Self regulation and improvement

Local Accountability through transparency and peer challenge – a new sector-led approach

Whilst facing considerable fiscal challenges we are also entering what could potentially be an opportunity for local government – where local government and the wider public sector are primarily locally accountable to residents for their performance, with top down performance management, audit and inspection activity stripped away.

In our 'Freedom to Lead' campaign launched in the autumn of 2009, we made clear that the current system of inspection and assessment had created a system of councils being accountable to inspectors and government. Furthermore it came at a huge cost – estimated at over £2bn. We set out our view that what was needed was a system that had local accountability at its heart: with councils and councillors accountable to the people that had elected them and who they have been elected to serve.

The new Government has listened to what we have said. They have already abolished CAA and made clear that it's for the public to hold their elected representatives to account and councils need to be much more open with the information and data they hold: making information more easily available for the public to interrogate.

The sector broadly welcomes these reforms and in this paper the LG Group sets out the potential framework to empower councils with their partners to give greater transparency to local people and to have a system of self assurance that makes use of peer challenge and support. This paper therefore builds on the 'Freedom to Lead' campaign and is designed to assist a constructive dialogue between the local government sector, the LG Group, CLG and other Government Departments about the future for local government and place based improvement.

Using Data and Transparency to support local accountability

Councils have a good track record of making information available to the public to help the public hold them accountable. All allowances to councillors are published each year, committee agendas and reports are published online and most councils produce an annual report to their residents. Councils are in the vanguard of seeking views and opinions of local residents through mechanisms from citizens' juries to

youth forums. For example, Lewisham has launched 'Our Lewisham, Our Say' on their website and at local road shows - it was their biggest ever conversation between the council and the community inviting ideas on improving services. Kent's residents have many ways to participate and can sign up for a citizens' panel or give comments on local partners' consultations via the council website.

We also recognise the value that even greater transparency can provide by making much more information available to the public. Already a number of councils are publishing details of all their expenditure online in advance of the 2011 deadline. We are working with CIPFA, SOCITM and other professional bodies to develop the best methods of publishing this information that makes it understandable and useful for local people.

The LG Group will help councils make performance information publicly available enabling citizens to hold local government and other partner bodies to account. Government and other interested parties would be able to utilise the data as they see fit. In return, we are asking for a complete scaling back of the system of Government data returns – which in compliance terms are equally as burdensome to the sector as complying with inspection. The Total Place Report found, for instance, that in addition to the 188 National Indicators one London Borough was reporting a further 706 data items and Leicester and Leicestershire partners an additional 930[1]. While data collection is important, these data returns have built up over a number of years and it is no longer clear whether and how they are all used and what value they have. We propose a zero-based approach to the rationalisation of this data collection, with government making a case for any item of data it wishes to collect from local government.

Benchmarking

At the same time there is a strong demand amongst councils for comparative information on unit costs, productivity and outcomes. We are developing a national, sector owned benchmarking tool to support councils in driving down costs and eliminating waste. It will enable councils to examine costs and performance, compare to peers, and provide access to data early enough to be useful in planning budgets and identifying efficiencies for the coming year.

Local outcomes for local accountability

To support councils and their partners further develop local accountability, councils want to be able to decide what outcomes they are seeking to achieve for the public in their area. The previous national framework of almost 200 indicators may have

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[1] Total Place: a whole area approach to public services, HM Treasury and Communities and Local Government, March 2010, Para 2.18, p.22

provided the government with lots of data, but it didn't drive greater accountability at the local level.

All councils will agree and set out for their public a set of outcomes they are seeking to achieve with their partners. They will ensure that performance against these outcomes is made publicly available. The LG Group is working to develop a set of locally owned indicators that the sector wants to collect for its own purposes and which would provide additional benchmarking information so that councils can compare how they are performing against other local authorities to drive up performance even further.

The government is considering setting some streamlined outcomes and indicators for all authorities to deliver, so we will want to discuss this with government to ensure that the number that is chosen is kept to the very minimum and that they are in areas where there is broad agreement across the sector. We propose that LGA, CLG and Treasury would together agree annually a maximum of five national outcomes and less than 10 indicators. Councils would then implement these alongside local priorities.

Shaping the new regime

The new regime has to develop a more mature relationship between local and central government based on trust and transparency. It will be less interventionist than in the past, and be based on mutually agreed principles and operational methods. In return, the sector itself and its representative bodies will take a more robust lead in encouraging best practice and identifying and dealing with under-performance. This will be especially the case in high-risk areas such as services for children and vulnerable people.

The new framework will not escalate into a large scale system but, fundamentally, be a local responsibility (including a mechanism for local people to identify and raise concerns) where strong challenge and support is achieved through collaboration. The local government sector will collaborate to support councils to meet their challenges and implement better services through sharing knowledge, peer challenge, providing councillor and officer peer support and benchmarking against each other. This includes a commitment to regular self-evaluation and peer challenge at least once every three years involving sector peers, partners and local people. See **Annex 1**.

Modernising peer challenge

Peer challenge and support will form a major component of the new framework and is being reviewed to ensure the LG Group's offer is focused on current priorities and uses excellent peers. The key elements will be:

- each council will seek a peer assurance challenge every 3 years – to advise on areas raised in their risk and performance assessment;
- the peer challenge will be independent, rigorous, public and focused on risk of failure to meet minimum standards, and address locally decided priorities;
- we will ensure that the very best peers are available to ensure the success of our sector led improvement model. We will also ensure that people from the private, voluntary sector and other parts of the public sector are members of our peer challenge teams.   In high risk areas we will also discuss with the council whether someone from the appropriate inspectorate should also be involved.

Place Based Productivity Programme

A key element of the LG Group improvement framework is to help councils reduce costs and improve productivity. Our Place Based Productivity Programme has been developed to assist local government and its partners in finding greater efficiencies, such as through better procurement, workforce modernisation and service redesign.

Reducing the burden of inspection

Whilst welcoming the abolition of CAA, we also want to see further reduction of local government inspection, including:

- bringing an end to the annual performance assessment for children's services and adult services undertaken by Ofsted and CQC respectively, along with unannounced safeguarding inspections. Any intervention would, in future, only take place after the sector had been afforded opportunity to support improvement and as regards inspection where authorised by a new 'dual key' arrangement between the Inspectorates and the LG Group;
- statutory audit would continue to address financial resilience, value for money and data quality;
- regulatory inspections of schools, care homes, etc would continue.

Providing early warning of the risk of failure

The sector has a good record of identifying best practice and using peer expertise and support. Councils have also become more open about the challenges they face from time to time and seeking help from other councils, the RIEPs or the LG Group. But we recognise that with far less inspection all councils will need to show the maturity needed in being open about problems so that a sector-led approach to improvement and stopping failure can really be effective. All services, councils and partners will be responsible for managing their own performance but with much more scrutiny coming directly from the public who will be making greater use of the data

and information councils will make publicly available. Councils will continue to make use of self-assessment and scrutiny to challenge themselves. Finally councils will invite and accept regular and rigorous external challenge from peers, and must adopt a more honest assessment of their own competence.

A key element of a new sector owned approach would be a commitment to identifying councils facing performance challenges at an earlier stage so that support can be provided and service failure avoided. The LG Group and sector-owned improvement bodies would work with the Inspectorates to develop agreed 'early warning' signals and arrangements to share formal and informal intelligence at an early stage. Our offer to councils and partnerships will include a recommended dashboard of key risk and organisational health indicators for councils and LSPs to consider in developing their performance management systems.

Through consultation local government is being asked to agree to a corporate self-improvement support framework; the main elements are given in Annex 1. This would not replicate previous inspection and regulation regimes, but simply provide assurance and transparency for the self-improvement and accountability activities that most councils already undertake as a matter of course. The LG Group would support the framework assisting authorities where needed.

Identifying early warning signs of problems will be facilitated by the framework. Agreement to participate in sector owned monitoring will be an important component of the early warning sector led approach as set out in **Annex 2**.

Within the corporate framework Children's and Adult services will have special responsibilities and these are set out in **Annex 3**.

Self-improvement support framework   Annex 1

Key elements of the sector's approach to self-regulation and improvement will include:

- An annual published assessment of performance. This should include corporate, adults' and children's social care reports.   It would normally be expected to include a review of progress on the quality of life in the area as well as organisational performance. The self-assessment might be based on the peer review elements of a good council. A 'scorecard' would assist in benchmarking.
- Commitment to present financial and performance data to the public in a meaningful way.
- Robust peer challenge processes on a regular cycle including inviting inspectors and possibly local people to be part of the team, according to local preference. It would be up to each council to determine the frequency, but they would normally be expected to take place at least every three years.
- Commitment in principle that every local authority will contribute to improvement across local government (and public services more generally) by providing councillor and officer peers and other support to authorities and sharing knowledge and learning through a variety of routes, including communities of practice. Support would be at regional and national level as appropriate.
- A sector owned benchmarking tool to provide comparability on unit costs, productivity and outcomes.
- Sharing intelligence between professionals, politicians – and most important - the public, positively encouraging feedback and participation through a range of channels from social media to co-producing services.
- Using local data such as satisfaction surveys, complaints, comments and compliments from users and the public.
- Ensuring that scrutiny provides a valuable tool and means of involving local people.
- Ever more effective means of sharing experience and transmitting learning across local government and other public bodies such as through the forthcoming Knowledge Hub.

Councils' primary accountability is to the public and it is important that the annual assessments are transparent. However, the support arrangements to identify risk of failure are potentially sensitive and initially politicians and officers need to be able to respond to them honestly and take the necessary action to deal with them. However, in their annual assessments, councils would be open and transparent about any issues and how they are dealing with them.

Providing early warning of the risk of failure - Annex 2

A key element of a new sector owned approach to self regulation and improvement would be a public commitment to identifying councils facing performance challenges at an earlier stage so that support can be provided and service failure avoided. This will include:

- The LG Group working with Inspectorates to develop early warning signals and arrangements to share formal and informal intelligence at an early stage.

- Local authorities participating in sector owned monitoring to identify early warning signals of risk of failure. Further consultation will be needed on the details but it is likely to include:
  - monitoring of councils' routine performance information;
  - agreement to engage in conversation with peers from other authorities including politicians, chief executives and directors, and to take their views seriously and take them into account;
  - identification of common risk factors (e.g. critical posts unfilled, public disagreements between leader and chief executive, etc).

- There would be an important role for political groups in organising confidential feedback, but by its nature this would fall outside of the arrangements outlined above.

Monitoring would be undertaken regionally (or sub-regionally to align with other arrangements) with national oversight. Ultimately, if sector efforts were failing, the fallback would be Government intervention as deemed necessary by Government.

At a national level the LG Group Improvement Programme Board would provide the political oversight of the sector's performance. The Board would receive regular reports on the overall performance of the sector and in particular discuss assurance, where there may be councils with performance challenges, that councils were taking the necessary action to improve and that the sector overall was providing the right level of support.

The Board would be supported by political group Improvement Boards which have already been established by each of the 4 main political groups at the LGA.

In addition, each of the service based LG Group Programme Boards would also have responsibility for overseeing the performance and improvement needs of the sector in their specific service areas – referring issues to the Improvement Programme Board, as appropriate.

Children and Young People's Services and Adult Social Care – Annex 3

Children's and adult services will have a complementary model fitting in to the corporate framework above. Key elements proposed would be:

- annual self-evaluation exercise as part of published council report including an improvement plan to address areas for attention (and strengths which can contribute to wider sector improvement);
- external challenge and support (with frequency based on risk) including peer sign off of report section, and peer offers in relation to services, social care transformation, and children's services;
- targeted direct support such as brokering 'made to measure' packages, mentoring, team development and inter-agency work through use of specialist staff, associates and peers.

(2.09.10)