

Improvement, Productivity and Localism

Summary

This report sets out the context for the discussion on improvement, productivity and localism - including activity in hand to take forward the LG Group offer to the new coalition government. It supports a presentation to be made by Rob Whiteman, Managing Director, Local Government Improvement and Development on opportunities and next steps for the LG Group.

Recommendations

The Board is asked to note the report as background for further discussion.

Action

To be agreed as a result of members' discussion.

Improvement, Productivity and Localism

Local Government Group 'Offer'

1. Within the first few days of the new government, the LG Group offered sweeping proposals to streamline the state, cut public spending and devolve power to local people.

Our offer includes:

- Specific proposals for cuts to central bureaucracy and red tape worth £4.5 billion a year, or up to £22.5 billion over the five-year Parliament.
 - Giving elected councils control over local spending through local “place-based budgets” – reporting direct to Parliament - cutting out costly quangos, funding agencies, ring fenced budgets and excessive reporting requirements.
 - A national productivity programme to identify further efficiencies in local government through greater sharing of functions, running joint services and workforce modernisation.
 - A tough new system of self-regulation for councils, to ensure that high-performing town hall experts can step in to help any authority in difficulty and guarantee world class standards of services.
2. This offer has been well received by the government. The proposals build on the Improvement Board’s “Freedom to Lead” campaign and the work the Board has led on Total Place. The swift abolition of Comprehensive Area Assessment (CAA) by the new government and the commitment to further cuts to local government inspection are a significant victory for the campaign.
 3. The Improvement Board will have an important strategic role to play in driving forward key elements of this agenda.
 4. **Council self-improvement:** The Improvement Board’s “Freedom to Lead” campaign proposals on the future of assessment and inspection informed the Group ‘offer’ to the new government and have been pursued in subsequent post-election discussions with Ministers. Key elements include:
 - Stronger accountability to the public through greater transparency. More use will be made of the information councils already use for managing their own performance. Performance data will be made publicly available and agreed standards and definitions will be developed for the most commonly collected data – to provide a basis for making comparisons;
 - Self awareness. Councils and local partners will develop stronger arrangements at local level for monitoring and assessing their own performance through regular self evaluation and peer challenge. The local government sector will also collaborate to support councils to meet

- challenges through sharing best practice, peer review and support, benchmarking, etc
- Reducing the burden of assessment and inspection.
 - the current plethora of data returns and information requirements would be scaled back (councils spend as much responding to Government requests for data as they do responding to inspection);
 - further reductions in the burden of inspection and assessment of councils should be made. The LG Group have called for the annual assessments by OFSTED and Care Quality Commission to be stopped. Inspection should only to be triggered once the sector has had the opportunity to support areas facing performance challenges;
 - statutory financial audit to continue – addressing financial resilience, value for money, probity and the reliability of local data.
 - Providing early warning of the risk of failure. The LG Group and its performance partners will work with the inspection and regulatory bodies to draw on data to provide “early warning” of potential major financial, governance or performance failure.
5. The Coalition Agreement said Government would cut local government inspection and abolish the Comprehensive Area Assessment (CAA).
 6. Rt Hon Eric Pickles MP Secretary of State for Communities and Local Government wrote to council leaders on 24 June confirming that:
 - Inspectorate activity on CAA would come to an immediate end – this includes both the area assessment and the organisational assessment for councils and fire authorities;
 - Ofsted’s annual assessment of children’s services will continue for the time being, but its longer term future is being reviewed;
 - He has asked Greg Clark, Minister for Decentralisation to lead proposals to further reduce local government inspection.
 7. This is being pursued through the development of a new self regulation and self improvement offer and in discussions with Government and the Inspectorates.
 8. **National Productivity and Efficiency Programme:** The LG Group launched a National Productivity & Efficiency Programme, on 24 June at an event attended by Secretary of State for Communities and Local Government, Rt Hon Eric Pickles MP, and Baroness Hanham. Work has begun with partners to take forward a programme that will support councils in finding their own way to better productivity according to local circumstances.
 9. The aim is to identify productivity gains to deliver, by this Autumn, a robust evidence base for longer term transformational change. A number of productivity champions from the sector will be appointed to lead on work streams and the programme overall. Each workstream will include political representation. The Chairman of the Improvement Board wrote to all Council Leaders on 2 July pointing out the importance of this programme. Where

changes are identified that need government action to change regulations/legislation to drive greater productivity these will be raised with government by the LGA on behalf of the sector.

10. **Localism:** The Coalition Agreement which was published on 20 May set out policy priorities for the new coalition government. The Agreement includes a commitment to promote decentralisation and democratic engagement giving new powers to local councils (including a general power of competence), communities, neighbourhoods and individuals.
11. A Decentralisation and Localism Bill will be introduced after the summer recess. This will devolve greater powers to councils and local communities, specifically to give communities much more control over housing and planning decisions. See Appendix A **attached** for further details.
12. **Place-based budgets:** The LGA Executive has endorsed proposals for radically reshaping the state through devolved place-based budgets which have now been published. (<http://www.lga.gov.uk/lga/publications>). Commissioning responsibility and enabling choice-based models for local services would rest with a locally accountable governance body (based on a council or councils working together). The local body would be fully accountable for the budgets it holds: where the budget is funded by local taxpayers, it need only account locally to electors; where the budget is funded by national taxation voted by Parliament, the body should be able to account both to its local electors for outcomes, and directly to Parliament for that money, rather than needing to be regulated and performance managed by the current plethora of intermediary bodies.
13. We expect that, as well as holding a placed-based budget, the local body will be responsible for ensuring the conditions are in place locally to make sure choice-based models work effectively (so, for example, addressing constraints that prevent providers entering the market, helping people make an informed choice and encouraging the growth of the voluntary sector).
14. Whilst the Coalition Agreement made it clear that the deficit reduction programme would take precedence over any of the other measures in the agreement, proposals for place based budgets are being pursued through the Spending Review process. The Spending Review framework confirmed that:

“The Government has set out its intention to promote the radical devolution of power and greater financial autonomy to local government. It will use the Spending Review to progress this, in particular through simplifying funding to local government and reducing the burden of centrally driven reporting requirements. The Government will ensure that the Spending Review process considers the needs of local government holistically, and takes account of the opportunities for frontline bodies to work together across traditional boundaries.”

15. In order to take this forward the LG Group Chairman, Dame Margaret Eaton, agreed with the Secretary of State for Communities and Local Government that CLG officials and LGA officers would develop a programme of work on place-based budgeting to inform the government's spending review.

Financial Implications

16. There are no additional financial implications arising from this report.

Implications for Wales

17. There are no specific implications for Wales.

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Likely key elements of the proposed Localism and Decentralisation Bill

A Decentralisation and Localism Bill will be introduced after summer recess. This will devolve greater powers to councils and local communities, specifically to give communities much more control over housing and planning decisions.

Specific measures include:

- Give councils a power of general competence.
- Give local government and community groups greater financial autonomy.
- Abolish the Standards Board regime and abolish Comprehensive Area Assessment (CAA).
- Give residents the power to instigate local referendums on any local issue and the power to veto excessive council tax increases.
- Require public bodies to publish online job titles of every member of staff and salaries and expenses of senior officials.
- Give councillors the power to vote on large salary packages for unelected council officials.
- Create Local Enterprise Partnerships (replacing Regional Development Agencies) to promote economic development.
- Abolition of the Regional Spatial Strategies and the Infrastructure Planning Commission.
- Return decision-making powers on housing and planning to local councils.
- Phase out the ring-fencing of grants to local government and review the unfair Housing Revenue Account.