by 18 February 2005 please.

Appendix 1

Scoring and categorisation rules

Corporate assessments

- 1 We propose to change the scoring of 1 to 4 on individual themes to:
 - 4 – well above minimum requirements – **performing strongly**
 - 3 – consistently above minimum requirements – **performing well**
 - 2 – at only minimum requirements – **adequate performance**
 - 1 – below minimum requirements – **inadequate performance**
- 2 Scoring for each of the five corporate assessment themes, including a single overall score for achievement, will be on this 1-4 scale. We are proposing to have one overall achievement score that would then be used with the scores on corporate themes to determine the corporate assessment score. Individual scores would be provided as supporting information. But we welcome your views on these proposals.

Proposed rules for corporate assessments

Scores on 5 themes (the 4 corporate themes and an overall score for achievement)	Overall corporate assessment score
Two or more themes with a score of 4 None less than score of 3	4
Three or more themes with a score of 3 or more None less than score of 2	3
Three or more themes with a score of 2 or more	2
Any other combination	1

Use of resources

- 3 Each of the four use of resources themes (financial planning and management, financial standing, internal controls and value for money) would be scored on the 1-4 scale also used for corporate assessment themes and for service assessments. These four ratings would then be combined, using a set of rules, to produce an overall score. The proposed rules are as follows:

Scores on use of resources themes (financial planning and management, financial standing, internal controls and VFM)	Overall score
At least two 4s; and No score below 3 on any headings	4
At least three 3s, one of which must be value for money No score below 2	3
At least three 2s , one of which must be value for money	2
Any other combination	1

- 4 **Bringing it all together – determining overall CPA categories.** The following table assumes the retention of five categories with their current labels. If a decision is taken to report against four categories those combinations that lead to categorisation into ‘poor’ would lead to categorisation into ‘weak’ (or equivalent if labels also change).

Corporate assessment	Level 1 services (including use of resources)	Level 2 services	Category
4	None less than 3	None less than 2	Excellent
4	None less than 2	No more than one less than 2	Good
4	No more than one less than 2	No more than one less than 2	Fair
4	Any other combination		Weak
3	None less than 3	None less than 3	Excellent
3	None less than 2	None less than 2	Good
3	None less than 2	No more than one less than 2	Fair
3	Any other combination		Weak
2	None less than 3	None less than 2	Good
2	None less than 2	No more than one less than 2	Fair
2	No more than one less than 2	No more than one less than 2	Weak
2	Any other combination		Poor
1	None less than 3	None less than 2	Fair
1	None less than 2	None less than 2	Weak
1	Any other combination		Poor

- 5 The application of these rules can be illustrated as follows. If a council has a score of 4 in the corporate assessment, whether it will be in the excellent, good, fair or weak category will depend on the scores it achieves in level 1 and level 2 services. So, a council with a 4 on its corporate assessment can only be excellent overall if it achieves at least a 3 in each of the level 1 services. Similarly, a council that scores 1 in any of the level 1 services can be no better than fair overall even if it scores a 4 on its corporate assessment. In addition an authority with a level 1 service that an inspectorate has identified as requiring intervention will be prevented from being assessed higher than fair.

Appendix 2

Corporate assessment (CA) process – for pilots where this will be carried out with the joint area reviews (JARs)

Stage	Indicative week number	Details
Set up meeting (joint CA and JAR)	Week 1 minus 6	6 weeks before return of self-assessment
Self-assessment submitted	Week 1	
Pre-assessment analysis, self-assessment challenge and start of quality assurance process	Weeks 1 to 5	Analysis carried out from receipt of self-assessment to start of on-site period. To include 'challenge' activity in week 3
Fieldwork	Weeks 6 and 7	Actual days on-site to be agreed, proportionate to focus of inspection, but approximately 6 or 7 days over a two-week period, with feedback at the end of each week
Report writing and clearance	Weeks 8 to 11	To include input into both CA and JAR report drafting, and a whole team meeting as necessary. This includes report editing and revisions including any arising from quality assurance process
Draft report sent to council	End of week 11	10 working days for council to comment
Written comment received	End of week 13	
Report finalisation and feedback to council	End of week 15	To include revision and any further quality assurance where necessary
Publication	Week 18	

Appendix 3

Local Services Inspectorate Forum (LSIF) principles for service block assessments

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

- 1 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

- 2 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.
- 3 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 inspections¹ 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;

¹ Where inspections are carried out as part of an assessment.

- 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.
- 4 The assessments will explicitly include value for money considerations in arriving at a final score.
- 5 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

- 6 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.
- 7 The way in which the assessments are arrived at will be demonstrably consistent across relevant authorities.
- 8 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.
- 9 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

- 10 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.
- 11 The 'pitch' of these scores will be as follows:
- 4 – A service¹ 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.
- 12 There will be no direct or indirect quotas or other restrictions on the numbers or proportions of authorities that score in each category.

¹ 'Service' may refer to several services or functions working together.

- 13 The assessments will, as far as possible, take account of the impact of local circumstance on performance, including deprivation or other structural factors.
- 14 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

- 15 The assessments will be capable of annual updating, including for 'excellent' councils.
- 16 Assessments will be capable of annual updating without the need for 'on-site' inspection activity where necessary (for example, in 'excellent' councils).
- 17 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 4

Use of performance information in CPA

- 1 The Commission believes that there is scope to improve the way in which performance information is used in CPA. Currently, scores based on performance indicator returns are based on relative rankings across all councils when they make those returns. The main advantage of this approach is that it is based on comparisons of performance across local government, but there are also disadvantages. For example, the current approach does not recognise directly the council's own achievements in raising its own performance in absolute terms, and it is virtually impossible for councils to predict their position in the year in which they are being measured. This has been a major frustration for many councils. These factors, combined with the narrow range of data in certain service areas, contribute to volatility in service block assessments.
- 2 The Commission wants to work with local government and other stakeholders to develop and implement an improved approach to using performance information. Key features of a revised approach would be to:
 - stop using quartile scores for most performance indicators used for CPA purposes;
 - set minimum and exceptional performance levels for defined indicators, or groups of indicators in each service block;
 - apply simple pass/fail tests around each of these indicators or group of indicators;
 - determine the number of pass/fails needed to reach a score of 1-4; and
 - identify some indicators that either on their own or in a group would limit the overall score if they were failing to meet minimum performance levels.
- 3 This approach relies on identifying relevant performance information for each service area, and clear performance requirements to enable ratings to be made which feed into the scored assessment of each service block. Such requirements exist for some indicators but not for all, and so the Commission will need to work closely with central government departments, relevant professional organisations and local government to identify relevant performance information and standards, focusing on identifying thresholds for minimum requirements based on existing policy frameworks.
- 4 We will also seek to draw on better data and information on user and resident satisfaction and information about the way in which local authorities use such data to help shape the design and delivery of services. We will work with government departments and local authorities on how to improve the timeliness, richness and quality of user satisfaction information and how this is used.
- 5 While seeking to identify better data and information, we support the need for a wider rationalisation of data collection to reduce overall demands for information. The aim will be to make better use of data and information, and to work towards the removal of any requirements for information that serves no defensible purpose.

- 6 Details of the information that we will draw on for each of the elements of CPA and, in particular, for each of the service block assessments that the Commission is responsible for delivering can be found at www.audit-commission.gov.uk. At this site we also identify relevant performance indicators and provide guidance about how they will be used to make an assessment, including rules on the primacy of certain performance indicators that give prominence to key elements.
- 7 The increased relevance of performance information, not only for CPA but also in support of initiatives such as Local Performance Service Agreements and Local Area Agreements, means that it is becoming more important that local authorities have proper arrangements to ensure the quality of data used to support performance reporting. Therefore, the Commission will also be considering how it can be sufficiently confident that authorities are maintaining adequate arrangements to ensure data quality.
- 8 Effective consultation will be important to enable local authorities to develop appropriate arrangements to ensure data quality, collection and timescales for performance reporting. This has implications for the transitional arrangements and timetable for implementing all the proposed elements of a new approach to CPA from 2005.

Transitional arrangements for implementing the new approach to Audit Commission service block assessments

- 9 We propose next year, for planning purposes, to use the annual service block assessment baseline, which will have been established in December 2004 using the existing approach. This would determine the specific inspection and improvement activity needed in relation to weaker services during 2005. This reflects our decision that the priority for service inspections will be those services with low scores in 'poor'/'weak' and 'fair' councils, and then only when on-site inspection activity is seen as the best approach in contributing to achieving improvement. The exceptions will be programmes of inspection, or similar activity, already agreed as part of specific initiatives (for example, those relating to Supporting People and Arms Length Management Organisations in housing).
- 10 Under our current approach inspection scores can only be taken into account for three years before they are considered to be expired. From 2005 onwards we are proposing that inspection scores would be considered to be expired 4 years after the inspection, including those scores relating to inspections carried out before 2005. This is a transitional arrangement because, by 2007, we will no longer be using separate inspection scores for the purposes of determining the service block assessment.
- 11 Our consultation and engagement with local government on developing a new approach to the use of performance information is likely to mean that the use of different data and information sources and performance indicators will not be fully implemented in time to allow them to be taken into consideration for CPA reporting in 2005. Continued use of inspection scores from previous years will, therefore, be needed to help balance the need to phase the implementation to assessment based more fully on performance information.

- 12 In December 2005 we would use unexpired inspection scores plus any available new inspection results. For 2005, inspection scores would continue to carry the same weight within the assessment as they do in the current model. Where possible we would also apply new information sources and reconfigured performance indicators to the inspection scores to give an overall service block assessment score.
- 13 In December 2006 we will generate our annual service block assessment score based on a wider range of performance information and in line with a more fully implemented revised approach to the use of this information. But, to do this, we need to agree which data and other performance information would be used for reporting in December 2006 no later than March 2005. For 2006, any available inspection scores would carry half the weighting that they have in the current model.
- 14 Full implementation of a revised approach would be planned for 2007 and 2008. This means that service block assessments would be based wholly on performance information by 2007.
- 15 This gives councils enough time to adapt to the new assessment methodology. It will also enable us to engage actively with local government and stakeholders on developing the new approach to performance information.

To order further copies of this **consultation** please contact Audit Commission Publications, PO Box 99, Wetherby, LS23 7JA, 0800 502030.

It is also available on our website at www.audit-commission.gov.uk. Our website also contains a **searchable version** of this report.

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