

## **Sector self regulation and improvement**

### **Purpose of report**

Background – to support members' discussions at the Away Day.

### **Summary**

This report updates members on the demise of the final elements of the current performance framework, provides an update on our consultation with councils on our self-regulation and improvement proposals and proposed next steps. Owing to the high profile and importance of this item to the LG Group, a similar report was discussed at the LG Group Executive on 11 November and any views expressed at the Executive will be reported.

### **Recommendations**

Members to consider any comments from the LG Group Executive reported orally at the Away day;

Members to agree the next steps with regard to the Board's work on self regulation and improvement, in light of discussion at the Away day.

### **Action**

Officers to progress next steps as agreed by members.

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## **Sector self regulation and improvement**

### **Background**

1. On 13 October Eric Pickles MP, Secretary of State for Communities and Local Government announced that the Government would not be renewing Local Area Agreements from April 2011 when the current agreements expire and that the national Indicator set will be replaced with a single list of all the data Government expects local government to provide. Local government will be invited to be involved in reviewing the current data burdens and in developing a process to review the list on an annual basis.
2. This removes the last vestiges of the current performance framework which the new coalition government has been progressively dismantling and marks a considerable success for the LG Group's *Freedom to Lead* campaign.
3. Furthermore the announcement of the abolition of the Audit Commission will see councils appoint their auditors from a regulated market overseen by the National Audit Office. Officers are in discussion with the NAO and CLG in relation to the likely arrangements to be made by government in the forthcoming Localism Bill. There is a separate report on the formal Board agenda about the abolition of the Audit Commission.
4. The extent of the changes that have taken place provides an opportunity to review and further develop the LG Group "offer" to councils in return for funding through the RSG top slice, which has now been settled by CLG, in particular the way that a more ambitious approach to self regulation and collaboration will add value to councils' responsibilities and efforts in relation to better delivery, and can also be used to streamline and limit remaining inspection regimes, for example in relation to Ofsted and CCQ, in line with LG Group and councils' expectations.
5. The Improvement Programme Board has consulted the sector on a new and ambitious approach (See "Sector self regulation and improvement: a consultation paper") comprising the following key principles, to take effect in April 2011:
  - 5.1 That councils are responsible for their own performance and improvement – through on-going performance management and monitoring, regular self assessment and peer review;
  - 5.2 That councils are accountable to local people and communities – not to central government or the inspectorates – and that accountability can be

strengthened through greater transparency and by consulting and involving local people and communities more effectively;

- 5.3 That the role of the LG Group should be to support councils in this activity – by providing tools such as new approaches to self evaluation, peer challenge etc which councils can choose to use as they deem appropriate.

### **Consultation Detail**

6. The consultation exercise covered two areas where councils may in addition wish to work collectively.
- 6.1 First, putting in place arrangements to enable councils to benchmark their performance and costs with other councils and areas across 3 broad elements – an industry standard on resident perception questions so that, if used, councils can compare the studies they commission to other councils; secondly a new suite of productivity / unit cost data to support better management information analysis; and thirdly any new or existing outcome/performance data that councils wish to use voluntarily as the requirements to do so are removed. Where it is decided locally to use this approach the dashboard of 3 elements would provide Members and the public with useful data and the ability to make comparisons.
- 6.2 Secondly, because of the damage that individual council or service failure can do to the reputation of the sector as a whole, councils may wish to work together to manage the risk of underperformance, where councils welcome this. As part of their normal performance planning councils would carry out a local risk assessment of their delivery issues, using expertise from other councils and sectors as needed. LG Group will ensure a range of suitable peers – including from a broader range of organisations such as business and voluntary sectors - are available for tailored peer review and by receiving and sharing information from bodies such as Ofsted and CQC, use this approach as a means of assurance that less external inspection of councils is required. There has long been a perception that experienced Members and officers can see the problem signs or triggers in councils before inspection bodies could assess this through their formulaic approach, and we will use this soft intelligence to good effect to constructively challenge risks that may be developing at an earlier stage. This of course places a new importance and responsibility within LGA on the political party groups to work with the services we provide and the Improvement Board and other programme boards where appropriate.
7. The deadline for responses to the consultation was 1 November. Responses were still being received as this report was being finalised and a full analysis will

be reported to members at the Away Day but the “head line” messages emerging from discussions with the sector during the consultation period and an initial sift of responses indicate:

- 7.1 General support for the overall approach, with a desire for more detail around the proposed tools and how they might be used;
- 7.2 Support for the key elements of the approach – transparent performance information and benchmarking, self evaluation and peer challenge – but the approach needs to be streamlined and build on what already exists; councils should be free to use the tools as they see fit; and more emphasis should be given to the contribution scrutiny can make;
- 7.3 Support for the proposal to manage risk through an early warning system but that this needs careful thought and should not replicate the external system of assessment we have lobbied to remove;
- 7.4 A view that the proposals should not focus on councils alone and a question about the capacity of the sector to deliver the proposed approach in the current financial climate e.g. will the sector as a whole be willing to “offer up” sufficient high quality peers to resource the peer challenge proposals;
- 7.5 That the proposals alone will not significantly strengthen local accountability and that more needs to be done through our development work to support new means of meaningful engagement at local/neighbourhood level.

## **Next Steps**

8. Members will wish to reflect on the next steps in light of the analysis of responses from councils, discussion at the Away day and in liaison with other programme boards; for example, in relation to children’s and adults services and how benchmarking and self assessment would support councils in relation to higher risk services to vulnerable clients and ensure a meaningful and constructive interplay with inspection. Broadly speaking we suggest that there are three main areas of further work:
  - 8.1 Continued lobbying to reduce the burden of assessment and reporting;
  - 8.2 Developing the tools to be made available to councils and the approaches to support collective activity; and
  - 8.3 Communicating with and involving councils in this developmental work.

9. Members will also need to consider the response we give to councils and the services that will be offered. With a reduced top slice and streamlined organisational structure there is an opportunity to commission services from existing and developing markets and focus LG Group activity on the priorities and roles best carried out in support of the sector and not duplicate or replicate support councils can receive from elsewhere.
10. To support members' considerations we have written to the Chief Executives' Task Group asking councils in what footprints they may decide to come together on improvement and efficiency work and whether there is scope to share effort and costs with LG Group. From the responses received to date it is likely that the footprints will change in some areas and councils will choose to come together in different groupings to those introduced by government through RIEPs. For the purposes of our approach on self regulation it is important that councils support each other in area groupings as well as through the national tools available such as peer review and benchmarking.

### **Further Lobbying**

11. Whilst good progress has been made in alleviating some of the burden of inspection and assessment there is still more that can be achieved.
12. First, as part of the Spending Review process and Departmental Business Planning the Treasury asked each Government Department to identify approximately 10 impact or outcomes measures and 10 input measures on productivity. These were published for consultation on Monday 8 November. We need to be able to influence the final set of measures if we are to avoid repeating the mistakes of the national Indicator set and imposing on the sector a set of measures that are not relevant locally. The Chairman has written to the Secretary of State on this point and CLG has responded positively to working with LG Group to ensure departments co-produce any indicators in line with our approach to benchmarking. Further details were circulated to members in a briefing paper from Cllr David Parsons, Chairman, at the end of October.
13. Secondly, in order to pursue further reductions in the burden of assessment we are seeking an end to the annual scored performance assessment of children's services. On 3 November, Minister of State for Care Services, Paul Burstow MP announced that the Care Quality Commission (CQC) will no longer conduct an annual performance assessment of councils' commissioning of care under the existing framework. The last set of CQC assessments of adult social care – for 09/10 - will be published on 25 November. We understand that Ofsted's assessment of councils' children's services will be published on 9 December.

## **Developing the Tools**

14. At the same time we are working with councils to develop the discrete range of tools that underpin this new approach and help councils make the most of this new opportunity. They are:
  - 14.1 A new local assessment tool that helps councils to work with local people and communities to get a shared assessment of current performance;
  - 14.2 A radically refreshed peer challenge to help councils ensure they are on the right track and provide support around a range of priority issues identified by the sector, including safeguarding, productivity, Big Society, community safety, NHS reform, etc;
  - 14.3 A means to enable councils to compare their performance and productivity on the issues which they deem important. As well as developing the definitions of benchmarking as set out above, LGID will develop, by 1 April 2011, a means of sharing information and best practice through the Knowledge Hub. Provided free to member councils this will provide a “money supermarket” approach to the improvement support that is available where providers’ services – including the LG Group – are scored and commented upon by users; and we will develop the successful Communities of Practice (which presently has 80,000+ active members from councils) to provide a new generation technology platform to interactively share good practice. The Knowledge Hub will provide tools to “mash”, compare and contrast data inputted by councils;
  - 14.4 A means of managing the risk of underperformance by detecting signals which, taken together, provide early warning of service or council underperformance and that then enable conversations about improvement support to take place. LGID’s experience of working with and supporting councils provides some obvious corporate signals that can sometimes, but not always, lead to councils struggling – such as a change of political control or change in senior management; member/officer relations; a very inward perspective; financial difficulties etc. We now need to work with councils by 1 April 2011 to identify a fuller range of service signals and as indicated above, with members and the LG Group political group improvement boards to develop a means of gathering and interpreting the information and offering support.

### **Continuing to work with councils**

15. The new approach we are proposing, where the sector takes responsibility for its own performance, where it provides for itself the facility to benchmark and compare performance and where it seeks collectively to manage the risk of underperformance can be sensitive and difficult territory. The Improvement Board will be keen to continue to work alongside councils in developing the approach.

### **Conclusion and next steps**

16. This work is now at a significant point and members are invited to offer direction and guidance in light of the responses from the sector and strategic input from the LG Group Executive.

### **Financial Implications**

17. Resources to support this new approach to sector self regulation and improvement have been provided for within the RSG submission. There are no additional financial implications arising from this report.