

Sector self-regulation and improvement

Purpose of report

For decision.

Summary

The new Coalition Government has acted quickly to reshape the approach to inspection and assessment of local public services. The extent of the changes that have taken place so far provide an opportunity to review and further develop the Group's proposals on the future of assessment and inspection. This paper sets out a more radical and ambitious approach to sector self-regulation and the role of the LG Group – with a view to shaping the arrangements from April 2011. The Board is asked to agree the proposals at **Appendix A**, for consultation with the sector.

Recommendation

- That the proposed approach to assessment and inspection set out at **Appendix A**, attached, be approved for consultation with the sector.

Action

- Revise the proposals in the light of members' comments and consult the sector.

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**Improvement Programme
Board**

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Background

1. Last year the Improvement Board launched its 'Freedom to Lead' campaign designed to develop proposals on the future of assessment and inspection and influence policy thinking in the run up to the general election.
2. Following discussions and consultation with the sector a broad consensus emerged around the key elements of a proposed new approach:
 - Stronger accountability to the public through greater transparency. More use will be made of the information councils already use for managing their 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;
 - 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;
 - Reducing the burden of assessment and inspection:
 - the current plethora of data returns and information requirements would be scaled back;
 - further reductions in the burden of inspection and assessment of councils should be made. The LG Group has called for the annual assessments by Ofsted and Care Quality Commission to be stopped. Inspection should only 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.
3. These proposals have informed the LG Group 'offer' to the new government – including proposals for a robust new system of self regulation - and have been pursued in subsequent post-election discussions with Ministers.

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4. The proposals have been well received by the new Coalition Government. On 24 June Rt Hon Eric Pickles MP, Secretary of State for Communities and Local Government, wrote to council leaders 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 and rescue 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 MP, Minister for Decentralisation to lead proposals to further reduce local government inspection.

5. In addition, on 13 August, the Secretary of State announced plans to disband the Audit Commission and refocus audit on helping local people hold councils and local public bodies to account for local spending decisions. In summary:
- the Commission’s responsibilities for overseeing and delivering local audit and inspections will stop;
 - the Commission’s research activities will end;
 - audit functions will be removed to the private sector;
 - councils will be free to appoint their own independent external auditors from a more open and competitive market, regulated within a statutory framework and overseen by the National Audit Office;
 - the powers of the Local Government Ombudsman will be strengthened, making findings legally enforceable;
 - there will be a new audit framework for local health bodies.

The new system will be in place from 2012/13 financial year with the necessary legislation being sought in this Parliamentary session. Officers are meeting officials at the Audit Commission and National Audit Office to discuss the transition.

6. It is clear that the Government is thinking radically about future arrangements for holding local public services to account. In addition to the abolition of CAA and the Audit Commission it has also dismantled many of the other key elements of the previous Government’s “new performance framework” including Public Service Agreements (PSAs), removed a number of national indicators, abolished the Place Survey and announced its intention to abolish the Government Offices for the regions.
7. The extent of the changes that have taken place so far provide an opportunity to develop further the Group’s proposals on the future of assessment and inspection, to spell out a more radical and ambitious approach to sector self

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regulation and the role of the LG Group, to ensure a coherent system and to shape the nature of any new arrangements to be introduced with effect from April 2011. A proposed new approach is set out in **Appendix A, attached.**

Conclusions and next steps

8. It will be important that the proposed approach is owned by the sector and whilst the proposals have been informed by councils' comments and contributions to 'Freedom to Lead', the post election climate is radically different and it is therefore proposed that councils' views on the proposals be invited.
9. Consultation with councils and RIEPs would include asking whether and how councils would wish to come together in different parts of the country so that local choice is reflected within the new overall framework of self assessment, challenge and collaboration.
10. Members are asked to:
 - Comment on and agree the proposals at **Appendix A**;
 - Agree to consult the sector on the proposals.

Financial Implications

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

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