



Comprehensive Performance Assessment

About the Author

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Introduction

When the introduction of the Comprehensive Performance Assessment (CPA) was announced in the 2001 White Paper *Strong Local Leadership – Quality Public Services*, the hearts of many local government officers and elected members must have sunk.

Only a year before they had implemented Best Value and many felt there were already too many initiatives, too many forms to be filled and too many plans to be filed.

However, the CPA offers councils some relief from the swarm of initiatives that they often feel will engulf them. The government has accepted the need for a proportionate and co-ordinated regulatory regime and in return for

the introduction of CPA it has relaxed many of the requirements it places on local government.

Best Value still exists but in a more streamlined form and, for those that score highly in the CPA process, some of central government's apron strings will be cut. Poor performers are promised constructive intervention to assist with their improvement process.

The CPA has its flaws. The mathematical formulae constructed by the Audit Commission in order to arrive at judgements may seem overly complicated while the basis for the figures used too reliant on subjectivity.

And the single word assessment (excellent, good, fair, weak or

poor) used to describe a council's performance may seem crude compared to the complex and interacting matrix of services provided by local authorities. Some would argue that it is hard to see how the public humiliation of a council being described as poor will immediately assist in the process of improving its local services. In the short-term at least it is likely to have a demoralising effect on the council's staff.

However, most councils admit the initiative has benefited them, especially in the elements of self-assessment, peer review and prioritisation of improvements. And while many would argue their new freedoms do not go far enough, they are welcome all the same. CPA appears to be here to stay and

will develop to offer greater opportunities to councils – it is up to them to grasp these opportunities with both hands.

What is the CPA?

The Comprehensive Performance Assessment (CPA) is a means to an end – a way of helping councils measure their performance and a means to deliver improvements.

Not only does it ask how good a local authority is at providing its services, it also assesses councils on a corporate level; examining their ability to improve.

Single tier authorities and county councils were first examined under the system in 2002 and district councils are being assessed on a rolling basis. Councils' performance is indicated by five categories – excellent, good, fair, weak and poor.

This straightforward (though some might say crude) categorisation

should give voters, customers, councillors and central government an easy to understand indicator of how well a council is performing compared to other councils.

ORIGINS

The CPA is part of the wider programme of reforms outlined in the 2001 local government White Paper *Strong Local Leadership – Quality Public Services*.

The White Paper described the creation of a national framework of standards and accountability for local government that would develop local authorities' community leadership function and ensure their services were of high quality.

There would be devolution of responsibilities to authorities so

they could be creative and better meet local needs. There would also be more choice for customers where performance fell below acceptable standards.

The CPA was informed by the findings of the Treasury's Public Service Productivity Panel's report on the *Role of External Review in Improving Performance*, also published in 2001.

This recommended the development of "coherent and proportionate" inspection. It said external review of local government should be driven by periodic "corporate assessment of organisational capacity" to deliver improved performance (known as Base Line Inspection) and the extent to which any external

measures (support, review or intervention) would lead to better performance.

The Base Line Inspection should cover strengths, weaknesses, risk assessment, change management, engagement with users and quality of interagency work.

The CPA also has its origins in Best Value, the replacement for Compulsory Competitive Tendering that was introduced in the 1999 Local Government Act and implemented in April 2000.

One of Best Value's key aims is continuous improvement but the Audit Commission has found the initiative was producing only limited service improvement. Councils also felt Best Value was

an overly bureaucratic, prescriptive and expensive regulatory mechanism.

The Commission's doubts surfaced in *Changing Gear*, its Best Value statement in 2001. This found that while some service improvements had been made, public satisfaction with many local government services remained low, public expectations continued to rise and more than 60% of inspected services were poor or fair.

There were substantial variations in performance across different councils and, in a particularly worrying development for the Commission, the poorest services were often those judged the least likely to improve.

Many councils had not grasped the most challenging elements of Best Value and the Commission suggested that almost two-thirds of councils were either coasting or performing poorly.

In some cases this was because they lacked the capacity or systems to improve. More often, it was because they lacked the will to ask challenging questions or the vision to tackle difficult choices.

From this uncompromising report it was clear that something was needed to encourage councils to improve their services. The 2001 White Paper said there would be clearly defined shared priorities between national and local government as well as "exacting" performance standards.

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Councils' performance against these targets would be measured by the CPA. The Audit Commission would categorise councils, working with other inspectorates and basing its judgement on existing indicators and an assessment of councils' ability to improve.

This last point is significant. The White Paper says service failures are often linked to administrative or political shortcomings and these are not picked up by service-based reviews.

Inspections would be integrated and tailored to councils' strengths, weaknesses and needs, while Best Value would be streamlined.

The new framework aimed to benefit all councils with a

reduction in red tape – this included a significant reduction in the number of plans and strategies councils would be required to produce and a cut in the number of area-based initiatives.

Councils placed in the higher categories would get greater freedoms and flexibility over resources, while those judged to be failing would be the subject of "tough action".

Benefits for high performers include less ring-fencing of resources, fewer planning requirements and greater freedom to use the income from fines. They have greater discretion on Best Value reviews and a lighter inspection regime. The government has also pledged not to use reserve

power to cap their council tax increases.

AIMS

The CPA is primarily a tool that will build on Best Value and a range of other inspections and audits and will give a clear measure of how well councils deliver their services and whether they have the capacity to improve on that performance.

However, there is a wider agenda, which has been neatly encapsulated as six main aims by the Audit Commission.

It says these are to:

- provide better information to the public about how their council is performing

- help councils assess how they focus their improvement activity in order to deliver better services
- ensure inspection and audit programmes are proportionate to the council's needs
- provide the basis for better targeted and co-ordinated inspection and audit programmes
- allow government to determine the extent to which it can devolve responsibility to individual councils (by providing additional freedoms) and
- help determine where external support/intervention is required to improve services.

The CPA's success or failure will be measured by how well these aims are achieved.

The nature of the business case for CSR

Though the aims of the CPA are common to all councils, the assessment process is different depending on the type of council being examined.

The CPA was first developed for single tier authorities and county councils, the 150 largest authorities that deliver the high-profile, big budget services, such as education and social services.

The CPA process is the same for single tier and county councils and the first set of assessments were published in December 2002.

A separate process was developed for district councils, though it does bear many similarities to that for single tier and county councils. District councils are being

assessed in a rolling programme beginning in 2003.

SINGLE TIER AUTHORITIES AND COUNTY COUNCILS

The CPA for single tier and county councils is based on two strands.

The first is an assessment of the councils' core services – education, social services (an average of children's and adult social services scores), environment, housing, benefits, and libraries and leisure – together with how well they use their resources.

The second strand is an examination of the councils' ability to improve their services.

Core service performance

The assessment of the performance of core services is

largely based on existing information collected by auditors and inspectors, including the Audit Commission, the Social Services Inspectorate, Ofsted and the Benefit Fraud Inspectorate.

Councils are given a number between one and four depending on their performance (with four being the highest) in each of the service blocks and in use of resources.

The scores are added together to form an overall figure for the core services. However, first they are weighted to reflect the importance of education and social services – these are given a weight of four.

Housing and environment are given a weighting of two and the other services one.

This means that the lowest figure a council can receive for education or social services is four (one multiplied by the weighting of four), the highest 16 (four times four).

This also means that the lowest and highest numbers they can receive for housing, for example, are two and eight respectively.

Council ability

This is a corporate assessment of the council as a whole and examines councils in four areas:

- what they are trying to achieve
- how they tackled it
- what they achieved and
- what they had learned and planned to do next.

The assessment is based on self-assessment in these areas,

How the weighting affects scores for each service

<i>Service</i>	<i>Minimum score</i>	<i>Maximum score</i>
Education	4	16
Social services	4	16
Housing*	2	8
Environment	2	8
Benefits*	1	4
Libraries and leisure	1	4
Resources	1	4
TOTAL	15	60

* County councils do not have responsibility for housing and benefits. In these cases the minimum and maximum total possible scores are 12 and 48.

The scores are then combined and this figure is used to determine an overall score (between one and four).

Arriving at an overall judgement

<i>County councils</i>	<i>Overall judgement</i>	<i>Single tier</i>	<i>Overall judgement</i>
Less than 24	1	Less than 30	1
24 to 29	2	30 to 37	2
30 to 36	3	38 to 45	3
More than 36	4	More than 45	4

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together with an inspection visit from peers and professional auditors.

Nine themes emerged from the four areas and councils are given a score of between one and four (four being the highest) depending on their performance.

The themes are:

- what councils are trying to achieve:
 - 1 ambition
 - 2 focus
 - 3 prioritisation
- how the council sets about what it wants to achieve:
 - 4 capacity
 - 5 performance management
- what the council has/has not achieved:
 - 6 improvements achieved
 - 7 investment

- what the council plans to do next:
 - 8 learning and
 - 9 future plan.

The themes are weighted to give prominence to what the councils have achieved. While all other themes are given a weighting of one, improvements achieved is

given a weighting of three and investment a weighting of two.

As in the council performance assessment, the scores for each theme are added together (the minimum figure councils can score is 12 and the maximum 48) and this figure is then used to calculate a final score.

Determining the overall corporate assessment score

<i>Combined score</i>	<i>Overall judgement</i>
Less than 24	1
24 to 31	2
32 to 39	3
40 to 48	4

Combining the performance and corporate assessment

The Commission combines the score using a matrix, allowing it to place councils in one of five categories – excellent, good, fair, weak and poor.

The rules

That is not the end of the story. In order to prevent some councils that are weak in the key areas of education, social services or finance from getting a high score, the Commission applies three rules to the overall judgement.

These are:

- authorities cannot be given an overall rating of excellent unless they score at least three in education, social services and resources
- authorities cannot be rated as fair or above unless they score at least two in education, social services and resources and
- authorities cannot be rated as excellent overall unless they score at least two on all other core services.

The application of the rules in December 2002 meant that five authorities were denied the excellent rating, two the good rating and one the fair.

Around 50% of councils were placed in the excellent and good

Ability	Core service performance			
	1	2	3	4
1	Poor	Poor	Weak	N/A
2	Poor	Weak	Fair	Good
3	Weak	Fair	Good	Excellent
4	N/A	Good	Excellent	Excellent

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categories; 25% were in the fair category; and 25% were weak or poor.

Using the matrix below, this is how single tier and county councils fared (the figure in brackets represents the number of councils that fell into this category):

DISTRICT COUNCIL CPA

While the CPA process for district councils shares many similarities with that governing single tier and county councils, district CPA is less complex (reflecting the smaller budgets and fewer responsibilities generally held by district councils). The first results for the councils

within West Sussex (where the process has been piloted) were published in July 2003.

The main elements of district CPA are:

- diagnostic assessments of the council's
 - strategic approach to the management of public space and
 - meeting of the decent homes standard (where the council owns its own housing stock, or a yes vote has not yet been registered) or management of housing markets (where the council does not own council housing stock)

Ability	Core service performance			
	1	2	3	4
1	Poor (3)	Poor (8)	Weak (2)	N/A
2	Poor (2)	Weak (17)	Fair (28)	Good (1)
3	Weak (0)	Fair (12)	Good (49)	Excellent (8)
4	N/A	Good (1)	Excellent (6)	Excellent (13)

- the Benefit Fraud Inspectorate (BFI) assessment of benefits services
- auditor assessments of performance on each of the main elements of the Code of Audit Practice
- audited performance indicators, inspection reports and plan assessments
- council self-assessment
- accredited peer challenge of the authority to inform the self-assessment and
- a corporate assessment, informed by the peer report and the authority's self-assessment.

The Audit Commission will produce a single management report for each council together with a short community digest. This will give a judgement about

the council's corporate capacity to improve services and a judgement on each of the housing and public space diagnostic assessments.

Performance assessment

District CPA focuses on two of the councils' responsibilities – housing and use of public space.

Councils that own their housing stock will be assessed on the decent homes standard (DHS).

This diagnostic assessment focuses on ensuring all the stock meet the DHS by 2010.

The likelihood of the council meeting the 2010 deadline will be assessed in three areas:

- how well does the council know the condition of the housing stock and its compliance with the DHS? What is the council

trying to achieve in relation to the standard?

- what are the council's actions and what outcomes have been achieved to ensure homes meet the standard?
- how does the council monitor its progress and the impact of meeting the standard, and how does this feed into future strategies and plans?

The Balanced Housing Market (BHM) diagnostic assessment will apply to councils that do not own stock. This assessment also focuses on three areas:

- how well does the council understand its housing market and from its understanding has the council developed the right proposals to help balance its housing markets?

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- what are the council's actions and what outcomes has it achieved in helping to balance housing markets?
- how does the council monitor its progress and impact in helping to balance housing markets and how effectively do these feed into future strategies and plans?

The use of public space assessment is based on four questions:

- how well does the council contribute to the management of the physical environment?
- does the council help keep the locality clean?
- does the council work with partners to improve community safety?

- does the council contribute to activities to positively engage children and young people?

The need for improvement in each of the diagnostic assessments will be identified using the following scale:

- a very low
- b low
- c high
- d very high.

An overall assessment will then be made for each diagnostic area:

- A very low need for improvement focus
- B low need for improvement focus
- C high need for improvement focus and
- D very high need for improvement focus.

The Commission will use other measures in its performance assessment, including:

- the BFI's assessment of the Housing Benefit/Council Tax Benefit service offered by each district council and
- performance indicators, which will be used to benchmark councils against others, assess which services are improving and which are not and how well the council is progressing against its plans.

Appointed auditors have a role to play not only in offering a critique of councils' self-assessment, but also by giving a view on councils' performance with regard to the Code of Audit Practice.

A scorecard has been developed to allow auditors to provide judgements for the CPA process.

This is based on the following elements of the audit:

- financial standing (setting a balanced budget, setting a capital programme, financial monitoring and reporting, meeting financial targets and financial reserves)
- internal financial control (monitoring of financial systems, internal audit, risk identification and management)
- standards of financial conduct and the prevention and detection of fraud and corruption (ethical framework, governance arrangements, treasury management and prevention and detection of fraud and corruption)

- financial statements (timeliness, quality and supporting records) and
- legality of significant financial transactions (roles and responsibilities, legality of financial transactions and new legislation).

Corporate assessment

As in single tier and county council CPA, district CPA corporate assessment focuses on four questions and underlying themes. There are 10 rather than nine themes – the additional theme is achievements in quality of service, which aims to capture information about current performance.

The questions and themes are:

- what is the council trying to achieve?

- 1 ambition
- 2 prioritisation
- 3 focus

- how has the council set about delivering its priorities for improvement?

- 4 capacity
- 5 performance management

- what improvements has the council achieved/not achieved to date?

- 6 achievement in quality of service
- 7 achievement of improvement
- 8 investment

- in light of what the council has learnt to date, what does it plan to do next?

- 9 learning
- 10 future plans

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Each of the themes is given a score between one and four according to the following scale:

1. weak
2. weaknesses outweigh strengths
3. strengths outweigh weaknesses
4. strong.

As in single tier and county council CPA, the themes are weighted to emphasise achievement. Achievement in quality of service and achievement of improvement are given a weighting of three, while investment is given a weighting of two. All other themes have been given a weighting of one.

Weighting the themes

<i>Theme</i>	<i>Weighting</i>
Ambition	1
Prioritisation	1
Focus	1
Capacity	1
Performance management	1
Achievement in quality of service	3
Achievement of improvement	3
Investment	2
Learning	1
Future plans	1
TOTAL	15

This means the minimum score an assessment could generate would be 15 (a score of one in all the themes), the maximum 60 (a score of four in all themes).

Forming a judgement

District councils will be categorised as excellent, good, fair, weak and poor. This is calculated, initially, on the basis of the corporate assessment.

The scores in each of the 10 weighted themes are added up and councils categorised according to the final figure.

The rule

There is one rule in district CPA – a council cannot be judged excellent if it is judged as poor

- in its BFI assessment, or
- in the appointed auditor assessment, or
- in the diagnostic assessments for housing or use of public space.

IMPROVEMENT PLANNING

The CPA is a means to an end – not only should it produce clear information about council performance and the ability to improve, it should also help bring about improvements.

Improvement planning is also important in the wider policy sense. As discussed in the previous chapter, the 2001 White Paper and subsequent Local Government Bill (introduced in 2003) aims to give councils greater freedom from central government control. The thinking is that the “one size fits all” model of local government must be abandoned in favour of a more flexible structure that will enable councils to determine, plan for and meet the needs of their local people.

Categorisation**Overall score**

48 to 60

42 to 47

36 to 41

30 to 35

15 to 29

Category

Excellent

Good

Fair

Weak

Poor

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However, this autonomy must be earned. The CPA will determine the degree of freedom from Whitehall given to councils (see below). And in order to gain more autonomy councils will use the improvement planning process to lay the foundations to scoring higher on the individual assessments that make up the CPA.

After the CPA category is awarded, councils should use the information gained on their strengths and weaknesses to launch an improvement planning process. Improvement planning should produce better services, strengthen local delivery and enhance the quality of councils' community leadership.

Improvement planning should include:

- strategies for tackling weaknesses identified by the CPA
- planning and agreeing a co-ordinated and proportionate inspection programme with inspectors, regulators and auditors. These will reflect councils' strengths, weaknesses and needs and
- central government measures, which will include greater freedoms, targeted support and capacity building as well as early, constructive intervention where appropriate.

Improvement planning does not require additional reports but the strategies should be incorporated into existing plans.

The Audit Commission has set out a three-stage framework for improvement planning.

1 Evaluation

In this stage councils will discuss the CPA findings in both the performance and corporate assessments. They will then discuss and agree priorities for improvement.

Each council will attend a round table meeting with stakeholders, auditors and inspectors. Representatives from the Office of the Deputy Prime Minister (ODPM) will attend some round table meetings. A preparatory meeting will be held between the inspectorates, auditors and other external review bodies.

The council will present a short-list of its priorities based on the strengths and weaknesses identified in the CPA and will be encouraged to put forward its views on the type of audit and inspection that would support the delivery of these priorities. The audit and inspection programme and areas for capacity building will be agreed.

There will be early engagement with poorer authorities. However, for higher performing authorities this process will be streamlined.

2 Freedoms, capacity building and intervention

The freedoms and other measures afforded to councils depend on the result of the CPA.

Excellent authorities will be invited to join an Innovation Forum, which will consider further freedoms that should be given as of right to such authorities.

The Forum could also consider issues such as the relationships between authorities and other bodies, as well as the opportunities for greater integration of service delivery. Excellent authorities would have the right to enter negotiations on a subsequent Local Public Service Agreement (LPSA).

Good authorities should plan for improvement using the additional freedoms they will gain. They also have the prospect of further negotiations with the government via the LPSA process.

Fair authorities should look to address capacity issues and use inspection to evaluate progress. Their aim should be to bring together different resources available throughout government to tackle areas for improvement identified in their CPA.

Weak and poor authorities should plan for major improvement and use inspection and audit to help diagnose problems and target support measures. The poorest performers will be assessed and a recovery plan formulated which will be agreed by the ODPM.

The government will have the option of using intervention powers where there is no prospect of success or a risk to the public.

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This will be co-ordinated by the ODPM. Support from the Improvement and Development Agency (IDeA) will be available to councils to strengthen their client-side functions.

Support for poor councils will come from the £27m capacity building fund, jointly funded by local and central government, which aims to improve managerial and leadership quality.

3 Monitoring and reassessment

The measures councils have agreed, together with projected outcomes such as their LPSA targets, will be included in their performance plans. This is the principal vehicle for demonstrating their improvement planning and delivery arrangements and they

will be assessed by their appointed auditors. Plans will also be used to inform subsequent CPA judgements.

Inspectorates are developing new methods to monitor progress as part of a “light touch” inspection regime and will also look to capture good practice and key data required to review CPA outcomes and performance improvement.

Freedom

Category	Freedom		
All authorities	Capital system changes Charging for discretionary services Deregulation of consent regimes		Complete freedom over use of income from certain civil penalties New trading powers in draft Local Government Bill
Excellent authorities	Removal of all revenue ring-fencing (excluding grants passed to schools) Removal of all capital ring-fencing (excluding grants passed to schools) A three-year “inspection holiday” Removal of all service plan requirements beyond the Best Value Performance Plan and Community Strategy Exemption from reserve council tax capping powers Complete freedom over use of income from certain civil penalties New trading powers in draft Local Government Bill “Innovation Forum” to agree additional flexibilities	Fair authorities	Reduction in revenue ring-fencing to under 10% of total government grant by end of spending review period At least 60% of capital resources through the single pot in 2003/04, with up to two thirds by the end of the spending review period Lighter touch targeted inspection and audit 75% reduction in number of plans overall More discretion over use of income from certain civil penalties New trading powers in draft Local Government Bill
Good authorities	Reduction in revenue ring-fencing to under 10% of total government grant by end of spending review period Removal of all capital ring-fencing (excluding grants passed to schools) Minimum of 25% reduction in inspection activity and lighter touch inspection 75% reduction in number of plans overall Exemption from reserve council tax capping powers	Poor/weak authorities	Reduction in revenue ring-fencing to under 10% of total government grant by end of spending review period At least 60% of capital resources through the single pot in 2003/04, with up to two thirds by the end of the spending review period Targeted inspection 75% reduction in number of plans overall More discretion over use of income from certain civil penalties

Lessons learned

The Audit Commission published its first set of CPA results for single tier and county councils in December 2002, categorising them as excellent, good, fair, weak and poor. You can find examples of councils that fell into each category below.

EXCELLENT

Cheshire County Council was rated excellent, with the Audit Commission rating its education services in particular. It added that the council had a high level of overall satisfaction and a good track record of delivery, as well as demonstrating the capacity to continue to improve.

Cheshire received three out of four in its corporate assessment and four out of four for the performance of its core services.

Education	4
Social Care	
– children's services	3
– adult services	3
Environment	3
Libraries and Leisure	3
Use of Resources	3
Core Services	4

GOOD

The Audit Commission said Manchester City Council provided quality services to its population and noted significant improvements in its education services, as well as in the management of housing and benefits administration.

However, it added that its social care remained relatively weak. Overall, its core services received three out of four.

The corporate assessment gave the council three out of four and the Commission said much of its success lay in the strong community leadership role it has adopted and the regeneration programmes it had delivered to increase the quality of life for local people.

Education	2
Social Care	
– children's services	2
– adult services	3
Environment	2
Housing	4
Libraries and Leisure	2
Benefits	3
Use of Resources	3
Core Services	3

FAIR

Rutland County Council was given a fair rating in December 2002. The Audit Commission gave it two out of four in its corporate assessment and three in its assessment of core service performance.

While it believed the council provided a good education service, other services, including housing, social care, libraries and leisure, needed to improve. Community leadership was weak and public satisfaction with the council was low.

The Commission added that the council needed to develop its medium-term financial planning if services were to improve.

Education	4
Social Care	
– children's services	2
– adult services	2
Environment	2
Housing	2
Libraries and Leisure	2
Benefits	3
Use of Resources	2
Core Services	3

WEAK

Oldham Metropolitan Borough Council's core services were rated as three out of four but it received the overall classification of weak.

This is because the corporate assessment produced a score of one out of four. The Audit Commission had serious concerns

about the council's ability to improve, particularly its failure to deliver strong community leadership.

The council pledged to improve its corporate governance score and promised to restructure and bring in a new team of chief officers.

Education	3
Social Care	
children's services	2
adult services	2
Environment	3
Housing	2
Libraries and Leisure	2
Benefits	4
Use of Resources	3
Core Services	3

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POOR

The London Borough of Hackney's poor rating is reflected in its performance and corporate assessment scores – it was awarded one out of four in both.

The Audit Commission acknowledged that in the 18 months prior to its December 2002 report the council had been concentrating on rebuilding itself and improving local services. Social care provision and revenues and benefits services had begun to improve during this period, though admittedly this was from a low base.

A learning trust established to run the education service had brought stability to finance and staffing structures, while council house management had also improved.

But it added there was still a long way to go before local people would have consistent and reliable services. Environmental management was poor and, though the council had increased its management capacity and had a more stable political leadership, it needed to strengthen performance management and its financial systems if improvement was to continue.

The council said its priorities were to make sure it worked efficiently, to involve the public in its plans to get better and improve opportunities and quality of life in the borough, together with promoting social inclusion.

Education	1
Social Care	
children's services	2
adult services	2
Environment	1
Housing	2
Libraries and Leisure	1
Benefits	2
Use of Resources	1
Core Services	1

THEMES THAT EMERGED FROM THE FIRST ROUND OF CPA

Councils' reaction to the CPA has been mixed. Many recognise the benefit of a more strategic approach to regulation and support self-assessment as well as assessment by peers. Not only did councils feel they got to know themselves well but they almost all

respected and valued the opinion of their peers.

The new freedoms and reductions in bureaucracy are also welcome, though most believe they should go further. Some council leaders fear the “earned autonomy” model of giving the higher performing councils more freedoms could create a multi-tiered system.

Some authorities believe the system of categorisation, by distilling all their efforts into a single word, is crude and unfair. It could also have a knock-on effect on staff morale and recruitment and retention.

Perhaps surprisingly, only a handful of councils disputed their CPA category. The London

Borough of Ealing challenged its weak rating on the basis that the achievement score in its corporate assessment was too low.

The council lodged a judicial review challenge to the CPA but this was withdrawn following an appeal to the CPA Disputed Judgement Team. It raised the achievement score from two to three and as a result the overall category increased from weak to fair.

Richard Harbord, a local authority management and finance consultant who is also a member of ACCA’s public sector committee, says the CPA has worked much better than many thought it would.

However, he harbours great misgivings about the process,

particularly the validity of comparisons between district councils.

“I have been helping a district council prepare for its assessment recently and it suddenly struck me how difficult it would be to make comparisons across district councils. This would not be important if they were not being given freedoms and flexibilities.

“Will an excellent district in Derbyshire be the same as an excellent district in Hertfordshire? In unitary authorities there is a much tighter spread of organisations. They tend to be more like each other.”

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Some critics would like the assessment to be more akin to a school report card with a few words on the strengths and weaknesses in each area. The problem is, of course, that this would be less accessible to the public.

Bob Collins, also a member of the ACCA public sector committee and director of regeneration and community at Stoke City Council, says his council got a lot out of the CPA process.

“I believe we have improved our business planning. We had to prepare ourselves by self-assessment, asking, ‘what are we in business for and how have we set our priorities?’ CPA allowed us to become more focused on our priorities.”

Following the CPA assessment, in which it was assessed as fair, the council has created service improvement plans, which are now being implemented.

The positive view in Stoke is held despite initial misgivings.

“We are an area of deprivation, we are a Neighbourhood Renewal area, we have to produce local public service agreements, we are a housing market renewal pathfinder and we are involved in many other initiatives and programmes. So when the CPA came along we thought, ‘not another set of audit work that we will have to do’.”

He believes the CPA process has strengthened local accountability to voters. However, he adds that the assessment came around at the same time as last year’s council elections and a referendum on whether to have an elected mayor.

“I think some of the politicians involved in the process of the CPA saw it as another centralised approach and limiting the amount of flexibility for elected members. They thought the inspection was being managed from the centre rather than allowing local members to determine their priorities.”

Peter Stachniewski, a member of the Audit Commission’s CPA

project development team, says the initiative has brought achievements. He acknowledges that it is too early to say whether it has helped national and local government achieve their priorities or produced improvements in services for local people. But he feels the barriers to meeting these aims are being removed.

Progress to date can be measured against the aims set out in the *Strong Local Leadership – Quality Public Services* White Paper, he says.

“One aim was whether or not it has led to more effective reporting to customers. I think that’s difficult to judge at this stage. The information is clearly set out on our website but not every person will get to that.

However, local newspapers and radio reported a lot of the outcomes. The key issue is how people have used the additional knowledge in their dealings with councils and how councils themselves have responded to this public reporting of their performance.”

However, Mr Harbord does not believe the assessments have had a great impact on local people.

“The category given to a council may have more impact internally than externally. It seems to me that the public are wholly indifferent, by and large. It may depend on whether their refuse was collected last week. That and the street scene are what people notice.”

A second aim is how councils use the CPA to inform their improvement planning. Mr Stachniewski says the Commission’s own analysis shows that councils are focusing on issues that have been picked up as weaknesses by the assessments.

“The corporate assessment has focused councils on more strategic issues, whereas Best Value was not necessarily doing that,” he adds.

The third area where the CPA has brought benefit is in its impact on strategic regulation and the Audit Commission as inspectors.

“CPA has required us to think again about how we put *together our improvement*

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programmes and as a result we have cut our fees to excellent authorities. These are direct financial savings associated with reduced inspection. Also, the indirect costs of inspection, that council have to meet, will be reduced.”

He adds that there is greater co-operation between the inspectorates with some sitting around the table together for the first time and hammering out a co-ordinated approach to their inspection and audit programmes.

“We have auditors and inspectors, together with an adviser from the Department for Education and Science and representatives from the government offices, sitting

together to consider their programmes and link them up. This is a clear benefit.”

There is some concern that in trying to streamline the inspection and audit regime, CPA clashes with established initiatives such as Best Value. Mr Harbord believes the CPA and Best Value processes could be streamlined to create a continuous programme.

Mr Stachniewski says Best Value complements the CPA.

“The purpose of the CPA is not to replace Best Value but to make sure Best Value focuses on things that are important. To achieve this, the government has got rid of the requirement to carry out Best Value Reviews of all services

over a five-year period. This allows councils to focus their best value activity on weak areas that are priorities for improvement.”

Councils are concerned that CPA does not adequately reflect some of the conditions under which they work – deprivation, for example. Though the Commission points out that some councils in deprived areas are in the excellent and good categories, it appears ready to move on this issue (see chapter six, Future developments).

Single tier and county councils feel it is difficult to move between categories.

“One of the difficulties is the extent to which poor authorities will always be poor because

they are not given as many freedoms and flexibilities,” Mr Harbord says.

“They will get intervention while excellent or good authorities will get a helping hand by not having to spend as much time on plans. I am not sure intervention will be helpful – in many authorities the problem is that the culture is wrong.

“Once you have given people freedoms and flexibilities it will be difficult to take them away. I am not sure anyone has really thought that through. You could have the situation where a council has to go back to preparing plans that they had given up preparing three years before,” Mr Harbord adds.

Demotion and promotion following performance assessments in 2003/04 and 2004/05 are not impossible but not easy either. The Audit Commission published a framework for its CPA work during these years in CPA – the way forward in June 2003.

This included an outline of how councils could progress or regress when figures are published in December 2003 and December 2004:

- councils will move up a category if they achieve the relevant core service thresholds used in 2002 (see previous chapter) and their core service scores improve by at least three. The Commission says this is equivalent to an improvement in education, or children’s and

adult social services, or in at least two other service areas

- if their core service scores in December 2003 are above a specified service threshold, councils may request a further corporate assessment in 2004
- a further corporate assessment may also be requested if councils can demonstrate general improvement in services, including services measured through the corporate assessment, such as regeneration and community safety
- in order to move up a category councils that currently score two on their council ability need to score at least 36 points on their corporate assessment to move up a category

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- a council will move down a category if their core service scores fall below the relevant 2002 core service thresholds
- a council with the potential to move into the excellent category, including those previously held back by rules and those that achieve “excellent” on the basis of service score improvement will be subject to a proportionate corporate assessment to ensure they meet the high standards required of excellent councils
- councils held back by a rule in the weak category will move to the category they would have been in but for the rule if they have addressed the weakness that led to the application of the rule and

- councils that scored one on council ability in 2002 can have a corporate assessment carried out once the ODPM lead official allocated to the council and the council’s monitoring board are satisfied that progress has been made against their recovery plan.

The Commission is also holding discussions with central and local government on how it will approach excellent councils where service quality falls. It believes this approach must balance the freedom of excellent councils to experiment and their ability to correct service weaknesses, with the need to ensure that councils meet the standards expected of them.

Finance and technical issues

Though at first glance it may appear that the CPA has little to do with council finance, there are many financial issues associated with it.

The theme of use of resources and (in district CPA) auditors' opinions on compliance with the Audit Code of Practice are obvious links to the finance department.

Also, some of the freedoms linked to councils' performance under the CPA fall into the remit of finance staff.

These include the removal or reduction of ring-fencing of revenue and capital (except grants passed to schools) and excellent and good authorities' exemption from reserve capping powers.

There are also changes to the capital finance system, with the receipts taken into account resource equalisation system now abolished.

All authorities have been given power to charge for discretionary services (but with a duty placed on them to ensure that the income from charges does not exceed the costs of provision).

Fair, good and excellent authorities will be able to enter into trading arrangements, while all authorities have at least some discretion in the use of income from civil penalties, such as those for dog fouling and littering.

Treasurers and finance directors are seeing other benefits. By

clarifying where councils' priorities should lie, the CPA is having a direct effect on the budget-setting process. And, unlike Best Value, which concentrates on individual services, CPA offers an overview of where services are in relation to others.

Bob Collins believes the CPA will encourage councils to have longer-term financial plans of perhaps three years or more.

He adds:

“It has made finance staff think outside the box instead of being just bean-counters. The CPA is about service delivery linked to performance management and value for money tests, rather than just pure numbers.”

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Collins says the cost of undergoing a CPA is high but he adds:

“We got benefits from it so it is an investment but it is a cost that has been introduced without additional funds.”

The Audit Commission’s Peter Stachniewski says the CPA has allowed the government to introduce greater devolution of powers to local government. One example of this is the prudential framework for local government borrowing.

“This is a major change that has been promised for some time but it didn’t happen until CPA came along.”

Some hidden costs have also been reduced. The CPA has brought a general reduction in government requirements for councils to produce statutory plans – this has fallen by 75%. There has also been a significant reduction in the number of consents local authorities need to gain from central government, for example consent to dispose of land.

Future developments

The CPA will continue to develop, though no major changes to the process are planned until 2005.

In the short-term district CPAs will be published on a rolling basis. There will be reporting of progress in single tier and county councils in 2003/04 and 2004/05 but generally there will not be full assessments. Some corporate assessments will be carried out where authorities feel they have made significant improvements.

The reports on progress will be based on available information, such as the annual Social Services Inspectorate performance assessments.

Mr Stachniewski says:

“A full corporate assessment is a major exercise and does not fit in well with encouraging people to prioritise improvements over a number of years.”

During 2003/04 and 2004/05 the main focus will be on the changes for 2005/06.

“The challenge is to make the CPA a more sophisticated system of assessment. We deliberately brought CPA in quickly in 2002 – you could spend years debating about what is the right system.

“We have to look at getting a more consistent approach on how we judge particular themes and how we gauge performance. There is also the question of the

balance between councils’ corporate leadership role and service performance. Central government needs to think about how it can relate to local authorities in a more consistent way. One of the problems pre-CPA was that different government departments had different priorities and councils were trying to work out which they should be reacting to.”

He adds there will be further work to develop the sensitivity of the performance measures.

“I don’t think we are clear yet on the relationship between deprivation and performance. And I am not sure we have got to the bottom of how cost-effective councils are.”

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Mr Stachniewski adds that the Commission will look at whether it is possible to bring together the two assessment scores of single tier and county councils into a single judgement, as with district councils. But he adds this may be difficult as the former are so much more complex than districts.

“We will also have to do some work on what makes people improve. If you know what needs to be done, how do you support the local leadership; how do you use the IdeA; how do you refine inspection activity to ensure you support improvement?”

The greater emphasis on community planning, Local Strategic Partnerships and greater

co-operation between agencies following the Victoria Climbié case will be reflected in the more sophisticated approach to the CPA from 2005/06.

Mr Stachniewski says other initiatives, such as life-long learning and action on health inequalities, are being included in the CPA framework being developed for implementation in 2005/06.

“We are trying to use the shared priorities, agreed by national and local government in 2002, as the basis for CPA in the longer term. The aim is to ensure we are measuring things that are important to central and local government and local people – areas such as the

quality of life of older people, children, transforming the environment, healthy lifestyles, regeneration and reducing crime.”

In the longer term (from 2010 onwards) the aim is for CPA to focus on how public agencies, not just local authorities, meet local needs. This could include bodies such as fire authorities and health bodies.

Bob Collins believes the future could see more self-assessment.

“This is because there may not be sufficient capacity in the audit regime. For self-inspection we will need to develop trust. I expect there will be a development of payment by

results – if you improve you will get more resources and freedoms. I am sure it will continue to develop – it will not stand still. Hopefully, developments will be driven by the wish to give local authorities more support and perhaps give them more credit than governments have given them hitherto.”

Useful resources

WEBSITES

Audit Commission

(www.auditcommission.gov.uk)

Office of the Deputy Prime Minister

(www.local-regions.odpm.gov.uk/cpa/index.htm)

Local Government Association

(www.lga.gov.uk)

ACCA

(www.accaglobal.com)

DOCUMENTS

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Role of external review in improving performance, Public Services Productivity Panel 2001

Strong Local Leadership – Quality Public Services, white paper, HMSO 2001

The final CPA assessment framework for single tier and county councils, 2002, Audit Commission 2002

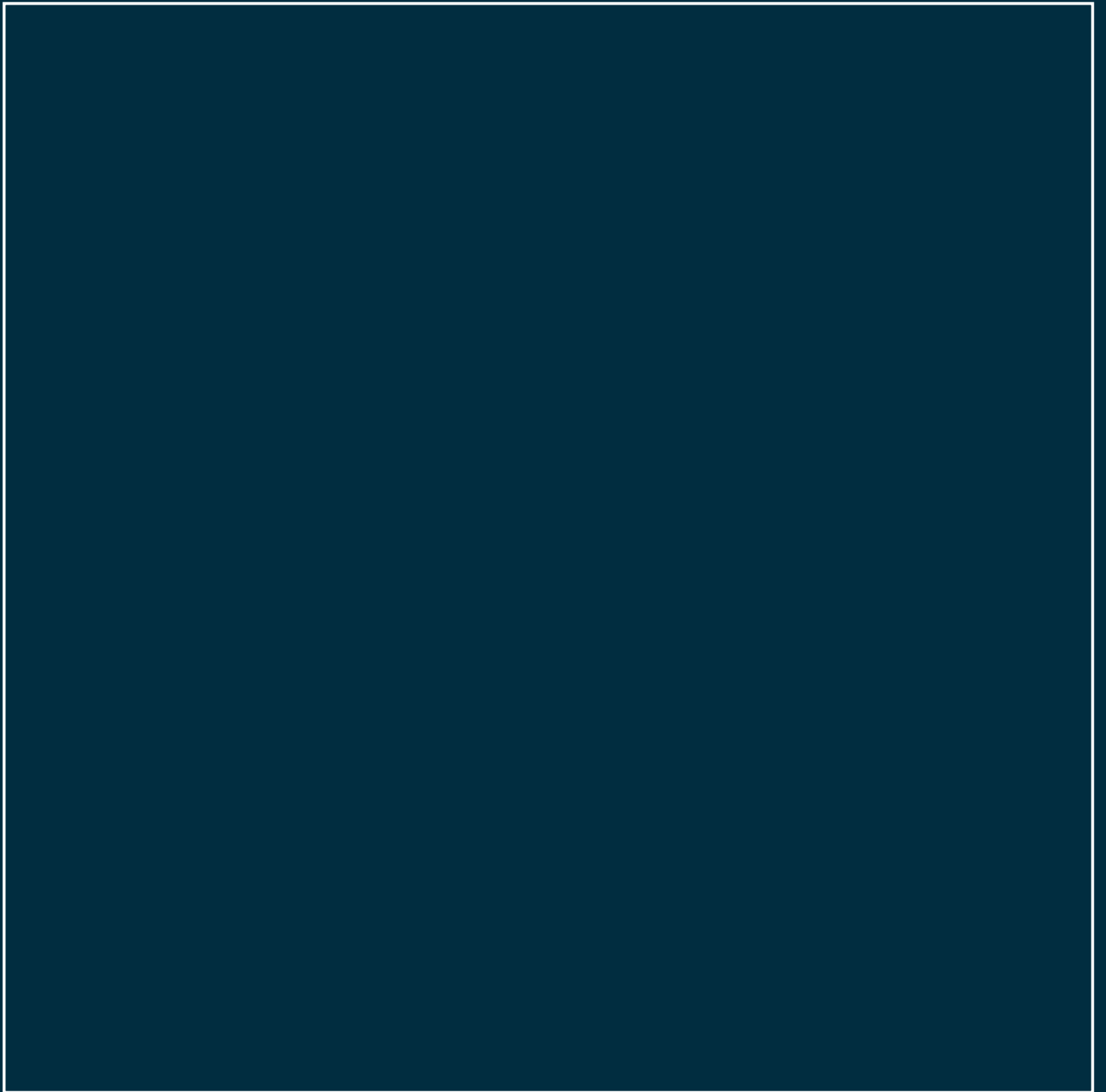
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