

Setting the agenda for the Improvement Board 2009/10

Summary

The LGA has consistently lobbied for a new relationship between central and local government so that councils can address the priorities of their communities, and lead the delivery of public services in their area, without unnecessary direction or control.

This report reviews the progress we have made so far working across the LGA group on the current performance management framework and invites members' views on the work programme for the coming year. The proposed focus is the development of a new sector led performance management framework which puts local people and communities at the heart of accountability rather than government and regulators.

Recommendations

That the Improvement Board:

- leads a significant programme of work to develop an ambitious new model of sector led performance management, along the lines outlined in the paper at **paragraphs 3.1 to 3.6**
- comments on the workstreams for this piece of work (appendix 1) and broad time line (appendix 2).
- notes the draft forward work programme for the Board as set out in appendix 3.

Action

The officers initiate the work programme in the light of members comments.

1. Background and current position

- 1.1 Since its inception, the Improvement Board has been the focal point for the LGA Group's work to secure a new relationship between central and local government so that councils can address the priorities of their communities. The Board has also been the driving force behind our call to create a strong framework for supporting improvement and efficiency which is owned and driven forward by local government with its partners.
- 1.2 Working together across the Group we have made good progress. The current performance management framework revolves around three key areas. These three areas have also provided the policy objectives for the LGA Improvement Board to pursue under the LGA Group Business Plan. They are:
- a) **Local Area Agreements (LAAs)** – the first round of LAAs was generally judged successful. Feedback indicates LAAs are providing a more effective mechanism for agreeing up to 35 shared priorities/LAA targets, between central and local government, strengthening partnership working and increasing the focus on public services in an area. However:
- Government priorities prevail over local priorities in many areas with councils signing up to some priorities they did not want;
 - Government departments have not offered enough flexibility to their local delivery arms for them to play a significant role in LAA delivery; and
 - LAAs have become bureaucratic and failed to engage members effectively and the process is more complicated in two-tier areas.
- b) **Assessment and inspection** – delivery of the LAA priorities is assessed through the Comprehensive Area Assessment. Working with councils in the trial sites we have had some success influencing the CAA framework but the jury is still out on whether CAA will be a fair and a light touch form of assessment. Early feedback has identified a number of concerns we will need to pursue for year 2 and beyond:
- ensuring the burden of assessment is reduced in practice;
 - effective communication to the public, particularly in two-tier areas, where, because of distance and geography, high-level results may mean little to communities; and
 - the challenge of maintaining the reputation of councils individually and collectively when there are clear messages that organisational assessments will be tougher and some outcome targets may not be met given factors such as the recession.

- c) **Improvement support** – the sector’s support to councils particularly those facing challenges has developed well over the last 12 months. The IDeA has continued to be at hand in order to provide support and, in particular, peers for such councils. RIEPs have made a good start and are also supporting councils with additional resources and other forms of support. Member leadership of the RIEPs has grown and the RIEP Member Forum bringing together the key LGA Improvement Board office holders together with the 9 chairs of the RIEPs is providing an effective place to share practice and contribute to future thinking. In addition, the responses to the “Setting the Pace” consultation, have been very positive about establishing a new framework for self improvement and provide a strong platform to take this work forward.

2. Future challenges

- 2.1 The General Election will take place within the next 9 months and therefore a key role for the Improvement Board is to seek to influence the position of the main political parties.
- 2.2 The financial climate is also likely to have a major impact on the improvement agenda and provide both challenges and opportunities for councils and the sector as a whole. **Financial pressure may threaten the actual performance of councils.** Local authorities own revenue and funding from central government are both under pressure and Councils ability to deliver improved outcomes for local people against up to 35 LAA targets will be challenging. There will be a **renewed emphasis on efficiency** on a scale different to that seen previously. This may require a more radical approach to efficiency and the need for innovation rather than incremental savings. The new “Total Place” pilots – initiated by the sector – will provide a practical mechanism for exploring fundamentally different ways of doing things locally.
- 2.3 The first set of **CAA results** are due to be published in December 2009 and we will want to ensure that the reputation of councils as the most improved part of the public sector is not damaged.
- 2.4 The positions of the main political parties and the outcome of the General Election itself are also likely to have a significant impact on the improvement agenda in the years ahead. Current indications suggest that a Labour government beyond 2010 would seek further rationalising and streamlining of the existing model and we would expect to see improved incentives and reduced barriers to joint working, through the Total Place pilots. The Conservative party has indicated that it would cut back on inspection and abolish CAA, refocusing the Audit Commission on ensuring financial propriety, investigating complaints and targeting inspection to where public welfare is most at risk. Conservative proposals include giving people access to detailed spending information in their locality and redirecting funding to local priorities, fundamentally altering the balance of power within LAAs. The Liberal

Democrats have indicated that they would want to get rid of all the national indicators except perhaps quality of care for Looked after Children and Adult Social Care and would seek to cut the compliance cost of regulation by between £800 million and £1 billion.

3. What do we want to achieve?

A new sector led performance management framework

- 3.1 The major policy initiative the Board has taken forward over the last year is the work on a new sector led performance framework under the guise of “Setting the Pace”. Whilst this deals with sector led improvement and to an extent the regulatory regime, we haven’t yet articulated the next stage of what we would want to seek from a new government in terms of a truly sector led performance management framework. LAAs have seen a shift from a system of centrally imposed national targets to one where there is negotiation between localities and government. But it is already clear that the changes over the last year do not go far enough. The total cost of the current performance management framework is simply not sustainable going forward and there must be much more accountability to localities and local people rather than government and the inspectors as part of a new performance management regime.
- 3.2 Therefore, rather than seeking to secure incremental changes to the specific elements of the current performance framework (LAAs, CAA etc) in isolation, the financial and political environment in the run up the next General Election presents an opportunity to develop a more ambitious approach.
- 3.3 The significant improvements delivered in recent years provide a strong foundation from which the Group can develop a radical system of performance management which is sector led and is about better serving local people rather than serving government machinery. Initial thoughts on what such a sector led performance management framework could involve includes:
- A reduction in the burden of reporting and performance monitoring, management and control by government in order to free localities to focus on local priorities and enhance local accountabilities;
 - Arrangements that recognise councils’ right to set local priorities, with an emphasis on accountability to local people, rather than performance reporting to government;
 - The sector’s direction of its own support to deliver ambitious efficiency savings and drive its own improvement, with further devolution of funding to support improvement and efficiency and a real and practical commitment from

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- Government departments and the inspectorates to the framework for supporting councils in difficulty;
- A proportionate, risk-based, outcome focused approach to assessment and inspection, where it remains.
- 3.4 It is therefore proposed that the Improvement Board lead a significant programme of work to **develop a new and ambitious sector led** performance management framework which puts local people and communities at the heart of accountability rather than government and regulators.
- 3.5 It is envisaged that the work will be progressed through the following work streams
1. **Local delivery, accountability and governance**
 2. **Reducing the burden of regulation and inspection**
 3. **Supporting sector led improvement**
- 3.6 Initial policy objectives and options along with possible outputs are proposed for each of these workstreams in **Appendix 1** and **the Board is asked for its guidance on these issues**. It will be important that the work is grounded in the experience and views of the sector, with regular opportunities for the Board to lead and shape the work. A draft time line for the proposed work is attached at **Appendix 2**. This sets out the key stages needed to develop a new sector led performance management framework, how this will be consulted on and used to influence future policy. The Chair of the Chief Executive's Task Group, Joyce Redfearn, has been consulted on the work programme and is keen to play a full part in developing this agenda and she sees the RIEPs and the RIEP Member Forum playing a key role in the work going forward.

Ongoing Improvement Board issues

- 3.7 In addition we will report back to the Board in November our proposals for taking forward the responses we received to "Setting the Pace".
- 3.8 The RIEP Programme Office will support our continuing involvement with the Regional Improvement and Efficiency Partnerships, providing members with a strategic overview of the Programme's progress and involving lead members in supporting and jointly signing off funding with government.
- 3.9 The Board will also need to have oversight of the sector's efficiency programme and in particular making the case back to government on behalf of the sector around issues such as commissioning and procurement practice. Finally, the

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Board will continue to provide the political leadership for the Total Place programme.

3.10 A draft forward programme for the Improvement Board is attached as **Appendix 3.**

4. Support and Advice to the Improvement Board

4.1 Members will be aware that we are currently engaged in a programme of major change across the Group with the aim of ensuring the Group is effective, delivers value for money to its membership and enhances the reputation of local government with the public, national government and significant partners.

4.2 As part of “Getting Closer” we are developing a unified approach across the Group to supporting the Improvement Board and the RIEP infrastructure. This will be more cost effective and bring closer together these two elements of the sector’s improvement architecture. It will enable us to develop a stronger link between the improvement activity at a regional and national level with RIEPs including the RIEP Member Forum and the Chief Executive’s Task Group providing a key source of advice to the Board in the future.

Financial Implications

There are no additional financial implications arising from this report.

Implications for Wales

There is a different approach to performance management in Wales.

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SECTOR LED PERFORMANCE MANAGEMENT WORKSTREAMS

1. Local delivery, accountability and governance:

Our aim is to ensure successor arrangements to LAAs support delivery of local priorities to strengthen local leadership and deliver in partnership. We need Local Area Agreements that are truly local, with an “outward” focus engaging local politicians and citizens in a debate about local priorities and how they should be delivered rather than an “upwards” focus to Government.

Issues to be considered will include:

- Should there be a national indicator set? At a minimum we would wish to press for a smaller set of national indicators that reflect issues of indisputable national concern.
- The nature of the LAA negotiation process. Is the bureaucracy associated with the process sustainable going forward and can we replace central oversight with greater peer involvement? How can we achieve greater flexibility to allow more local priorities?
- Whether an end to all ring fencing would allow greater flexibility to align resources to outcomes and therefore a more efficient use of resources locally?
- The implications of a smaller set of indicators and the advent of CAA for the Government Offices role in monitoring PSA delivery. What sort of future, if any, should GOs have in our devolved model of accountability?
- Whether and how the sector can collect its own evidence on outcomes and expenditure?
- How to strengthen the engagement of other local partners in such a way that they are able to align plans and budgets accordingly. Are new powers or incentives required? Are new governance models the answer?

Activities and outputs

We will

- Prepare a discussion paper on new models of local governance to feed into the final publication
- Prepare a proposition on the future of the national indicator set
- Draw out the lessons from the Total Place pilots to lobby for the right powers and incentives to implement joined up, responsive local services
- Prepare a publication on potential cost savings from this new approach.

At the same time, we will continue to support innovation and the sharing of good practice through a programme of on-site support, action learning sites, leadership programmes and good practice publications.

2. Reducing the burden of regulation and inspection:

Our aim is to ensure that a new sector led performance management framework supports delivery of local priorities, to help councils and their partners understand local needs by reducing the burden of regulation and inspection and to free localities to focus on local priorities and enhance local accountability, with a stronger role for self-assessment (see “Setting the Pace”).

Issues to be considered will include:

- Taking a view on the sector’s experience of CAA and the changes needed for year 2 and beyond
- Whether CAA has a longer term future and if not what arrangements we would like to see in its place. What sort of inspection would be acceptable and in what circumstances?
- Whether the current configuration of inspectorates makes sense going forward. Would further streamlining towards a single inspectorate for place be more logical and cost effective?
- How best to communicate performance to local people and what sort of support the sector need to do this effectively?
- How to secure greater progress in reducing the burden of data returns to Central Government.

Activities and outputs

We will

- Regularly assess councils’ experience of CAA and publicise the results – CAA “watch”
- Prepare proposals for CAA in Year 2 and beyond – drawing on evidence of the burden of CAA, sector experience, international comparisons, etc
- Continue to help councils lead and communicate local performance through self evaluation guidance, peer challenge and support
- Refresh our “offer” on performance management.

3. Supporting sector led improvement:

Our aim is to seek further devolution of resources to support improvement and efficiency from government departmental field forces, government improvement agencies, and government offices to localities. At the same time we will be seeking a commitment from departments and the inspectorates to the local government improvement framework (Setting the Pace).

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Issues to be considered will include:

- The case for a reduction in the number of government sponsored improvement bodies and the scope for further devolution to the sector including individual councils
- Funding for RIEPs for year 3 and the longer term financing of RIEPs.
- The longer term role of the sector's improvement architecture including the RIEPs in providing support to local partnerships
- How to help councils meet the significant efficiency challenges they are facing? What are the barriers to further progress on procurement and shared services and what can we do to help?

Activities and outputs

We will

- Assess progress on the implementation of the national improvement and efficiency strategy – and publish a report highlighting the number of government sponsored improvement bodies and expenditure
- Undertake a survey of councils' views on areas of efficiency, blockages and support requirements – and make proposals
- Prepare and publish "State of the Nation" report (Year 2 – July '10) and a second RIEP annual report (May '10)

KEY STAGES IN DEVELOPING A NEW SECTOR LED PERFORMANCE MANAGEMENT MODEL

Improvement Board - 10 September 2009

Present a LGA Group work programme that proposes the development of a truly sector led performance management framework which focuses on local accountability rather than accountability upwards to government and inspectors.

Output

- Agree LGA Group work programme that sets the Improvement Board agenda for 2009/10

Leaders and Chief Execs debate – October/November 2009

Convene a 24 hour event (similar in style to the Setting the Pace event) of influential Leaders and Chief Execs put forward via the Chief Executive's Task Group (CETG) and RIEP's which sets the vision of what the future model of sector led performance management might look like.

Debate to be framed around key questions, led by different elected members / chief executives.

Involve think tanks, input from an external facilitator.

Output

- Draft vision of future sector led performance management model.
- Material to produce a consultation / discussion paper to test with wider sector.
- Key work strands needed to deliver the vision defined and clarity on how they all fit together and contribute to the wider vision.

Engagement period Nov 2009 – Feb 2010

Engage the views of the wider sector (including local partners) through a programme of events and engagement drawing on lead Member peers, RIEPs, Political Groups, CETG, RIEP events.

Work streams – Sept 2009 - March 2010

Local delivery, accountability and governance

Ensure successor arrangements to LAAs support delivery of local priorities to strengthen local leadership and deliver in partnership.

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Reducing the burden of regulation and inspection

Ensure that new inspection and performance frameworks support delivery of local priorities to help councils and their partners understand local needs

Supporting sector led improvement

Seek further devolution of funding to support improvement and efficiency and a commitment from departments and the inspectorates to the framework for supporting councils in difficulty. Make the case that sector-led support works, drawing on best practice examples from the IDeA and RIEPs.

Output

Produce a set of draft proposals - based on views of the sector and the work streams above.

Sector event – February / March 2010

Larger event to test the LGA Group proposition back with the sector.

Output

Final publication of proposals

Final proposition March / April 2010

Pitch to a new government that supports LGA lobbying programme and CSR submission based on cross-party support for proposals.

DRAFT FORWARD PROGRAMME FOR LGA IMPROVEMENT BOARD

November 2009

Standing Items

1. New Sector led Model of Performance Management
 - Update
 - Setting the Pace
2. CAA Watch
 - Results due early December
3. Regional Improvement and Efficiency Partnerships (RIEPs) and National Improvement and Efficiency Strategy (NIES)
4. Total Place

January 2010

Standing Items

1. New Sector led Model of Performance Management
 - Consultation paper
2. CAA Watch
3. RIEPs and NIES
4. Total Place

March 2010

Standing Items

1. New Sector led Model of Performance Management
 - Agree proposals
 - Setting the Pace
2. CAA Watch
3. RIEPs and NIES
4. Total Place

May/July 2010

Special Item

1. General Election update

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Standing Items

2. New Sector led Model of Performance Management
3. CAA Watch
4. RIEPs and NIES
 - RIEP annual report
 - State of the Nation report
5. Total Place