



# **Taking the lead:**

**self-regulation and improvement in local government**

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# Foreword

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I have been greatly pleased by the number and quality of responses we have received to the consultation on a new approach to sector self-

regulation and improvement. The response rate was one of the best there has been to a Local Government Group consultation with 120 individual councils responding and almost another 200 councils responding through their Regional Improvement and Efficiency Partnerships (RIEPs) and other bodies.

Councils agreed with the underlying principles we proposed – that councils are responsible for their own performance, that stronger accountability to local people drives further improvement, and that councils have a collective responsibility for performance in the sector as a whole.

There was also agreement that the role of the LG Group should be to support councils by providing tools like peer challenge. Respondents also recognised that there are two key areas where the sector needs to work together – developing an ability to compare key performance information and supporting councils that need help.

But respondents were also clear that any tools developed nationally should not be imposed but made available for councils to use them as and when required. This has always been our intention but as the national voice for local government our role means that we want to encourage the sector to make use of these tools as widely as possible.

There are clear expectations from government that the scaling back of inspection also requires the sector to step up and ensure we are providing some light touch self-assurance and more importantly, support where required as early as possible.

The core tools we are making available will be free at the point of use and paid for by councils through the RSG top slice. The more use the sector makes of them the more useful they will be both for individual councils and the sector overall. We will also ensure through brokering and market making that the services councils wish to see developed are made available via the market.

On the specific question we asked about inspection, respondents felt that safeguarding inspections of services to vulnerable children and adults should continue where they are needed – but that there was scope for greater peer challenge in these areas and for inspection to be more proportionate and focussed on outcomes not process. This view aligns with recent government proposals to cease the annual assessments of all children's and adults services by Ofsted and CQC respectively.

Councils also felt scrutiny had a valuable contribution to make to performance improvement and that any approach should look beyond councils' own services to the wider outcomes being achieved. Both these points are reflected in the detailed proposals we will implement in 2011/12.

Finally, there was a strong message that councils want to continue to work with us in developing this approach and some of the specific tools that underpin it. In the next section we set out our overarching proposal for how sector-led improvement should be taken forward. We are determined that it is very light touch. It will focus on sharing good practice and an ability to access peer support. The LG Group will maintain an overview of the performance of the sector in order to identify potential performance challenges and opportunities. However, we will seek to achieve this without creating any additional burdens for individual authorities.

A handwritten signature in black ink that reads "David Parsons". The signature is written in a cursive, flowing style.

**Cllr David Parsons CBE**  
**Chairman**  
**LG Group Improvement Programme**  
**Board**

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# Background

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Our campaign to reduce the burden of inspection on councils has been successful. We've seen public service agreements (PSAs), the comprehensive area assessment (CAA) and burdens such as the use of resources and organisational assessments abolished over the last few months. At the same time, the government has welcomed the stance taken by the sector to provide more emphasis on self-regulation and improvement.

Councils shouldn't be accountable to inspectors; they are accountable to their residents. Ultimately the electorate hold their councillors and councils accountable through the ballot box. In addition, day in, day out, councillors and councils are engaging with their residents to ensure that they are delivering the high-quality outcomes they expect. From holding councillor surgeries through to formal citizen panels, councils are constantly seeking ways of engaging with their communities and being held more locally accountable for what they do. Now that the burden of bureaucratic accountability and the centrally-imposed national targets have been lifted, they can concentrate even more on listening and engaging with their communities to deliver what they want.

The previous regime of inspectors and government field forces holding councils accountable through inspections, targets, and plans was estimated to cost in excess of £2 billion a year. Clearly this could not continue and the new government is seeking to promote greater local accountability through their drive for greater transparency.

In this paper we set out our approach to how self-regulation and improvement will work in practice. We are not setting out a system that has to be adopted by all parts of the sector and all local authorities (both councils and fire and rescue services). But we do expect that councils will take steps to enhance the way they are held accountable locally. In addition, councils will continue to support each other, particularly through the use of peers. The LG Group will provide approaches to help councils with each of these two objectives and also ensure that inspection does not creep back by keeping an overview of the performance of the sector and the wider regulatory regime in which they operate.

The next sections provide some more detail. The roles and suggestions are not meant to be prescriptive. Choose which ones you wish to use based on what is best for your locality.

The approach set out in this paper will come into effect from April 2011.

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# Role of individual authorities

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At the very heart of our proposals are two key principles which were overwhelmingly endorsed by our recent consultation paper.

1. Local authorities are responsible for their own performance and for leading the delivery of improved outcomes for local people in their area.
2. Local authorities are accountable to their local communities. Stronger accountability through greater transparency helps local people drive further improvement.

Councillors are elected to office with a mandate to deliver particular outcomes for their electorate. More often than not the mandate is set out in their party's manifesto where the public has a right to hold their council accountable for the delivery of these commitments.

How councils go about **strengthening local accountability** will vary from place to place. And we must not forget that councils providing local people with information and engaging with them in many different ways to hold them to account is not something new or that's not routinely done already.

But it is accepted that the lifting of some of the national burdens provides more opportunity to concentrate on the local outcomes that local people have had more of a say in. We expect that councils will continue, where appropriate, to:

- encourage feedback from their residents through a range of channels including councillors' surgeries, satisfaction surveys, complaints, comments and compliments, and mystery shopping
- make use of social media techniques to gather information
- use deliberative techniques such as citizens' juries and participatory budgeting
- consult with the public on proposals that affect them
- publish regular performance information so that the public can understand how well their council is meeting its objectives (eg an annual report)
- publish online all expenditure in line with national requirements in a way that the public can understand
- make use of the role of scrutiny to challenge and improve both council services and those of their partners
- take stock of their own performance and identify areas for improvement and of risk
- make use of opportunities to be challenged by peers
- seek and welcome support from the sector, as and when required
- develop their councillors to fulfil their role in this new environment.



Local authorities also have a **collective responsibility for the performance of the sector**, to collaborate through sharing best practice, and to actively encourage and provide both member and officer peer support. This principle was widely endorsed by the sector, although some of you felt that in the current climate providing peers for others would be harder than in the past. Over the coming year the LG Group will review, develop and implement an organisational development model for the sector to promote and/or incentivise collaboration and sharing expertise.

A key aspect of sector-led regulation and support is that the sector is willing to provide the peers to both challenge and support others. This has been a key strength of the sector in the past and is even more important in the current challenging environment. In addition, the peers themselves are provided with a learning opportunity which we know from experience they find highly rewarding, and use what they have learnt to make improvements in their own authority. Therefore we ask that you commit to continuing to offer the high-quality peers that are required as a way of helping others, but also provide learning for your own authority too.



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# Role of the Local Government Group

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The LG Group is an integrated lobbying and improvement organisation for the sector. Through our lobbying we will continue to campaign for further devolution and for councils to have greater accountability for all public services in their locality. We will also continue to make the case for further reductions in inspection. In particular we will continue to lobby on behalf of the sector for changes to be made to the safeguarding inspection regimes and for a reduction in the burden of reporting to government.

Through our improvement work we will support councils by making available tools for the sector to use, as and when required. We will encourage councils to make use of these as there is strong evidence that they help to drive improvement and provide a means for sharing good practice around the sector so that collectively everyone can benefit.

The key tools we are making available will be **free to councils and fire and rescue services** and we will work with you over the coming months to help shape them. In the responses there was strong support for any proposals to look beyond just councils and take into account the wider area and work with partners. We have already piloted some activities which are relevant across an area as a whole and we will develop these and other tools to provide an area dimension so that you can use them in that way if you want to. Read on to see what those tools are.



# 1

## Local accountability tools

We will work with councils to develop tools to help you focus on enhancing the way you are locally accountable to your citizens and communities. We will strengthen our online guidance to provide a package of support showing how new and existing tools can be brought together to provide regular feedback to local people.

You told us that a key area where councils would like support is to develop with the sector a new local assessment tool that helps you to work with local people, partners and communities to get a shared assessment of current performance. We will make available a web-based version, **free of charge**, which is tailored towards the differences in councils.

We will also work with a number of councils to pilot new ways of gathering information about citizens' views of the services that councils provide in order to help you continue to make improvements that are meeting the needs of citizens and users.

Working with the Centre for Public Scrutiny, we will help you make more effective use of scrutiny as a key tool for challenging performance locally. We will offer, subject to resources and the level of need identified by the sector:

- **free or subsidised** follow-up support from the Centre for Public Scrutiny to authorities where the effectiveness of member challenge to performance is identified as a weakness in a peer challenge
- **free or subsidised access** to wider governance improvement support using the Centre for Public Scrutiny's Accountability Charter and moderated self-assessment
- a programme of **free or subsidised events**, working in partnership with the Centre for Public Scrutiny, to help key local scrutiny chairs and other members develop their skills and capacity to provide effective challenge to performance.

We will also continue to make available products which it is sensible to invest in once nationally, and then provide **free of charge** to the sector such as the YouChoose online budget simulator. This encourages members of the public to consider where council budget cuts should fall, where efficiencies might be made, and where income might be generated.

# 2

## Peer challenge

We are making an offer to all councils to provide, **free of charge**, a peer challenge over the three year period starting in April 2011.

It will be voluntary to have a peer challenge but we know that since April 2007, almost 70 per cent of councils have had a peer challenge. We also know that during the comprehensive performance assessment (CPA) and comprehensive area assessment (CAA) era, councils that had a peer challenge improved their ratings to a greater extent than those that did not.

To deliver on such a significant commitment we need your help. We need you to make available the high-quality peers that are required, particularly leaders, chief executives and senior experts. In order to ensure a cost-effective way of delivering such a commitment we need you or your colleagues to book slots in advance over the coming three year period where you can either give up time to be a peer on a challenge or have a peer challenge.

The focus of the challenge will be worked up with each local authority individually and will be flexible to your needs. However, we expect they will all have some focus on corporate capacity and leadership – because we know these are key factors in council performance and improvement.

In addition, we will continue to offer shorter, sharper more subject-specific challenges. It will not be possible for these to be free but the price will be kept to a minimum.

For more information about peer challenge please contact:

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Email: [andy.bates@local.gov.uk](mailto:andy.bates@local.gov.uk)

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## Peer support

We are also offering up to **five days of free member peer support** for all councils undergoing a change of control. Experience shows that providing member peer support to a new political administration in a timely manner is welcomed and of great benefit to the council.

In addition, we will continue to provide high-quality member peers covering a wide range of areas. We are also actively expanding our peer banks to include experts from business, the voluntary sector and other parts of the public sector including, where wanted by councils, civil servants.





## Knowledge Hub

We know that councils want to learn from each other but find it difficult to find the time or find the right information. Therefore we are investing on behalf of the sector in a new web-based service that will create a single window to improvement in local government.

It will use Web 2.0 technology and services, and build upon the principles of the current Communities of Practice platform to support networking, collaboration, knowledge sharing and innovation.

It will bring people together in one place online to share ideas, knowledge and information. Users will be able to find peers and experts who share their interests, to help each other and develop how they work. It will be a much more coordinated and dynamic way of using social media.

The Knowledge Hub will launch by April and be fully operational by September 2011. It will be a **free service for the sector**. It will provide “money supermarket” style capability where improvement services can be compared in terms of customer experience and/or range of costs.

# 5

## Data and transparency

There is a clear demand amongst councillors and officers to be able to compare performance with other councils and areas – because it helps you to understand your own information and can act as a spur to increase productivity and optimise outcomes.

Therefore, we are creating a **free of charge** place within the Knowledge Hub for individual councils to lodge and access data in an open source environment to help you to understand your performance and productivity. LG Group Inform will be a new service providing:

- easy access to contextual data of known quality such as demographic and other socio-economic information
- help in getting under the skin of council and service productivity
- an online means to share experience and understanding and find out about best practice
- access to analytic expertise in support
- the creation of individual and tailored council ‘dashboards’ or agreed sets of data to present relevant data locally.

For councils who want the service, it will also provide a facility and structure to share and compare key data for selective, intelligent

comparison with similar (or contrasting) councils.

We suggest that this would have a small core of agreed metrics around cost efficiency and productivity, outcome and achievement, and citizen satisfaction, but with the service offering the ability to go beneath these measures.

Once fully tested and assured by the steering groups from the sector, we will ask all councils to place their data – such as government data returns on performance and cost – on the Knowledge Hub so that it is open to all users. We believe that you should only need to submit data once and in the most efficient way. If you commission benchmarking clubs other than those provided by the LG Group we ask that the data is placed on the Hub and drawn from it by those clubs so that all local government performance, outcome, resident survey and cost data is open source to the public. This will create an effective and value for money means for local government to reach the highest standards of transparency in the public sector.



# 6

## Leadership support

The LG Group will continue to provide development support for political and managerial leaders.

Our Leadership Academy and Leeds Castle programmes have provided development opportunities for hundreds of politicians. We will continue to provide leadership support for our political leaders and we will be making available **one subsidised place for every council for each of the next three years** on one of our main programmes commissioned from the market.





# 7

## Learning and support networks

We will support networks of officers and councillors at national and sub-national levels, working with other sub-national groupings of councils and the relevant professional associations, to share good practice and to provide timely support. We will prioritise our support to areas that you have said are a priority, including children's and adult services.

We will also seek to make use of these networks to inform the wider policy and lobbying role that the LG Group plays on behalf of the sector. The LG Group is committed to sharing costs with council groupings in the interests of ensuring there is no duplication and the best use of councils' and the sector's improvement resources.

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# LG Group Improvement Programme Board

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We all agree that service or council ‘failure’ damages the reputation of the sector as a whole, as well as having an impact on the lives of local people and that we have to find some way of managing this risk – but councils don’t want the LG Group to become some form of sector-owned inspectorate; and we are not going to. Neither will we be able to rule out completely that no council will fall into difficulties in the future. Even the previous regime of inspection and government monitoring couldn’t stop failure completely.

But the damage that can be caused by a failure in just one council can have a huge impact on the rest of the sector. For example high-profile failures in children’s safeguarding have created inspection burdens and difficulties recruiting social workers for you all.

We also believe there is a risk that if we do not take greater collective responsibility for overseeing the performance of the sector, including the release of peers, then inspection and ultimately government intervention will creep back.

Therefore, the LG Group Improvement Programme Board, working with the other programme boards at the LG Group, will maintain an overview of the performance of the sector. We will ensure that this role does not create extra burdens for you.

We will need to work with you to find a light touch way to gather the wealth of information and intelligence that already exists in the sector – in political networks, through sub-national groupings and professional associations – so we are able to share good practice more effectively, to spot potential trends and to identify where things might be beginning to go wrong. We will use that intelligence as a basis for talking with individual councils about possible improvement needs and offering appropriate support. Our ‘Regional Associates’, expanded in number and with new roles, will coordinate this activity for the LG Group.

The LG Group will meet with the remaining regulators and government to receive information about the performance of the sector from their perspective. These meetings will provide the opportunity for local government to reassure central government that sector-led regulation and support is a much more effective way of addressing performance failures.

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# Role of audit and inspection

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Whilst inspection has been scaled back, external audit will continue. We agree that to ensure the integrity of public spending it is necessary for financial audit to continue. We wish to ensure though that this does not become inspection by the back door.

We also remain of the view that inspection should only take place in cases where an individual council, or the sector more widely, agrees that it would be appropriate. Our belief is that often peer challenge is more appropriate. In many cases where inspection is being carried out to dig deeper into known performance issues then it would be even better if sector support was put in place.

Councils accept that inspection of safeguarding should continue for the time being. However, you are also clear that it should be more proportionate and be based on looking at outcomes rather than processes. There was also some support for unannounced rather than programmed inspections. You are keen to make more use of peer challenge and the LG Group will continue to provide support in this area.



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# Role of central government

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Central government will retain powers to intervene but they should be used as a last resort.

Serious corporate failure is very rare in public bodies and we expect any concerns that government have to be raised with the individual local authority and the LG Group, so that sector-led support can be provided where necessary. We believe that this approach is much more preferable than the Secretary of State directing a body to carry out an inspection of an authority.

Government departments should cease to issue Improvement Notices on individual councils and work with the LG Group to support those councils.





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# Next steps

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Self-regulation and improvement is already happening to a large degree and the approach set out builds on this but in a way that does not impose any additional burdens on councils but does reinforce the principle of collective responsibility.

We do not underestimate the challenge of this approach at a time when you are having to make significant savings and take some very difficult decisions on behalf of your communities.

We will work with you over the next few months to refine the tools that the LG Group are making available to ensure that they are what you want and can be adapted where necessary to local circumstances.

We will publish updates on each of the proposed offers over the next few months.



## Key roles in the new approach

### **Local people and communities will hold councils to account by:**

- participating in council consultation exercises
- utilising online expenditure information
- utilising published performance information
- attendance and participation in face-to-face and online opportunities to influence the council
- participation in any council self-assessment/scrutiny activities
- challenging elected members/ward councillors, and
- through local elections.

### **Councils will:**

- be responsible for their own performance
  - build strong performance management systems across the council and local partnership
  - share and compare key performance data as appropriate – including best practice
  - take advantage of, as appropriate, the LG Group's support offer
    - citizen engagement and accountability
    - peer challenge
    - peer support
  - offer peer support – and assimilate learning
- be accountable to local people and communities
  - engage local people in priority setting, etc
  - make performance information publicly available in ways that local people can understand and use.

### **The LG Group will:**

- continue to lobby for further reductions in assessment, inspection and reporting
- provide tools for councils to use to strengthen engagement, accountability and performance improvement
- liaise with councils and offer support to those facing challenges
- maintain an overview of the performance of the sector.



**Inspectorates will:**

- provide external challenge for high-risk areas such as adult and child safeguarding – but reforming their current approach so that it is more risk-based and proportionate
- share concerns about poor performance with the sector to enable improvement support to be offered in advance of any further inspection
- coordinate inspection plans to minimise the burden on individual councils.

**Government will:**

- minimise their data collection and reporting requirements on councils
- allow the sector to deal with any performance issues facing any particular council before considering any form of intervention.

If you have queries or questions please contact:

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**Local  
Government  
Group**

The Local Government Group is made up of six organisations which support, promote and improve local government.

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