

TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

3 September 2008

Report of the Chief Executive

Part 1- Public

Executive Non Key Decisions

1 **COMPREHENSIVE AREA ASSESSMENT – FURTHER CONSULTATION**

To formulate a response to the latest consultation on arrangements for the introduction of CAA in 2009.

1.1 **Background**

1.1.1 Comprehensive Area Assessment, the replacement of Comprehensive Performance Assessment, will be introduced from April 2009. A further consultation has been issued by the Audit Commission on how this might be operated. This builds on an initial set of proposals which were subject of consultation early in 2008. Responses to this latest consultation are required by 20th October 2008 and the Commission expects to have the proposals in place in January 2009. A summary from the LGA is attached as Annex A.

1.2 **The Latest Proposals**

1.2.1 CAA will continue to be focused on an 'area' and in two tier areas such as Kent, that area will be the county in order to link directly with the Local Area Agreement. There are still two elements of CAA proposed as previously but there are some detailed changes. The two elements are:

1.2.2 **The Area Assessment** – focusing on LAA outcomes and targets. This will focused in Kent at the county level but there is scope for the assessment to 'shrink' to trace more local issues of performance (including individual districts) and 'expand' to cover sub regional agendas etc. The key focus will be on how well local priorities in terms of outcomes and improvements, reflect community needs, how well those outcomes and improvements are being delivered, and what the prospects are for future improvement. Area of under-performance will be highlighted by a 'red flag' within the assessment; exceptional success and innovation will be highlighted by a 'green flag'. A process will be established for partners to formally challenge a 'red flag' award.

1.2.3 **The Organisational Assessment** – this applies to all councils both upper and lower tier, and combines the currently separate use of resources and direction of

travel assessments within a single process. The retained use of resources element draws on the KLOE for 2009 published in May. There is to be a new 'Managing Performance' element within the Organisation Assessment which replaces the direction of travel assessment. This will focus on how each council (ie T&MBC) delivers against community priorities (linked to the SCS and the LSP), and will also cover aspects of performance including leadership, capacity, contribution to the LAA and inequalities.

1.3 Key Consultation Issues

- 1.3.1 The introduction of an expanded, annual 'Organisational Assessment' is a cause for concern. The range of issues assessment is proposed to cover is extensive and, to all intents and purposes, is more of a full comprehensive performance assessment that now applies to all councils annually. This could introduce a very onerous annual burden on smaller councils to ensure that a range of information is made available to the auditors to enable the best overall assessment to be achieved. I believe the Audit Commission should be invited to revisit the Key Lines of Enquiry which set out the requirements to be met and to develop a slimmer, more focus and more proportionate approach to this part of the CAA process. It does seem that, contrary to original intentions, the focus has now shifted away from the wider 'Area' assessment to a new focus on the performance of each and every council via the organisational assessment. This imbalance needs to be addressed prior to whole scheme for CAA being finalised.
- 1.3.2 It is not clear whether, as part of the Organisational Assessment, some form of self assessment, prepared by the Borough Council, will be needed. The consultation document suggests that 'self evaluation' is not a requirement but then goes on to suggest that 'each area will review their priorities and evaluate progress as part of their local performance management arrangements.' It further suggests that 'this process should produce an annual self-evaluation'. It needs to be clarified whether there is an expectation from the outset that councils will need to prepare a more detailed 'self-evaluation'. The consultation does say that where councils cannot evidence how it is managing performance, this will be reflected in the reporting of CAA. If this is the case, then it would appear more honest for the guidance to confirm that a short, focused self evaluation should be prepared by all councils for submission by 1st September each year.
- 1.3.3 Three scoring options are being consulted upon. Two options will result in a score for each council's organisational assessment (with different combinations of scoring for use of resources and managing performance). One results in an automatic score, the other allows for some discretion in weighing up the evidence. Either would result on one of four overall descriptions:
- Performs Poorly
 - Performs Adequately
 - Performs Well
 - Performs Exceptionally

- 1.3.4 In order to be 'exceptional', councils would need to score a 4 in managing performance and no less than a 3 for use of resources under option 1. Under option 2, a council could be exceptional if it scored a 3 for managing performance and a 4 for use of resources or it could slip to a 'Performs Well' even if it scored a 4 for Managing Performance and a 3 for use of resources, subject to the auditor's discretion. This first option appears to be much clearer and absolute. Under option 2, there appears to be too much scope for individual auditors to amend an overall score (both up and down) but with little clear transparency on how such decisions had been arrived at.
- 1.3.5 The third option does not generate an 'overall' description for each council but results in separate scores for use of resources and managing performance. However, these two separate scores would not result in an 'outwardly' recognisable assessment (for example, one which could be clearly understood by local residents). Option 1 is therefore considered preferable.

1.4 Legal Implications

- 1.4.1 CAA will be a statutory process and all councils will be required to undertake this from April 2009. The consultation on the latest set of proposals enables a number of matters of detail to be clarified prior to its introduction.

1.5 Financial and Value for Money Considerations

- 1.5.1 None.

1.6 Risk Assessment

- 1.6.1 See 1.4.1 above.

1.7 Recommendations

- 1.7.1 That the Borough Council's response on the Comprehensive Area Assessment consultation **BE BASED ON** the points outlined in the above report.

Background papers:

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Nil

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