



# briefing

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## Comprehensive Area Assessment

### Key points

- Under Comprehensive Area Assessment (CAA) local outcomes will for the first time be assessed collectively, with six inspectorates working together.
- Sector-specific assessments will continue, but will be developed alongside and feed into CAA. The Care Quality Commission is responsible for more detailed assessment of health and social care organisations.
- The main question area assessments seek to answer is 'What are the prospects for local improvement?'
- The CAA takes as its starting point local priorities from Sustainable Community Strategies and Local Area Agreements.
- Area assessments will highlight results of an exceptional standard or areas of significant concern, using green and red flags respectively.

As of 1 April 2009 Comprehensive Area Assessment (CAA) came into force. For the first time the outcomes of children's services, health, adult social care, waste and recycling, fire, police and other services will be assessed collectively – to produce a unified verdict on quality of life and value for money.

### How does CAA differ from past assessment?

In the past local council performance was measured using Comprehensive Performance Assessment (CPA), the Audit Commission's star-rating scheme. CPA ran from 2002 until the end of March 2009. CAA will be a very different type of assessment. Instead of a star scheme, green and red flags will be used to highlight problem areas or exceptional performance on a particular issue within local assessments.

Local public services, such as health and children's services, were previously assessed individually. These sector-specific assessments by

the respective inspectorates will continue, but they will be developed alongside CAA to avoid any duplication and will feed into the collective over-arching report. Schools, colleges, social housing and residential care homes will also continue to be inspected independently, to ensure they meet the required standards.

### What is CAA?

CAA brings together six inspectorates – the Audit Commission, Ofsted, the new Care Quality Commission and Her Majesty's Inspectors of Constabulary, Probation and Prisons. As part of the new approach to

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assessment and inspection, the inspectorates have been given new duties to co-operate with one another and to manage the burden of inspection on individual organisations. The Audit Commission will accordingly be the 'gatekeeper' for all inspection affecting local authorities. There will also be fewer programmes of automatic rolling inspections than under CPA, and any remaining rolling programmes are expected to be proportionate, focusing on the issues and areas of most significant risk.

The principle driving CAA is that a collective assessment will be more successful than individual assessments in terms of improving the overall experience that local service users receive. CAA is designed to work in three ways:

- **the public** will gain information as to the performance of their local services, and a picture of their local area
- **local public service organisations** will be provided with an assessment of their own performance, including highlighting where they should do better and recognising where they have done well and can share good practice
- **Government** will obtain assurance that public money is being well spent and the public being well served.

The Audit Commission describes its vision for CAA as "robust assessment that focuses more on outcomes, on citizens' experiences and perspectives, and on places and partnerships rather than just individual institutions. Our broad approach is to assess the future prospects in the area for achieving better outcomes by looking at the impact that local service organisations are collectively having on improving priority outcomes." (Audit Commission et al 2009<sup>1</sup>).

Using two questions around local priorities and current performance as evidence, the main question a CAA seeks to answer is: 'What are the prospects for future improvement?'

It has two mutually supporting elements:

- An **area assessment** that considers how well local public services are achieving agreed local priorities (including Local Area Agreements<sup>2</sup>), and how they might do in the future. In all 152 of these will be carried out, to cover the LAA areas.
- **Organisational assessments** for councils. These analyse council service performance using a joint inspectorate assessment and an

1 Audit Commission, Care Quality Commission, HM Inspectorate of Constabulary, HM Inspectorate of Prisons, HM Inspectorate of Probation and Ofsted (2009) *Comprehensive Area Assessment framework document*.

2 Local Area Agreements (LAAs) are the action plans, agreed between councils, local partners, and central government, which put these long-term strategies into effect. LAAs are prepared for a three-year time period, and reviewed and rolled forward each year, with local authorities responsible for implementation.

exploration of value for money (in terms of use of resources, using the external auditor's assessment). Organisational assessments for the other main public bodies in each area (NHS organisations, police authorities and forces and fire and rescue authorities) will also take place, but are described in their own frameworks. These include the external auditor's assessment of value for money, where applicable.

## Four themes underpinning assessment

### Sustainability

CAA is essentially about encouraging sustainable development. Sustainable development is far more than just environmental sustainability; it encompasses social and economic development and is about creating just and healthy societies.

### Inequality

The CAA will take a view on how well the council and service delivery bodies understand local patterns of inequality, and to what extent they have effective strategies in place to alleviate them.

### Value for money

This will take the use-of-resources elements of organisational assessments, to provide a significant focus on value for money. The CAA will be in a unique position to take a cross-organisational view here.

### Vulnerable people

There are a number of groups whose circumstances place them at high

risk – perhaps because they need or have just left care services, or because they have learning disabilities or mental health service needs. The inspectorates who make up the CAA also have specific responsibilities, for example to children, offenders and people under probation.

## How will the CAA measure performance?

The CAA takes as its starting point for investigation Sustainable Community Strategies and Local Area Agreements. LAA improvement targets have been agreed between local government and their delivery partners, and central government, up to March 2011. The CAA will indicate how well the LAA goals are being met. Achievement against the longer-term goals set out in local development frameworks and Sustainable Community Strategies will also be taken into account.

The CAA will use the data generated by the National Indicator Set as a key source of evidence. The National Indicator Set is a set of 188 indicators, collected by central government, which replaces a number of different information sets. It aims to provide a consistent way of measuring progress, and to simplify and reduce the amount of performance data collected by government. The indicators reflect Government priorities as to what needs to be delivered by councils and their local partners. To produce their LAA, local partnerships must

select up to 35 of these indicators for their area. These should be based on an assessment of local needs. For each indicator the inspectorates will compare local performance against broader national performance and comparator groups of statistical neighbours and geographic neighbours.

As well as the National Indicator Set, a wide range of other evidence sources will be taken into account. These sources include:

- findings from inspection and audit
- local performance management information
- information from other agencies, such as strategic health authorities (SHAs), and the Homes and Communities Agency
- the views of local people and stakeholders (third sector organisations and businesses).

## Area assessment – what is it?

Area assessment will consider three over-arching questions, using the first two to answer the third. Only the third will be reported on, except where the first two highlight areas of significant problems.

1. How well do local priorities express community needs and aspirations?
2. How well are outcomes and improvements needed being delivered?
3. What are the prospects for future improvement?

*'The onus is on public services to give people an equal voice through engagement'*

## How well do local priorities express community needs and aspirations?

It is vital that local service providers and the council have a thorough understanding of the local population and its needs. That may be difficult when there are sections of the population who are particularly hard to reach or who are excluded from mainstream channels of consultation. However, the onus is on public services in the area to give people an equal voice through engagement with those normally most excluded from public debate, and to support all citizens to attain parity of choice and benefit from local services.

The CAA will analyse how effectively the council and service delivery organisations engage, through viewing how well:

- they understand their communities, particularly the needs of vulnerable and marginalised groups
- they have involved communities in the selection of priority outcomes for the area
- they have involved communities in assessing the achievement of priority outcomes
- they have co-ordinated community engagement and communicated how their decisions have been affected by input.

*'The area assessment will view the prospects for likely improvement – or otherwise – in future outcomes'*

### How well are the outcomes and improvements needed being delivered?

Understanding current performance is the first step to understanding likely future performance. If performance in any area causes concern, or, on the other hand, is innovative or otherwise excellent, the CAA will raise this, whether or not they are areas in the LAA.

Developments since the LAA's inception, such as response to the economic downturn, will also be considered. The assessors will not take indicators at face value, being inquisitive as to the true story being told in each case. For example, averaging out data into a single measure may disguise inequalities, which are an important theme for investigation in the area assessment.

### What are the prospects for future improvement?

Using evidence from the previous two questions, a picture of likely future performance will be drawn. This forms the basis of the assessment report, detailed below.

### Area assessment – how will it be reported?

The area assessment will be reported as a narrative, rather than as an overall score. Using the LAAs and Sustainable Community Strategies

as a context (but not a direct template) the area assessment will view the prospects for likely improvement – or otherwise – in future outcomes on measures that are of most importance to the local communities.

Judgements will include reporting red or green 'flags' where these are warranted. However, as the CAA is bespoke to each area, there is no set list of outcomes that can be flagged; therefore any element may be drawn on.

A **green flag** denotes exceptional performance, evidenced by proven delivery of better outcomes from which others can learn. Good or even very good practice is not enough to warrant a green flag; neither is a rapid improvement that may not appear sustainable.

A **red flag** denotes that inspectors consider that an important goal will not be met unless something is done differently or additionally. The inspectorates say that red flags are likely when:

- performance is poor, slipping, or not improving
- service or outcome standards are unacceptable
- improvement is not on track to achieve a target
- locally agreed priorities do not reflect evident and pressing need
- insufficient account is being taken of people whose circumstances make them vulnerable or who are at risk of avoidable harm.

A red flag is a reflection of significant concerns about the prospects for improvement – rather than performance to date – so before giving one the Audit Commission say that they will consider whether:

- the local partnership is aware of the concern
- plans to improve the areas of weakness are robust, and if there is evidence of improvement
- significant weaknesses or failings, such as poor governance, are likely to prevent sustained improvement.

The Audit Commission is developing a formal procedure of appeal against red flags; the details are still forthcoming. However there will be no right to appeal against the non-award of a green flag.

### Organisational assessment – what is it?

The Audit Commission states the aim of these assessments as:

- identifying and delivering priority services, outcomes and improvements
- improving the services and outcomes for which the organisation is responsible
- contributing to improving wider community outcomes, including those set out in formal agreements such as LAAs or multi-area agreements (MAAs)
- tackling inequality and improving outcomes for people whose

circumstances make them vulnerable

- providing the leadership, capacity and capability the organisation needs to deliver future improvements.

## Organisational assessment – what will be reported on?

The council's, and fire and rescue services' organisational assessments will be reported as part of CAA. Other organisational assessments will be reported separately by the relevant inspectorate. There are strong links between area and organisational assessments. Issues raised in area assessments will be detailed further in the relevant organisational assessment. Where an issue in an organisation is significant enough and relates directly to outcomes, it will be raised in the area assessment.

Council organisational assessments will be in two sections: use of resources and managing performance. Each council organisational assessment will contain an explicit statement on the performance of key council services. For example, they will comment specifically on services provided for children and young people and adult social care.

### Use of resources

Use of resources is split into three sections:

- Managing finances – How effectively does the organisation manage its finances to deliver value for money?

- Governing the business – How well does the organisation govern itself and commission services that provide value for money and deliver better outcomes for local people?
- How well does the organisation manage its people, natural resources and physical assets, to meet current and future needs and deliver value for money?

### Managing performance

In the managing performance theme the inspectorates will focus on how effective the organisation is at:

- identifying and delivering priority services, outcomes and improvements
- improving the services and outcomes for which it is responsible
- contributing to wider community outcomes, including those set out in LAAs and MAAs
- tackling inequality and improving outcomes for people whose circumstances make them vulnerable
- providing the leadership, capacity and capability it needs to deliver future improvements.

The scores for managing performance and use of resources will be combined into a single numerical assessment of organisational effectiveness, on a scale from 1 (lowest) to 4 (highest). This year's reports, due in late Autumn, will put special emphasis on the response of public bodies to the recession and

*'Different inspectorates will continue to report on the relevant public service organisation in their sector'*

how well they are coping with increased demand for services.

## Health services

The Care Quality Commission (CQC) is the body responsible for the more detailed organisational assessment and reporting in health.

In 2009/10, NHS trusts will be assessed on:

- the quality of financial management
- performance against national priorities
- performance against Standards for Better Health;

PCTs will be assessed on:

- commissioning processes using information from the world-class commissioning (WCC) assurance process
- performance against national priorities
- value for money.

There will not be an overall use-of-resources assessment for PCTs in 2009/10; however the value-for-money assessment will use the Audit Commission's investigation on use of resources to inform its judgement.

*The new framework is designed to reduce the inspection burden on service providers'*

As well as an organisational assessment of PCTs, the CQC will collate PCT and council commissioning information to include in the area assessment. World-class commissioning has a natural fit, in terms of aims and principles, with the CAA, as both programmes emphasise reducing health inequalities, working in partnership with the community and a drive for improved quality.

Further information on the CQC can be found in a separate NHS Confederation document: [www.nhsconfed.org/SiteCollection/Documents/NHSC.FINALresponse.CQCreviews.09.pdf](http://www.nhsconfed.org/SiteCollection/Documents/NHSC.FINALresponse.CQCreviews.09.pdf)

## Inspection

The inspection programme for the coming year will be available on the CAA website; the lead inspectorate and date of inspection will be publicised. There are certain circumstances in which an inspection may be triggered, for example where:

- performance or improvement levels are unsatisfactory
- a service, outcome or service user group has been identified as subject to significant risk
- ministers direct that an inspection should take place.

The Audit Commission will clarify the reasons for any inspection, to both the organisations being inspected and to the public.

The new framework is designed to rationalise the current inspection processes and help to reduce the inspection burden on service providers. In CAA, the inspectorates will make maximum use of the performance management information that local public services use to self-assess and manage those services. There will be far fewer major programmes of intensive inspection and all inspection will be based on risk, with national rolling programmes of inspection limited to the very few services that are inherently high-risk – such as services covering children in care and safeguarding vulnerable children. As far as possible, CAA will be run in the background, keeping disruption to local service organisations to a minimum.

<b>Assessment timetable, Autumn 2009</b>	
Early September	Joint-inspectorate review of the latest available information, including summer educational attainment data. This will be the general cut-off for evidence to generate the final set of reporting; this will not preclude significant new information in a local area being taken into account.
September	Joint-inspectorate draft final reporting, including red and green flags and organisational assessment scores and reporting against the 188 national indicators; discussion of key issues arising with local partners. Joint-inspectorate final quality assurance.
October	Final reporting shared with local partners. Period to challenge if there is significant disagreement about an area assessment red flag or organisational assessment scored judgements.
Early November	Resolve any remaining challenges through formal process.
Late November	Publish first set of CAA reports.

Source: Audit Commission CAA Framework Document

There will be fewer assessment reports overall and the work of the inspectorates will be jointly planned and co-ordinated.

## Reporting in November 2009

Findings will be discussed with the relevant bodies, particularly where there may be concerns. In October the proposed CAA reports will be shared with local partnerships and organisations, and there will be opportunity to challenge any areas in which there may be disagreement with the assessment's findings. Formal procedures will be available to help resolve challenges to the report. Publication will follow in late November.

How the report will appear online in November 2009 can be found at the Audit Commission's prototype site: [www.audit-commission.gov.uk/caademo](http://www.audit-commission.gov.uk/caademo)

## Evaluation

The CAA itself will be evaluated. The evaluation will include the practical arrangements for CAA, the immediate response of those subject to assessment and the size of the inspection and assessment burden carried by both inspectorates and local public bodies. It will look at the role of CAA in improving public services. Early in 2009, procurement for the main evaluation will start. Evaluation findings will inform the ongoing development of CAA, but further details are not yet available.

## Confederation viewpoint

Local public services need to take Comprehensive Area Assessment seriously and ready themselves to respond to this significant change in assessment and inspection. If local partnerships are to work then local partners need to engage with CAA.

The NHS Confederation welcomes any impetus for local public services to work together, a trend that has already started in health and social care. CAAs come at a time of increasing understanding of the wider social determinants of health – how housing, education, social care and other local public services have an effect on well-being and health. From that perspective local health services should be supportive of the aims of CAA, and gain benefits from a move towards joint working.

In order to genuinely support healthy communities, local public services need real accountability to those communities. This is now well recognised in the health and social care sector which is putting increasing emphasis on patient and public engagement (PPE). One of the strengths of CAA is the inspection's focus on accountability. However, it is a complex process and the public will not be able to engage meaningfully with the evidence-gathering,<sup>3</sup> and some sections of the community may not be able to

*'CAA is complex and the public will not be able to engage meaningfully with evidence-gathering'*

access and fully understand the results. This particularly applies for those in the community who may be socially excluded or vulnerable in some way, who for example have poor literacy, do not have English as a first language, or who lack access to the internet. Questions remain as to what support there will be for engagement of vulnerable or excluded groups, whether there will be mechanisms to engage service users, and how the CAA will work with Local Involvement Networks (LINks).

The Audit Commission has stated its intent to reduce bureaucracy and this will be a key area for evaluation of the first round of CAAs. It is vital that local bodies are convinced that just the right amount of information is collated. This should be enough to provide assurance of quality and value for money, yet not so much as to create an unnecessary burden. The ability and willingness of the inspectorates to plan together and to share information is pivotal.

Equally important in the quest to make the most of CAA is the understanding the local bodies have of the process and their ownership of it. While its often qualitative and bespoke local nature should be a source of strength, this also has potential pitfalls. This lesson has become clear in

<sup>3</sup> The local community's views will however be included indirectly as the area assessment will take evidence from the Place survey – the tool that surveys local people's opinions.

*'CAA is an exciting vision for local public service improvement and accountability'*

the construction of Local Area Agreements, which the CAA takes as a starting point. The Department for Communities and Local Government stated in an early evaluation of the LAA: "In our first report, we suggested that this flexibility to allow for different aspirations, interpretations, and circumstances was a positive feature of the policy, and allowed many players to 'come to the table' for different reasons. However, our research indicates that over the past year fundamental differences of understanding about the focus

and intended scope of LAAs have caused confusion and some wasted effort."<sup>4</sup> The onus is thus on local bodies to make the CAA process constructive.

CAA is an exciting vision for local public service improvement and accountability. For it to succeed the inspectorates, the local council and its service delivery partners, and the community all need to engage with the process and work together in a systematic way. Though this systematic working is a laudable ambition, it could be argued that it is not something

<sup>4</sup> Department for Communities and Local Government (2006) *Local Area Agreements research: round 2 negotiations and early progress in round 1.*

that has been achieved previously. It is not as simple as designing new processes; building strong relationships will be key. For the CAA to work, and deliver the considerable benefits in its potential, there needs to be a culture change in both the council and its service delivery partners, and in the inspectorates.

For more information on the issues raised in this Confederation Briefing contact  
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The NHS Confederation gratefully acknowledges the assistance of the Audit Commission in compiling this Briefing.

## The NHS Confederation

The NHS Confederation is the only independent membership body for the full range of organisations that make up today's NHS. Our ambition is a health system that delivers first-class services and improved health for all. We work with our members to ensure that we are an independent driving force for positive change by:

- influencing policy, implementation and the public debate
- supporting leaders through networking, sharing information and learning
- promoting excellence in employment.

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