

# Improvement Programme Board

Agenda

Tuesday 18 January 2011  
11.30am

Lancashire County Council  
County Hall  
Preston  
PR1 8XJ

**To:** Members of the Improvement Programme Board  
**cc:** Named officers for briefing purposes

**LG Group Improvement Programme Board**

18 January 2011

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There will be a meeting of the Improvement Programme Board at **11.30am on Tuesday 18 January 2011 at Lancashire County Council, County Hall, Preston, PR1 8XJ.**

**Attendance Sheet**

Please ensure that you sign the attendance register, which will be available in the meeting room. It is the only record of your presence at the meeting.

**Apologies**

Please notify your political group office (see contact telephone numbers below) if you are unable to attend this meeting, so that a substitute can be arranged and catering numbers adjusted, if necessary.

**Labour:** Aicha Less: 020 7664 3263 email: [aicha.less@local.gov.uk](mailto:aicha.less@local.gov.uk)  
**Conservative:** Angela Page: 020 7664 3264 email: [angela.page@local.gov.uk](mailto:angela.page@local.gov.uk)  
**Liberal Democrat:** Evelyn Mark: 020 7664 3235 email: [evelyn.mark@local.gov.uk](mailto:evelyn.mark@local.gov.uk)  
**Independent:** Group Office: 020 7664 3224 email: [independent.group@local.gov.uk](mailto:independent.group@local.gov.uk)

**Location**

***A map showing the location of County Hall is printed on the back cover.***

**LGA Contact**

Paul Johnston (Tel: 020 7664 3031, email: [paul.johnston@local.gov.uk](mailto:paul.johnston@local.gov.uk) )

**Carers' Allowance:** As part of the LGA Members' Allowances Scheme a Carer's Allowance of up to £5.73 per hour is available to cover the cost of dependants (i.e. Children, elderly people or people with disabilities) incurred as a result of attending this meeting.

## Improvement Programme Board - Membership 2010/2011

Councillor	Authority
<b>Conservative (6)</b>	
David Parsons CBE [ <b>Chairman</b> ]	Leicestershire CC
Peter Fleming	Sevenoaks DC
Peter Goldsworthy	Chorley BC
Robert Gordon	Hertfordshire CC
Richard Stay	Central Bedfordshire Council
Andrew Povey	Surrey CC
<b>Substitutes:</b>	
Teresa O'Neill	Bexley LB
Ken Taylor	Coventry City
<b>Labour (4)</b>	
Ruth Cadbury [ <b>Deputy Chair</b> ]	Hounslow LB
Tony McDermott	Halton BC
Tim Cheetham	Barnsley MBC
Helen Holland	Bristol City
<b>Substitutes:</b>	
Theo Blackwell	Camden LB
Russell Roberts	Rhondda Cynon Taff CBC
<b>Liberal Democrat (3)</b>	
Jill Shortland [ <b>Vice-Chair</b> ]	Somerset CC
Sir David Williams CBE	Richmond upon Thames LB
Edward Lord JP	Corporation of London
<b>Substitute:</b>	
John Commons	Manchester City
<b>Independent (1)</b>	
Jeremy Webb [ <b>Deputy Chair</b> ]	East Lindsey DC

## LG Group Improvement Programme Board Attendance 2010 -2011

<b>Councillors</b>	<b>09/09/10</b>	<b>17/11/10</b>	<b>18/01/11</b>	<b>22/03/11</b>	<b>17/05/11</b>	<b>19/07/11</b>
<b>Conservative Group</b>						
David Parsons CBE <b>[Chairman]</b>	YES	YES				
Peter Fleming	YES	YES				
Peter Goldsworthy	YES	YES				
Robert Gordon	YES	NO				
Richard Stay	YES	NO				
Andrew Povey	NO	YES				
<b>Labour Group</b>						
Ruth Cadbury <b>[Deputy Chair]</b>	YES	NO				
Tony McDermott	YES	YES				
Tim Cheetham	YES	YES				
Helen Holland	YES	YES				
<b>Lib Dem Group</b>						
Jill Shortland <b>[Vice Chair]</b>	YES	YES				
Sir David Williams CBE	YES	YES				
Edward Lord JP	YES	YES				
<b>Independent</b>						
Jeremy Webb <b>[Deputy Chair]</b>	YES	NO				
<b>Substitutes</b>						
Teresa O'Neill (Conservative Group)	YES					
Russell Roberts (Labour Group)		YES				
Clarence Barrett (Independent Group)		YES				

## Agenda

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### **LG Group Improvement Programme Board**

Tuesday 18 January 2010

11.30am – 1.00pm

Cabinet Room B, County Hall, PRESTON, Lancashire

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#### **For discussion**

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#### **For information / noting**

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**Date of next meeting: Monday 21 March 2011**



**Item 1**

**LG Group Business Plan**

**Purpose of report**

For discussion and direction.

**Summary**

This paper presents the LG Group's business plan for 2011/12, which is due to be signed off by Executive on 13 January. The business plan includes the LG Group's priorities for supporting sector-led self regulation and improvement which are being considered in more detail at items 2 and 3 on this agenda and which the Improvement Programme Board is steering.

**Recommendations**

Members are asked to note the 2011/12 business plan for the LG Group, and provide a steer on the development of the Group's improvement offer under items 2 and 3 of this agenda.

**Action**

More detailed work will now be undertaken on developing the LG Group's improvement offer. This will be included in the programme plans to be presented to LG Group Executive in March before the start of the new financial year. A report on the Group's overall improvement offer, including the improvement elements of the programmes overseen by the LG Group programme boards, will be presented to the next meeting of the Improvement Programme Board, to ensure that the Group is meeting its high level improvement objectives.

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## **LG Group Business Plan**

### **Background**

1. As part of the *Getting Closer* change programme, for each of the last two years the Executive has established one set of politically directed priorities for the Group in the LG Group business plan. This is central to achieving the core objectives of *Getting Closer* agreed by members in 2009:
  - 1.1 Councils should have more influence over LG Group priorities and feel more connected;
  - 1.2 Strong, co-ordinated political direction of the Group, to ensure priorities are based on the changing needs of councils and that resources across the Group are allocated to these priorities;
  - 1.3 Better coordination and elimination of duplication across the Group, to deliver greater value for money to councils.
2. At its meeting in November, Executive agreed high level priorities for the LG Group as the basis of the 2011 / 12 business plan, which is now being presented to Executive on 13 January for decision. The new organisational arrangements for the Group, which are currently being consulted on with employees, are designed to deliver this strategy, taking account also of the significantly reduced funding base of the LG Group.

### **Summary of LG Group priorities**

3. The LG Group business plan sets out our focus for the year ahead based on what councils have told us are their priorities. It shows how in 2011/12 we will be focusing on two high level aims:
  - 3.1 **representing and advocating for local government and making the case for greater devolution** – we will be focusing on key pieces of legislation over the life of the next Parliament, demonstrating how local government is crucial to the government's Big Society agenda, and influencing a number of major policy reviews;
  - 3.2 **helping councils tackle their challenges and take advantage of new opportunities to deliver better value for money services** – the way councils improve over the next ten years will be radically different from the last ten with councils driving their own improvement in the light of what local people think. Our job is to make sure the improvement support



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councils need is in place, focusing on helping them save money and supporting innovation.

4. With the second of these objectives, the business plan sets out the key improvement support services to be provided by the LG Group in 2011/12:

- 4.1 Knowledge Hub
- 4.2 Data and transparency
- 4.3 Peer Challenge
- 4.4 Direct support
- 4.5 Leadership support
- 4.6 Productivity

The business plan also describes our campaign to reduce the burden of inspection on councils and to promote sector-led improvement. The Improvement Board is able to provide a steer on these priorities at agenda items 2 and 3 in this meeting.

5. The business plan also explains that in the proposed new organisational arrangements for the LG Group, the LG Group's core work will be delivered through programmes which bring together policy work and improvement support, steered by the nine programme boards of the LG Group:

- 5.1 Children and young people
- 5.2 Community wellbeing
- 5.3 Economy and transport
- 5.4 Environment and housing
- 5.5 Safer and stronger communities
- 5.6 Culture, tourism and sport
- 5.7 European and international
- 5.8 Workforce
- 5.9 Improvement

The improvement services described in paragraph 4 above will need to align with and support the delivery of the LG Group's core programmes. By organising our improvement services in this way, we will also be able to ensure that we have a coherent and consistent approach to improvement across the LG Group.

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**Next steps**

6. The 2011/12 business plan is primarily an internal document which will be used to communicate the future direction of the LG Group to employees as part of the consultation on the new organisational arrangements.
7. The business plan will also provide the basis for our external messaging to councils and other stakeholders over the coming months, on our future direction.
8. Once it has been agreed in early January, the business plan will inform discussions on priorities at the Group programme boards which will develop their programme plans over the coming weeks. This supplementary information to the business plan will be presented to the LG Group Executive in March along with the LG Group budget for agreement.
9. The Improvement Programme Board has a specific remit for reviewing the LG Group's overall improvement offer. We will therefore report back to the next Improvement Board with further information on the Group's overall improvement offer, including the improvement elements of the programmes overseen by the LG Group programme boards, to ensure that the Group is meeting its high level improvement objectives.

**Financial Implications**

10. Work is currently underway on the 2011/12 budget as part of the business planning process, with a view to a final budget for the LG Group being presented to the Executive in March along with more detailed programme plans.
11. A preliminary budget has been built up from the individual budgets of the LGA and the central bodies, but has been designed to create an integrated budget at Group level to reflect the new organisational arrangements for the Group.
12. The preliminary budget is based on the following assumptions:
  - 12.1 a 13% reduction in subscriptions for the LGA
  - 12.2 a 21% reduction in RSG top-slice, allocated to the individual companies in proportion to the current spread of RSG across the central bodies
  - 12.3 the provisional salaries costings of the proposed structure that is currently being consulted on – however, this will be subject to review in the light of the responses to the consultation
  - 12.4 detailed modelling of overheads for the Group, including the possible additional pension contributions which are currently being considered.

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13. This initial exercise has resulted in the following preliminary allocation to the priorities in the LG Group business plan:

Preliminary budget LG Group – 2011/12

	<b>£M LGA subs</b>	<b>£M RSG</b>	<b>£M Total budget</b>
<b>Political support and governance</b>	<b>2.8</b>	<b>0.4</b>	<b>3.2</b>
<b>LG Group core programmes</b>	<b>2.0</b>	<b>3.5</b>	<b>5.5</b>
Leadership Programmes	0	1.4	1.4
Peer Challenges	0	2.6	2.6
Productivity programme	0	2.7	2.7
Direct support to councils	0	2.5	2.5
<b>Leadership and Productivity</b>	<b>0</b>	<b>9.2</b>	<b>9.2</b>
<b>Workforce</b>	<b>0</b>	<b>1.1</b>	<b>1.1</b>
<b>Knowledge and Innovation (includes KHub)</b>	<b>0</b>	<b>3.3</b>	<b>3.3</b>
<b>Communications</b>	<b>1.0</b>	<b>0.6</b>	<b>1.6</b>
<b>Provisional operating costs</b>	<b>5.8</b>	<b>18.1</b>	<b>23.9</b>
Liberata shared services	2.6	4.1	6.7
Other overheads	1.9	3.0	4.9
Additional pension contribution	1.3	2.6	3.9
<b>Provisional total budget</b>	<b>11.6</b>	<b>27.8</b>	<b>39.4</b>

14. This budget will be subject to further challenge and review to ensure that resources are fully aligned with the LG Group's priorities, prior to being presented to Executive in March. Further work will be undertaken by the LG Group senior management on the 2011/12 budget over the coming weeks, in the light of the feedback on the consultation on the proposals for the new structure, and also the programme plans being developed to deliver the high level objectives set out in the business plan. The 2011/12 budget will be presented to Executive in March for final sign-off, along with the programme plans, to supplement the draft business plan presented here.



**Local**   
**Government**  
Group

## **Our business plan 2011/2012**

**Promoting, supporting and improving local government**

Draft – for LG Group Executive 13 January 2011

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# Foreword

by the chairman

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## Our priorities for the year ahead

At the Local Government Group we have been quick to respond to the huge changes following the election of the new government.

On behalf of local government, we have been making the case for a radical devolution of power to local elected councils so that the decisions that are made are close to the people affected by them. In response, the government has announced a number of important new policies, including the abolition of many ring-fenced grants, the end of comprehensive area

assessment (CAA) and the closure of regional development agencies. All of which is a step in the right direction.

Councils are also being asked to deliver significant savings. The Comprehensive Spending Review has resulted in an exceptionally tough settlement for local government. Although there has been some recognition of our proposals with increased funding for adult social care and the introduction of community budgets, the front-loading of the cuts makes a very difficult job much harder with most councils facing painful choices.

In all this, the Local Government Group (LG Group) has a pivotal role. More than ever we need to be able to fight local government's corner. We also need to support councils through extremely challenging times by helping them identify new ways of saving money and of being accountable to and listening to local people.

We face our own internal challenges. Subscriptions were reduced substantially this year and are being further reduced in line with changes in council funding. We will also experience a 38 per cent loss of top-slice funding over the next four years. Change is difficult but necessary to ensure we are well placed to deliver relevant services of the highest quality, as efficiently as possible.

This business plan for 2011/12 sets out in one place our focus for the year ahead based on what councils have told us are their priorities, and explains how we are proposing to change the way we organise ourselves to achieve this.

Our challenge is to demonstrate that we are a vibrant, optimistic and flexible organisation, confident the priorities we are setting will help local government achieve its goals.

I am sure, given our recent successes and our robust plans for 2011/12, that we can achieve this.



**Baroness Eaton DBE**  
January 2011

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# Local Government – the next five years

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Local government is facing the most radical changes in a decade.

The economic downturn means there is less money for local government. As the Prime Minister has acknowledged, councils are already the most efficient part of the public sector. However, as part of its public expenditure policy, government grants to councils are reducing by about 30 per cent which will affect the way every citizen is served. Public services will have to become more transparent, more effective and cheaper. This will only be possible if all parts of the public sector work together with their communities in transforming services to meet the needs of local people.

Councils are having to manage big opportunities and risks in the local economy, promoting business investment and improving local labour and housing markets. Renewing private sector growth will be vital so that new technologies and businesses are developed. Climate change, population movement, social change and an ageing society are also challenging councils operationally and financially.

In May 2010 the political landscape changed with the formation of a coalition government. The new government is looking for the public sector to be transformed, increasingly commissioning and facilitating services which are delivered by other organisations or by communities themselves.



Citizens will be asked to take more direct responsibility for their lives, families and neighbourhoods. Councils will have to assess the impact of all of this and demonstrate even more effective community leadership in their localities.

Government policy also means that councils will need to exercise democratic leadership at the heart of a new set of relationships between the citizen and the state:

- in **education**, with the development of free schools
- in **health**, with the creation of GP commissioning, Health and Wellbeing boards and the transfer of public health responsibilities
- in **adult social care**, with the personalisation of services
- with the **voluntary and community sector**, who will be leading the development of new types of services

- with **police**, with the proposed election of Police and Crime Commissioners
- in **fire**, protecting and building resilience through the development of local control arrangements
- in **economic development**, through Local Enterprise Partnerships
- in **regulatory services**, with the move to better regulation to support businesses and protect communities
- in **planning**, with local people in shaping their neighbourhoods, and with business in securing strategic investment and infrastructure.

Councils, as the democratically accountable part of the public sector, understand what needs to change to help their local place and their residents. Working to build the Big Society is already a core part of what councils do every day. Greater freedoms for councils from central government will

enable them to support local people in taking greater control of their own lives.

**Our offer to councils is designed to help them thrive and adapt to these changes,** and where possible, improve the quality of life for local residents.

**To do this, we have committed to helping councils achieve six outcomes,** based on what they told us is important when we consulted with them during 2010. This forms the basis of the RSG prospectus for which we will receive RSG top-slice funding over the next four years:

- **local budgets and accountability** – public services will be transformed by shifting decisions about local services to the people who are directly accountable to residents, providing transparent information and cutting out layers of bureaucracy to save billions of pounds.
- **strong political leadership** – democratic accountability underpins all of this. Councillors have a key role to play in taking tough decisions, helping councils change the way they work so that power is devolved to local people and neighbourhoods, as well as promoting fairness and tackling inequality.
- **improved local productivity** – in leading the transformation of local public services, councils are having to pool resources with their partners, re-design services, develop the voluntary sector and other local groups, and challenge themselves on cost and effectiveness.
- **strong local economies** – councils have a key role with local business leaders in stimulating growth in their areas. Local enterprise partnerships are central to this, tackling issues such as planning and housing, local transport and infrastructure,

employment and enterprise, and the transition to the low carbon economy. Councils also have an important role in stripping away and streamlining local regulation.

- **improved local performance and value for money** – inspection is being significantly scaled back and CAA abolished. Increasingly councils are monitoring and assessing their own performance and providing assurance to local people on local services.
- **transformed workforce** – local government will need to become smaller and more flexible than it is now. Councils are re-thinking how they employ their staff so they can best respond to major changes in the way public services operate.

**All this means that the LG Group will have to change too. Above all else, we need to deliver a clear, relevant, high quality offer with significantly less money, and only do those things where we can add significant value at the national level.**

This business plan focuses primarily on the services and support funded by subscriptions from LGA member authorities, including fire authorities, and RSG top-slice. We will seek additional funding for specific programmes where these fit with our priorities. We will provide services on a cost-recovery basis where councils are able and prepared to pay for them.

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# Our focus in 2011/12

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To achieve our mission, in 2011/12 we will focus on two high level aims:

- representing and advocating for local government and making the case for **greater devolution**
- **helping councils tackle their challenges** and take advantage of new opportunities to deliver better value for money services.

## Achieving greater devolution for local government

“The government believes that it is time for a fundamental shift of power from Westminster to people. We will promote decentralisation and democratic engagement, and we will end the era of top-down government by giving new powers to local councils, communities, neighbourhoods and individuals.”<sup>1</sup>

The coalition government has produced a huge programme of legislation for the term of the Parliament, providing an important lobbying opportunity for the LG Group to ensure

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<sup>1</sup> The Coalition: our programme for government, May 2010

these changes add real benefit to people's lives.

With the government's Big Society agenda, it will also be vital for the LG Group to demonstrate how local government's democratically elected local representatives are absolutely crucial in building a thriving civil society.

A number of major policy reviews and changes such as the Local Government Resource Review (local government finance) and the Dilnot Commission on Funding and Care Support (social care) will report during 2011. These are again important lobbying opportunities where the LG Group will represent the sector. Alongside that, there is continuing work of great importance to member authorities, such as our lobbying on the annual local government finance settlement, our work to remove the ringfencing of central government grants and on the ability to retain resources

raised locally such as business rates.

We have prioritised four bills on which we will focus our lobbying efforts during this Parliament:

- **the Localism Bill** – running to 406 pages, this is an extremely significant piece of legislation which looks to devolve decision-making powers from Whitehall to communities and their local democratically-elected representatives, including radical changes to housing and planning policy
- **the Health Bill** – major reforms to the health service will see GP consortia commissioning services and public health functions handed over to local authorities
- **the Education Bill** – this will give teachers greater freedom over the curriculum and allow new providers to run state schools

- **the Policing and Social Responsibility Bill** – this will introduce directly elected Police and Crime Commissioners and overhaul the Licensing Act 2003 with the introduction of new powers for licensing authorities.

Within these bills, which go through Parliament until November 2011 when there will be a new Queen's Speech, we will work with government departments and parliamentarians to ensure that local government strengthens its strategic role in communities and is granted more freedoms and flexibilities - all with the aim of seeking to improve services and serve local people's needs.

With the abolition of the government offices, the LG Group will develop its offer to help councils navigate government departments, to lobby on their major priorities, for example key transport infrastructure projects affecting an area.

We will be working to influence the EU's legislative programme on behalf of local government to enhance the opportunities for councils and minimise financial and regulatory burdens.

## Helping councils tackle their challenges

**The way councils improve over the next ten years will be radically different from the last ten.**

We are moving from the government wanting to control and manage public services through top-down performance management and the inspectorates, to a very different approach. The new government wants to create markets for public services, focusing on consumer empowerment and choice, along with much greater accountability to the public through the provision of transparent information.

As Baroness Eaton said in her foreword, our campaign to reduce the burden of inspection on councils has already been successful. Public Service Agreements, CAA, Use of Resources and Organisational Assessments have been abolished over the last few

months. At the same time, the government has welcomed local government's proposals for sector-led improvement.

Self-regulation is fundamentally different from the way inspection worked - councils will not be measured against a national view of what a good council looks like, but against what local people think. In our recent consultation, councils overwhelmingly agreed that they are responsible for their own performance and for leading the delivery of improved outcomes for local people in their area. The councils we consulted with agreed they are accountable to their local communities – stronger accountability through greater transparency helps local people drive further improvement.

**In their feedback to our consultation,** councils accepted that they have collective responsibility for the performance of the sector and for collaborating by sharing best practice and actively encouraging and providing peer support. The damage that can be caused by a failure in just one council can have a huge impact on the rest of local government. Without this, there is a risk of inspection and government intervention creeping back. Therefore, the LG Group Improvement Board working with the other programme boards will maintain an overview of the performance of the sector and ensure that direct support is available for councils or services at risk. This role will not create any burdens for councils.

In a world in which councils take responsibility for their own performance, and for getting help as and when they need it, our job is to develop the

market and make sure the improvement support they need is in place. Now more than ever before, councils are having to focus on saving money and supporting innovation, at the same time as engaging in new ways with the public as the balance between the state and the individual changes.

**During 2011/12, our focus will therefore be on providing the following improvement support:**

**Knowledge Hub –**

we are investing on behalf of the sector in a new web-based service to create a single point of access to information on improvement, efficiency and innovation so that councils can learn from each other. Using Web 2.0 technology, we will expand our community of practice and esd-toolkit platform to support networking, collaboration and knowledge sharing.



### **Data and Transparency –**

transparency is at the heart of the government's agenda for public service reform, and there is a clear demand amongst councillors and officers to be able to compare performance with other councils and areas. Within the Knowledge Hub, we are creating a free of charge place for councils to compare data to help them understand and improve their performance and productivity.

### **Peer Challenge –**

building on our popular and trusted programme of peer reviews, we are making an offer to all councils to provide a peer challenge over the three-year period from April 2011, free of charge. We will also continue to provide subject specific challenges in key service areas on a paid-for basis. It is essential that we have high quality peers, particularly leaders and chief executives on board to deliver this.

### **Direct Support –**

over the last three years, the LG Group has provided high quality peer and other specialist support to councils in key areas such as children's services, change of political control and councils in re-organisation. Supporting individual councils and groups of councils is still a high priority for us, especially councils with the most severe performance challenges.

### **Leadership Support –**

our leadership development work will focus councils' role in helping build civil society. Following on from our highly acclaimed Leadership Academy and Leeds Castle programmes which have provided opportunities for hundreds of politicians, we will commission a high quality, leading edge member development offer, and develop the wider market for both member and manager development.

## **Workforce –**

we will focus on workforce and employment issues, continuing to represent councils as employers by negotiating affordable outcomes on pay and conditions, and on issues such as senior pay. We will also work with councils on their workforce challenges, and on influencing EU and national policy.

## **Productivity –**

as we begin work on the second phase of our well received national productivity programme, we will focus on a number of ‘big wins’ including:

- market management, purchasing and capital assets
- innovative ways of commissioning and delivering services
- services for children, adults and families
- leadership support, peer challenges and information sharing and analysis.

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# How we will work

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## Our vision for the LG Group

We want to be a modern, high performing organisation – one that exceeds councils' expectations and is highly valued for strengthening local government's reputation.

The scale of the changes we are making is significant because of the big reduction in our funding base from April 2011. This gives the twin challenges of maintaining the clarity, relevance and quality of our offer for councils whilst making major improvements in our efficiency and cutting out duplication.

We will only achieve this if we operate as one organisation in which we:

- are led by local elected politicians
- have one set of politically determined priorities, based on councils' top priorities
- base our work on strong networks at all levels across local government
- demonstrate transparency and value for money
- are flexible and responsive, constantly in touch with councils
- have the mix of skills and experience that gives us credibility with both councils and government.

Our values are also important to us:

- being respectful and positive
- taking responsibility
- sharing knowledge and skills.

Everyone in the LG Group will need to demonstrate these values in their work with councils and colleagues.

## The future organisation of the LG Group

To make sure we can deliver this vision, we are currently consulting on new organisational arrangements with a view to putting in place a new structure as early as possible in 2011/12. Our focus will be on managing the transition effectively so we maintain our services and support to local government.

The following functions are designed to ensure that the priorities in this business plan are delivered as effectively and efficiently as possible, but

the new structure can only be finalised after the responses to our consultation with staff have been fully assessed.

**As a politically-led membership organisation,** we will invest in our support to the elected members who are directly involved in the LG Group. We will use our new governance arrangements to build strong connections with councils and provide political direction for all our work. It is vital that we support the LG Group's political membership on the Executive and programme boards. The political group offices will also provide important support to each of the political parties.

We will work with members through the nine programme boards of the LG Group:

- children and young people
- community wellbeing
- economy and transport
- environment and housing

- safer and stronger communities
- culture, tourism and sport
- European and international
- workforce
- improvement.

Programmes on important cross-cutting operational and policy issues will be steered by the Executive.

We will review our governance arrangements again in September 2011 to ensure they are as effective as possible.

**The LG Group’s core work will be delivered through programmes which bring together our policy work and our improvement support to councils.** People from across the LG Group will work flexibly on the priorities agreed by the Executive in the LG Group’s annual business plan – which may be adapted during the year to reflect local government’s changing priorities. This work will be steered by members on

the Executive or the relevant programme board.

Both our policy development and improvement support will be based on the feedback we get from councils and leading edge practice in local government itself. This includes our work on local government finance – all our programmes will have resource issues as a core concern.

Our programmes will be delivered by generalists who have the skills to work with member councils and government, manage networks and share learning, along with a smaller number of people with more specialist skills. We will also engage experts from local government to work with us on secondment or other short-term arrangements before returning to the sector.

We will ensure we have the capacity to deliver the improvement services described on pages 12-14 above, all of which will also need to align with and support the delivery of the LG Group's core programmes.

We will provide **direct support** to councils through work at a senior level with councils and groups of councils, government and political groups. We will commission support from peers and others, and provide direct support where the council as a whole or key services are at risk.

We will recruit the most experienced councillors, officers and partners from our networks and engage these peers in delivering a comprehensive programme of corporate and service-specific **peer challenges and support**. The work of member peers will be co-ordinated by the lead member peers working with the political group offices.

We will commission cutting edge **leadership support** for councillors and managers - and where appropriate their partners - to support improvement and innovation for key council priorities and services.

We will develop ambitious, national services to support councils in achieving improved **productivity**, linking directly to work being delivered in key service areas through our core programmes.

We will lead negotiations on pay and conditions on behalf of local government, and provide specialist advice and support on a range of **workforce** issues, including pensions, workforce development and productivity.

We will focus on supporting councils with **knowledge management and innovation** and will invest in new technology, benchmarking and analytical capacity to help councils compare their

performance and learn from each other. This includes developing an integrated web site and intranet for the LG Group and using communities of practice and the new Knowledge Hub to engage with thousands of members and officers across local government and the wider public sector. As part of this, we will ensure that we use technology and in a consistent and co-ordinated way across the LG Group to stay connected with councils.

Our group-wide **communications** function will focus on promoting the reputation of councils and supporting the work of the rest of the LG Group. This includes ensuring positive coverage in the national media and rebutting negative stories, influencing the parliamentary process, delivering a programme of events, and developing a range of customer-focused communications. We will join

up customer intelligence across the LG Group and streamline our communication with councils. We will also ensure that every council has a strong connection to a named person in the LG Group.

A new **business support** function will develop a common set of business processes for the LG Group to ensure that we operate as efficiently and effectively as possible. This is important so that we can focus our resources on our direct services for councils, rather than back office and support functions, making the most of new technology.

## **Local Government Group**

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## **Local Government Self Regulation and Improvement**

### **Purpose of report**

For discussion and decision.

### **Summary**

The Board is asked to approve the LG Group's final proposals on sector-led self regulation and improvement which have been developed in the light of councils' responses and members' discussion at the Improvement Board Away Day in November.

Given the centrality of these proposals to the LG Group's offer to councils, a similar report, along with the final proposals themselves, has also been submitted to the LG Group Executive at its meeting on 13 January.

### **Recommendations**

That, subject to any views from the LG Group Executive, the Improvement Programme Board:

1. approve the final LG Group proposals on sector-led self regulation and improvement (attached at **Appendix A**);
2. offer guidance on how best to ensure greater council ownership of the self regulation and improvement agenda - given that many councils have felt inspection and regulation was designed to limit local choice and prioritisation.

### **Action**

Finalise the Group's proposals on sector-led self regulation and improvement for publication and launch.

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## **Local Government Self Regulation and Improvement**

### **The New Context for LG Group**

1. The basis on which the LG Group will support the local government sector to meet its challenges with effect from April 2011 has changed considerably over the last 6 months. Government has previously prescribed a number of central bodies and other bodies such as Regional Improvement and Efficiency Partnerships (RIEPS) and associated governance arrangements. However, under the new arrangements, we will receive Revenue Support Grant (RSG) top sliced from councils through a single mechanism without government regulation or leadership of how self improvement will operate. It now falls to the LG Group to provide the framework by which we move forward from the system of inspection and regulation that is being scaled back.
2. In designing a new approach, the LG Group will also wish to develop new approaches to tomorrow's challenges and commission work in areas such as:
  - 2.1 promoting innovation;
  - 2.2 building capability to promote civil society through local leadership;
  - 2.3 making a success of community budgets / devolution;
  - 2.4 and ensuring that as a sector we utilise freedoms under the general power of competence to, for example, develop new forms of finance such as Tax Increment Finance (TIF) and social impact bonds.
3. So whilst over the next few years, our broader approach to self regulation and improvement will involve the development of a wider range of support in areas that presently do not exist, it is also important that local government clearly sets out its general approach to sector self regulation and improvement through greater transparency and collaborative approaches such as peer review and comparative performance information.
4. For this reason, the scale of councils' response to our consultation on self regulation and improvement is significant. As reported to the Improvement Programme Board at the Away Day in November, we received a material and overwhelmingly positive response from councils about the need to have some new arrangements in place for 2011/12.
5. Councils gave very strong support to the overall principles set out in the consultation document and clear messages about what is needed:
  - 5.1 councils are responsible for their own performance;
  - 5.2 councils have a collective responsibility for the performance of the sector as a whole where councils wish to work with others;
  - 5.3 the agenda must be much broader than just the services provided by councils and support better outcomes for communities as a whole and value for money for public expenditure;

- 5.4 whilst supportive of the suggestion that the LG Group provides tools to support them, councils are clear that such tools should be voluntary and be capable of adapting to local circumstances;
  - 5.5 respondents were also clear that the LG Group should not become some sort of sector owned inspectorate - whilst recognising that we have to manage the risk for the sector as a whole when councils are facing difficulties.
6. In light of the responses and following members' detailed discussions at the Away Day a final set of proposals has been developed and are **attached at Appendix A** for approval and launch.
  7. As well as finalising the proposals themselves, the Board also asked that we develop the LG Group's capacity to meet its own obligations in the new arrangements; in particular, through relatively more people "in the field" to work with councils where support is needed and to work with other local government networks to coordinate activity and support. This is reflected in the *Getting Closer* proposals for a new staffing structure that is expected to be in place from April 2011.
  8. The approach to sector-led self regulation and improvement has also shaped discussions with the Department for Education (DfE) and Department of Health (DH) in relation to assurance regarding services to vulnerable families, children and adults. The Children and Young People Programme Board and the Community Wellbeing Programme Board welcome the recently announced abolition of the annual assessment of all children's and adults services from OFSTED and the Care Quality Commission (CQC) respectively. This was part of our successful *Freedom to Lead* campaign – the precursor to the Group's new proposals for sector-led self regulation and improvement. Ministers have indicated that, in future, inspection and intervention by the remaining inspectorates and government departments will be commensurate with risk rather than apply to all authorities. Officers supporting the Boards have worked with government officials to ensure a coherent approach is recommended to Ministers that supports LG Group policy.
  9. The Department for Education has indicated that improvement must be sector led and not government led and has invited LG Improvement and Development to form a commissioning group involving relevant partners such as children's services networks and DfE itself. The group will commission improvement support to children's services within an overall approach of working supportively with authorities facing problems and reducing the scale of intervention. DfE has also indicated that it will pass over to LG Improvement and Development, as the accountable body, some resources it has previously retained centrally. Similar discussions are at an advanced stage with DH relating to improvement support for social care, public health and NHS transformation. This will greatly assist local government's scope for joined up improvement support. Discussions with some other Whitehall departments are at a more preliminary stage.

10. A communications and engagement strategy for this work is being updated. Subject to Members' views, the main change proposed is to move from a consultative position to one of appropriate leadership on behalf of the sector – setting out what will now be put in place. It is important that the approach to sector self regulation and improvement is owned by councils and particularly by elected Members who often commented that inspection and regulation ran contrary to localism. As well as ownership of the approach itself a strong member input is also needed to support peer challenge and review.
11. In addition to discussions with the political group offices there have also been some very positive discussions with several professional bodies. For example SOLACE is keen to work with the LG Group on branding the work as broad based and sector owned and help identifying at least 24 authorities who would be prepared to have one of the new peer challenges offered as part of the proposed approach. It would also be helpful if authorities represented at senior level within the LG Group were to request a peer review at an early stage.
12. As well as supporting individual councils, the LG Group will wish to ensure studies take place that advise the sector as a whole of further opportunities to reduce costs. The place based productivity work we have commenced is the first step along this path and the next steps will be reported to the next cycle of the Group Executive. At the same time, some councils have commented that the national studies undertaken by the Audit Commission (which may in future be undertaken by the National Audit Office) focus on whether policies are being implemented in a cost effective way, but they do not always comment on whether the policy itself is sensible. In the coming months, the Improvement Programme Board will therefore consider how the sector can best have appropriate capacity at its disposal to comment and evaluate national and local policy options. This further reinforces the sector's wish that we develop a fresh approach to improvement.
13. It is envisaged that subject to more detailed work, authorities not in LGA membership will be outside the system of collaboration and mutual support we provide as local government's trade body.
14. As set out above, the proposals on sector self-regulation and improvement are **attached as Appendix A**, for Members' approval.

### **Opportunities and Risks**

15. There are both considerable opportunities and risks. A successful approach towards sector-led self regulation and improvement will strengthen the reputation of the sector to have the confidence to deal with its own issues, even during a period of challenging budgets. An ambitious and effective implementation of self-regulation would also strengthen the LG Group's position with the sector and be a positive reason to remain in membership of local government's umbrella body.

16. However, poor or falling performance by the sector, particular if some councils do not take their challenges seriously or are defensive and do not welcome advice from peer review etc, could adversely affect our reputation and lead to arguments that government should more tightly performance manage issues. Furthermore, independent bodies commenting on sector performance is different to a system of self regulation where the sector could be seen as not sufficiently challenging of itself.
17. This is not a new tension but the abolition of much of the old inspection and performance management framework raises the prominence of self regulation and the visibility with which we will succeed or otherwise.
18. Given the importance of this issue to the LG Group's future success, the Improvement Programme Board will need to tightly monitor implementation and assess risks in liaison with other Programme Boards and keep the LG Group Executive updated, particularly if any barriers develop.

#### **Launch**

19. During 2011/12 we will arrange national, regional and thematic events to launch the new approach to sector-led self regulation. LGA Members and partner bodies such as ADASS / ADCS will need to be regularly involved and our aim is to involve every council in dialogue about the new approach and their requirements.
20. The Improvement Programme Board will monitor progress in liaison with other Programme Boards against detailed plans and communicate regularly with Leaders, chief executives and the sector generally about the roll out of the new arrangements.

## **DRAFT Local Government Self Regulation and Improvement**

### **Foreword by Councillor David Parsons**

I have been greatly pleased by the number and quality of responses we have received to the consultation on a new approach to sector self regulation and improvement. The response rate was one of the best there has been to an LG Group consultation with 120 individual councils responding and almost 200 councils responding through their Regional Improvement and Efficiency Partnerships (RIEPs) and other bodies.

Councils agreed with the underlying principles we proposed – that councils are responsible for their own performance; that stronger accountability to local people drives further improvement and that councils have a collective responsibility for performance in the sector as a whole.

Councils agreed, too, that the role of the LG Group should be to support councils by providing tools like peer challenge. Respondents also recognised that there are two key areas where the sector needs to work together – developing an ability to compare key performance information and supporting councils that need help.

But respondents were also clear that any tools developed nationally should not be imposed but made available for councils to use them as and when required. This has always been our intention but as the national voice for local government our role means that we will want to encourage the sector to make use of these tools as widely as possible.

There are clear expectations from government that the scaling back of inspection also requires the sector to step up and ensure we are providing some light touch self-assurance and more importantly support where required as early as possible.

The core tools we are making available will be free at the point of use and paid for by councils through the RSG top slice, and the more use the sector makes of them the more useful they will be both for individual councils and the sector overall. We also will ensure through brokering and market making that services are available from the market that councils wish to see developed.

On the specific question we asked about inspection, respondents felt that safeguarding inspections of services to vulnerable children and adults should continue where they are needed – but that there was scope for greater peer challenge in these areas and for inspection to be more proportionate and focussed on outcomes not process. This view aligns with recent government proposals to cease the annual assessments of all children's and adults services by OFSTED and CQC respectively.

Councils also felt scrutiny had a valuable contribution to make to performance improvement and that any approach should look beyond councils' own services to the wider outcomes being achieved. Both these points are reflected in the detailed proposals we will implement in 2011/12.

Finally there was a strong message that councils want to continue to work with us in developing this approach and some of the specific tools that underpin it. The next section of this publication sets out our overarching proposal for how sector led improvement should be taken forward. We are determined that it is very light touch. It will focus on sharing good practice and an ability to access peer support. The LG Group will maintain an overview of the performance of the sector in order to identify potential performance challenges and opportunities. However, we will seek to achieve this without creating any additional burdens for individual authorities.

**Cllr David Parsons CBE**  
**Chairman**  
**LG Group Improvement Programme Board**



## **Background**

Our campaign to reduce the burden of inspection on councils has been successful. We've seen Public Service Agreements (PSAs), the Comprehensive Area Assessment (CAA) and burdens such as the Use of Resources and Organisational Assessments abolished over the last few months. At the same time, the government has welcomed the stance taken by the sector to provide more emphasis on self regulation and improvement.

Councils shouldn't be accountable to inspectors; they are accountable to their residents. Ultimately the electorate hold their councillors and councils accountable through the ballot box. In addition, day in day out, councillors and councils are engaging with their residents to ensure that they are delivering the high quality outcomes they deserve. From holding councillor surgeries through to formal citizen panels, councils are constantly seeking ways of engaging with their communities and being held more locally accountable for what they do. Now that the burden of bureaucratic accountability and the centrally imposed national targets have been lifted, they can concentrate even more on listening and engaging with their communities to deliver what they want.

The previous regime of inspectors and government field forces holding councils accountable through inspections, targets, and plans was estimated to cost in excess of £2 billion a year. Clearly this could not continue and the new government is seeking to promote greater local accountability through their drive for greater transparency.

In this paper LG Group sets out our approach to how self regulation and improvement will work in practice. We are not setting out a system that has to be adopted by all parts of the sector and all councils. But we do expect that councils will take steps to enhance the way they are held accountable locally. In addition, councils will continue to support each other, particularly through the use of peers. The LG group will provide approaches to help councils with each of these two objectives and also ensure that inspection does not creep back by keeping an overview of the performance of the sector and the wider regulatory regime in which they operate.

The next sections provide some more detail. The roles and suggestions are not meant to be prescriptive. Councils will choose based on what is best for them which ones they wish to use.

The approach set out in this paper will come into effect from April 2011.

## **Role of individual authorities**

At the very heart of our proposals are two key principles which were overwhelmingly endorsed by our recent consultation paper.

1. Local Authorities are responsible for their own performance and for leading the delivery of improved outcomes for local people in their area.

2. Local authorities are accountable to their local communities. And that stronger accountability through greater transparency helps local people drive further improvement.

Councillors are elected to office with a mandate to deliver particular outcomes for their electorate. More often than not the mandate is set out in the party's manifesto where the public has a right to hold their council accountable for the delivery of these commitments.

How councils go about **strengthening local accountability** will vary from place to place. And we must not forget that councils providing local people with information and engaging with them in many different ways to hold them to account is not something new or that's not routinely done already.

But it is accepted that the lifting of some of the national burdens provides more opportunity to concentrate on local outcomes that local people have had more of a say in. We expect that councils will continue, where appropriate, to:

- a) encourage feedback from their residents through a range of channels including councillors surgeries, satisfaction surveys, complaints, comments and compliments
- b) make use of social media techniques to gather information
- c) use citizen juries, mystery shopping
- d) consult with the public on proposals that affect them
- e) publish regular performance information so that the public can understand how well the council is meeting its objectives (e.g., annual report)
- f) publish on-line all expenditure in line with national requirements in a way that the public can understand
- g) make use of the role of scrutiny to challenge and improve both councils services and those of their partners
- h) take stock of their own performance and identify areas for improvement and risks
- i) make use of opportunities to be challenged by peers
- j) seek and welcome support from the sector as and when required
- k) develop their councillors to fulfil their role in this new environment.

Local authorities also have a **collective responsibility for the performance of the sector** and to collaborate through sharing best practice and actively encouraging and

providing both member and officer peer support. This principle was also widely endorsed by the sector although some councils felt that in the current climate providing peers for others would be harder than in the past. Over the coming year LG Group will review, develop and implement an organisational development model for the sector to promote and/or incentivise collaboration and sharing expertise.

A key aspect of sector led regulation and support is that the sector is willing to provide the peers to both challenge and support others. This has been a key strength of the sector in the past and is even more important in the current challenging environment. In addition, the peers themselves are provided with a learning opportunity which we know from experience they find highly rewarding and use what they have learnt to make improvements in their own authority. Therefore we ask that authorities commit to continuing to provide the high quality peers that are required as a way of helping others but also learning for your own authority too.

## **Role of the LG Group**

The LG Group is an integrated lobbying and improvement organisation for the sector. On lobbying we will continue to campaign for further devolution and for councils to have greater accountability of all public services in their locality. We will also continue to make the case for further reductions in inspection. In particular we will continue to lobby on behalf of the sector for changes to be made to the safeguarding inspection regimes and for a reduction in the burden of reporting to government.

On improvement we will support councils by making available tools for the sector to use as and when required. We will encourage councils to make use of them as there is strong evidence that they help to drive improvement and provide a means for sharing good practice around the sector so that collectively everyone can benefit.

The key tools we are making available will be free to local authorities and we will work with the sector over the coming months to help shape them. In the responses there was strong support for any proposals to look beyond just councils and take into account the wider area and work with partners. We have already piloted some activities which are relevant across an area as a whole and we will develop these and other tools to provide an area dimension so that councils can use them in that way if they want to.

The tools will include:

### **1. Peer Challenge**

We are making an offer to all local authorities to provide, **free of charge**, a peer challenge over the three year period starting in April 2011.

It will be voluntary to have a peer challenge but we know that since April 2007, almost 70% of local authorities have had a peer challenge and we know that during the CPA/CAA era, councils that had a peer challenge improved their ratings to a greater extent than those that did not.

To deliver on such a significant commitment we need help from the sector. We need the sector to make available the high quality peers that are required, particularly Leaders and Chief Executives and senior experts. In order to ensure a cost-effective way of delivering such a commitment we will need the peers and the local authorities to book in advance slots over the coming three year period where they can either give up time to be a peer on a challenge or when they wish to have a peer challenge.

The focus of the challenge will be worked up with each local authority and will be flexible to their needs. However, we expect they will all have some focus on the corporate capacity and leadership of the local authority – because we know these are key factors in council performance and improvement.

In addition, we will continue to offer shorter, sharper more subject specific challenges. It will not be possible for these to be free but the price will be kept to a minimum.

## **2. Peer Support**

We are also offering up to 5 days of free member peer support for all councils which undergo change of control. Experience shows that providing member peer support to a new political administration in a timely manner is welcomed and of great benefit to the council.

In addition, we will continue to provide high quality member peers covering a wide range of areas. We are also actively expanding our peer banks to include experts from business, the voluntary sector and other parts of the public sector including, where wanted by authorities, civil servants.

## **3. Knowledge Hub**

We know that Councils want to learn from each other but find it difficult to find the time or find the right information. Therefore we are investing on behalf of the sector in a new web based service that will create a single window to improvement in local government. It will use Web 2.0 technology and services and build upon the principles of the current community of practice platform, to support networking, collaboration and knowledge sharing.

It will bring people together in one place online to share ideas, knowledge and information. Users will be able to find peers and experts who share their interests, to help each other and develop how they work. It will be a much more co-ordinated and dynamic way of using social media.

The Knowledge Hub will be fully operational by September 2011 and will be free for the sector. It will provide “money supermarket” style capability where improvement services can be compared in terms of customer experience and/or range of costs.

#### **4. Data and Transparency**

There is a clear demand amongst members and officers to be able to compare performance with other councils and areas – because it helps you understand your own information and can act as a spur to increase productivity and optimise outcomes.

Therefore, we are creating a free of charge a place within the Knowledge Hub for individual councils to lodge data in an open source environment that gives access to services to help them understand their performance and productivity. These services include:

- Easy access to contextual data of known quality such as demographic and other socio-economic information;
- Help in getting under the skin of council and service productivity;
- On line means to share experience and understanding and find out about best practice;
- Access to analytic expertise in support; and
- The creation of individual and tailored council “dashboards” or agreed sets of data to present relevant data locally.

For councils who want the service, it will also provide a facility and structure to share and compare key data for selective, intelligent comparison with similar (or contrasting councils). We suggest that this would have a core of agreed metrics around cost efficiency and productivity, outcome and achievement, and citizen satisfaction, but with the service offering the ability to go beneath these measures.

We will ask all councils to place their data – such as government data returns on performance and cost - on the hub so that it is open to all users. If councils commission benchmarking clubs other than those provided by LG Group we ask that the data is placed on the hub and drawn from it by those clubs so that all local government performance, outcome, resident survey and cost data is open source to the public. This will ensure a VFM and effective means of local government reaching the highest standards of transparency in the public sector.

#### **5. Leadership Support**

The LG Group will continue to provide development support for political and managerial leaders. Our Leadership Academy and Leeds Castle programmes have provided development opportunities for hundreds of politicians. We will continue to provide leadership support for our political leaders and we will be making available **one subsidised place for every council for each of the next three years** on one of our main programmes commissioned from the market.

#### **6. Local Assessment Tools**

Following on from the self-evaluation tool the LG group provided for councils under the CAA regime, we intend to develop with the sector a new local assessment tool that

helps councils to work with local people, partners and communities to get a shared assessment of current performance.

Working with the Centre for Public Scrutiny, we will help local authorities make more effective use of scrutiny as a key tool for challenging performance locally.

We will also continue to make available products which it is sensible to invest in once nationally and then provide free of charge to the sector such as the YouChoose online budget simulator. This encourages members of the public to consider where council budget cuts should fall, where efficiencies might be made, and where income might be generated.

## **7. Learning and support networks**

We will support networks of officers and Members at a national and sub-national level working with any sub-national groupings of councils and the relevant professional associations to share good practice and to provide timely support. We will prioritise our support to areas that the sector has said are a priority including children's and adult services.

We will also seek to make use of these networks to inform the wider policy and lobbying role the LG Group plays on behalf of the sector. LG Group is committed to sharing costs with councils' groupings in the interests of ensuring there is no duplication and the best use of councils' and the sector's improvement resources.

### **LG Group Improvement Board**

We all agree that service or council "failure" damages the reputation of the sector as a whole as well as having an impact on the lives of local people and that we have to find some way of managing this risk – but councils don't want the LG Group to become some form of sector owned inspectorate; and we are not going to. Neither will we be able to rule out completely that no council will fall into difficulties in the future. Even the previous regime of inspection and government monitoring couldn't stop failure completely.

But the damage that can be caused by a failure in just one council can have a huge impact on the rest of the sector. For example high profile failures in children's safeguarding have created inspection burdens and difficulties recruiting social workers for all councils.

We also believe there is a risk that if we do not take greater collective responsibility for overseeing the performance of the sector, including the release of peers, then inspection and ultimately government intervention will creep back.

Therefore, the LG Group Improvement Board working with the other programme boards at the LG Group will maintain an overview of the performance of the sector. We will ensure that this role does not create any burdens for local authorities.

We will need to work with councils to find a light touch way to gather the wealth of information and intelligence that already exists in the sector – in political networks, through sub-national groupings and professional associations – so we are able to share good practice more effectively, to spot potential trends and also to identify where things might be beginning to go wrong. We will use that intelligence as a basis for talking with the council about possible improvement needs and offering appropriate support. Our Regional Associates, expanded in number with new roles, will co-ordinate this activity for the LG Group.

The LG Group will meet with the remaining regulators and government to receive information about the performance of the sector from their perspective. These meetings will provide the opportunity for local government to reassure government that sector led regulation and support is a much more effective way of addressing performance failures.

### **Role of Audit and Inspection**

Whilst inspection has been scaled back, external audit will continue. We agree that to ensure the integrity of the spending of public money it is necessary for financial audit to continue. We will wish to ensure though that this does not become inspection by the back door.

We also remain of the view that inspection should only take place in cases where an individual council or the sector more widely agrees that it would be appropriate. Our belief is that often peer challenge is more appropriate and in many cases where inspection is being carried out to dig deeper into known performance issues then it would be even better if sector support was put in place.

Councils accept that inspection of safeguarding should continue for the time being. However, councils are also clear that it should be more proportionate and be based on looking at outcomes rather than processes. The sector is also keen to make more use of peer challenge and the LG Group will continue to provide support in this area.

### **Role of Central Government**

Central government will retain powers to intervene but they should be used as a last resort. Serious corporate failure is very rare in public bodies and we expect any concerns that government have to be raised with the individual local authority and the LG Group so sector led support can be provided where necessary. We believe that this approach is much more preferable than the Secretary of State directing a body to carry out an inspection of an authority.

Government departments should cease to issue Improvement Notices on individual councils and work with LG Group to support those Councils.

## **Next Steps**

Sector led regulation and improvement is already happening to a large degree and the approach set out builds on this but in a way that does not impose any additional burdens on councils but does reinforce the principle of collective responsibility.

We do not underestimate the challenge of this approach at a time when councils are having to make significant savings and take some very difficult decisions on behalf of their communities.

We will work with the sector over the next few months to refine the tools that the LG group are making available to ensure that they are what councils want and can be adapted where necessary to local circumstances.

We will publish updates on each of the proposed offers over the next few months.

### **Key roles in the new approach**

Local people and communities will hold councils to account

- Participating in council consultation exercises
- Utilising on-line expenditure information
- Utilising published performance information
- Attendance and participation in local meetings
- Participation in any council self assessment/scrutiny activities
- Challenging elected members/ward councillors
- Through local elections

Councils will

- Be responsible for their own performance
  - Build strong performance management systems across the council and local partnership
  - Share and compare key performance data as appropriate – including best practice
  - Take advantage, as appropriate of LG Group support offer
    - Citizen engagement and accountability
    - Peer challenge
    - Peer support
  - Offer peer support – and assimilate learning
- Be accountable to local people and communities
  - Engage local people in priority setting etc
  - Make performance information publicly available in ways that local people can understand and use

The LG Group will

- Continue to lobby for further reductions in assessment, inspection and reporting



- Provide tools for councils to use to strengthen engagement, accountability and performance improvement
- Liaise with councils and offer support to those facing challenges.

Inspectorates will

- Provide external challenge for high risk areas such as adult and child safeguarding – but reforming their current approach so that it is more risk based and proportionate
- share concerns about poor performance with the sector to enable improvement support to be offered in advance of any further inspection
- coordinate inspection plans to minimise the burden on individual councils

Government will

- minimise their data collection and reporting requirements on councils
- allow the sector to deal with any performance issues facing any particular council before considering any form of intervention

If you have queries or questions you are welcome to contact [dennis.skinner@local.gov.uk](mailto:dennis.skinner@local.gov.uk) and [nick.easton@local.gov.uk](mailto:nick.easton@local.gov.uk).



**Item 3**

## **Local Productivity Programme**

### **Purpose of report**

For discussion and direction.

### **Summary**

The Place Based Productivity Programme was initiated in the summer of 2010 to help councils respond to the significant funding challenges that were then anticipated in the Spending Review. The first phase of the work is on course to deliver its quick wins. These include the sharing of knowledge about tried and tested methods of improving productivity so as to help councils meet their funding gap.

Following on from previous reports this paper recommends the focus and shape of the next phase of the programme.

### **Recommendations**

That the Board:

1. notes the work in progress, provide views and comments, and agree or amend the proposals for phase two of the programme;
2. considers whether it would be helpful to hold member led workshops to shape three developmental work programmes;
3. expresses a view on the proposed future name for the programme – the Local Productivity Programme;
4. reports on progress to date and the proposals for phase two of the programme, to the LG Group Executive.

### **Action**

As directed by the Board.

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**Item 3**

## **Local Productivity Programme**

### **Background**

#### **Phase 1 – achievements so far**

1. The Place Based Productivity Programme was set up by the LG Group to assist councils meet the difficult challenges posed by the Spending Review. It was one of the key elements of the LG Group offer to the new Government. The budget pressures set out in the local government finance settlement will place an increased urgency on authorities to deliver on these. Our programme aims to help councils close their funding gap through improved productivity.
2. In Phase One, the Improvement Programme Board established 9 workstreams which are listed with their member champions below:
  - 2.1 Democratic Leadership (Lord Peter Smith)
  - 2.2 Procurement Capital and Shared Assets (Councillor Paul Bettison)
  - 2.3 Shaping Markets and New Models of Delivery (Councillor Steve Reed)
  - 2.4 Adult Social Care (Councillor Gerald Vernon- Jackson)
  - 2.5 Children's Services (Councillor Bryony Rudkin)
  - 2.6 Data and Transparency (Councillor Stephen Greenhalgh)
  - 2.7 Shared Services Across Areas, Tiers and Partnerships (Councillor Gary Porter)
  - 2.8 Central Government Barriers and Burdens (Councillor Jill Shortland)
  - 2.9 Workforce and Skills (Councillor Roger Philips)
3. The programme has already delivered an ambitious array of practical help in a short time-scale. This has included identifying procurement gains, mapping best practice, developing 'how-to' guides – and creating the basis for councils to compare productivity performance information. Support from the sector has been substantial and member champions and chief executives have worked hard on behalf of the sector to steer the programme. Over 120 leading officers and members have given their time to make the programme work.
4. At a successful LG Group national conference on 3 December 2010, workstream member and officer champions shared their thinking and learning so far. We launched an on-line library of over 80 Productivity Opportunities that were identified by the workstreams and drawn from other sources such as work on innovation and Total Place. Every council is being encouraged to test its own performance and practice against these Opportunities and to identify ideas that could be adapted and used locally.

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5. Nine work-streams are coming to an end of their work at different speeds, and we need both to capture and disseminate the outputs from each work-stream. As the LG Improvement and Development 'Knowledge Hub' goes live in the near future this will be the place to locate this work. In the meantime, as reports, tool-kits etc. are completed, they will be hosted on the LG Group productivity website to ensure they can be shared and used across the sector.
6. Overall phase one has largely delivered on its stated objectives of:
  - 6.1 identifying existing good practice and 'tried and tested' methods to support councils in making gains
  - 6.2 helping councils and their partners to develop the benchmarking and unit cost information needed to drive greater efficiency.

### **Proposals for the next phase**

7. The Improvement Board suggested at its November Away Day meeting that it would be important, as this first phase came to an end, to focus efforts on fewer future work-streams, and to move other areas of work into mainstream delivery. The diagram **appended** to this report shows the next phase in summary form with more detail on the proposals being given in the text below.
8. The next phase switches the productivity programme into mainstream delivery, and will aim to sustain the active engagement of local authorities and partners.

### **Programme Governance and wider Member involvement**

9. The overall governance of the programme will continue to be through the Improvement Programme Board, with links to the LG Group Executive and other LG Group Programme Boards.
10. In addition an officer co-ordinating group will meet regularly both to shape the detail of the LG Group's programme and to discuss the wider dilemmas and choices that emerge from productivity work. Periodically these meetings will engage Whitehall colleagues to discuss issues that require shared action.
11. The Productivity Programme will be part of the core business of the LG Group and part of the new staffing structure which will be in place from April 2011.
12. Crucial to the success of next phase of the programme will be a deeper engagement of elected members in all aspects of productivity work. We will need to find a range of innovative ways to engage not simply leading members, but also front-bench politicians across parties and across localities, in new

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thinking about models, delivery systems and commissioning approaches that can realise significant savings and safeguard outcomes.

13. In particular, for each of the 'big win' areas described in paragraph 15, the input of members will be crucial if we are to ensure the help and support developed is informed by a robust understanding of the relevant political sensitivities and drivers.

**Board Members are asked to advise on the best ways of involving elected members in the development of the next stage of the programme.**

**From 'quick wins' to big wins**

14. There is agreement about the need to move in this second phase from quick wins to big wins. Major productivity gains will be found in the areas local government spends most on.
15. We are therefore recommending that we carry forward three major developmental work programmes. It is proposed that the themes will be developed in consultation with relevant LG Group Programme Boards.

**Board Members are asked to comment on these proposals - and agree to reshape the programme around the following themes:**

- 15.1 **A market management, purchasing, capital and assets programme –** building on the work of the procurement and capital assets work-stream and creating an expert, national team, based at LG Group. This will include establishing a 'procurement hub'; prioritising a small number of high opportunity procurement categories; and exploring the scope for potential savings through procurement at scale. As well as gathering intelligence and conducting analysis, the hub would also have the capability to set up national or regional mechanisms to create powerful shared purchasing power. Initial work would identify three or four priorities and created a staged process for bringing each into development. Very early thinking suggests that fruitful areas for productivity gains may include energy, waste, highways and transport and capital projects and construction. These, and any other areas considered would be developed in consultation with the relevant LG Programme Board and would seek to work with/make sense of existing relevant local and national government bodies. This programme will also take responsibility for exploring options around capital assets and buildings – sharing, selling, redesigning, transferring and using assets in radically different ways.

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- 15.2 **A ‘future ways of working’ programme** - to consider the learning and evidence from phase one work on Workforce and Skills, Shared Services and New Markets and Models – and to take thinking to the next level. The programme would bring together a wider group of politicians and chief officers to engage with developing thinking. This would be done through action learning groups and a series of high level summits to explore radical future organisational and governance arrangements. Aspects to be explored and developed would be likely to include: including shared front-office services, integrated management, cluster-authorities, commissioning and market making, transitions to mutual and employee led providers, and the implications of change for staffing, skill-mix, terms and conditions etc. This programme would involve, where appropriate, private, third sector and Whitehall colleagues.
- 15.3 **A children, adults and families programme** – there is an opportunity for work in this area to be focussed on speeding up the transition to new user pathways and delivery models across the ‘people services’ of children’s services and adults’ social care. This would be done through sharing emerging practice in community budgeting, personalisation, new commissioning models etc – working in consultation with the LG Group Children and Young People and Community Well-being Programme Boards. Part of the support commissioned would be interventions to share core thinking between work centred on children and adults, and to design future systems for ‘people services’.

**Members are asked if they think it would be helpful to organise member led workshops on each of these developmental work programmes to help shape and guide the overall shape of each work programme.**

**Mainstreaming productivity support**

16. The work-streams have done important work that now needs to be mainstreamed as part of the LG Group productivity support offer. The role of the LG Group will be to:

- 16.1 **Test, pilot and deliver practical support.** We are prototyping the ‘Inform’ service – the new shared performance data information system, which the Local Government Group will offer to the sector. The service will include new metrics and approaches to understanding productivity and unit cost developed through the programme. Next steps are to work with a number of councils in depth to develop the service, and to continue to engage the sector more widely to be sure that the service meets councils’ needs as widely as possible.
- 16.2 **Developing democratic leadership.** The Democratic Leadership work-stream has contributed important learning about the skills, knowledge and behaviours politicians will need to lead resilient organisations into the future, and to equip



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themselves for the judgements and decisions they will need to make and see through to completion. This needs now to be put into practice – through both the leadership offer of the LG Group and a redesigned peer challenge and peer support process – ensuring that member peers can offer a range of practical and expert support to authorities facing productivity challenges. This is a process of leadership development and skill- transfer and will offer opportunities to think in new ways, take part in practice exchange and action learning, and keep up to date with innovation in the private and third sectors, and from international examples.

- 16.3 Support individual authorities in trying out new approaches.** Practical support will need to be made available to local authorities wanting to use a range of approaches generated and highlighted by the programme to increase their productivity. In the first instance we will be working with a few councils to pilot how they can consider and apply the ‘new productivity opportunities’ identified in phase one and launched at the conference on 3 December 2010.
- 16.4 Mainstream support for practice exchange** across the sector – creating both practical capability to support authorities in difficulties, as well as opportunities for experiments and, enabling both politicians and managers across the sector to catch up, learn from and transfer gains from initiatives elsewhere. Numerous good practical examples already exist of experienced authorities lending staff or expertise to others - such as the work Hampshire is doing with Wigan on capital assets.
- 16.5 Engage in dialogue with Whitehall – barriers and burdens:** Instead of a separate barriers and burdens workstream, it is proposed to establish bi-lateral arrangements to take forward action on those barriers to productivity which the Improvement Programme Board and co-ordinating group believe are sufficiently important to require a response from Whitehall.

### **Quality control and challenge**

17. In order to ensure that ideas and proposals are both robust and at the forefront of thinking, it is proposed to set up a ‘challenge’ group, made up of ‘critical friends’ of the sector, from private and third sectors and academics, to examine the ideas, products, proposals and outputs from the productivity programme – advising the sector on alternatives, and ensuring that thinking is constantly under challenge.

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**Connections to place-based approaches- community budgeting and ‘big society’**

18. Productivity needs to continue the link to place-based approaches, since some of the biggest wins will come from a place-based approach. The productive places programme has engaged members and senior managers in practical ways to share learning from place-based initiatives and is testing and evaluating the productivity gains to be made by working collaboratively in places, and it will be important to sustain a place-based dimension to work going forward.
19. Learning will also need to be continually transferred between the sixteen community budgeting pathfinders, the Total Place pilot authorities and other place-based experiments, and those authorities engaged in initiatives around the ‘Big Society’. The overall project management will ensure that linkages are made and fed into the programmes as necessary – and pathways made for localities through the Knowledge Hub to keep up to date.

**Communications**

20. Building on the web communications developed and the publicity gained for the programme and December conference through First, and articles in the trade press, a communications strategy is being developed for the next phase of the programme.
21. Following on from confusion about the programme’s name (Place Based Productivity Programme) it is proposed that in future it be referred to as the Local Productivity Programme.

**Members’ views are sought on the proposed future name for the programme – the Local Productivity Programme.**

**Financial Implications**

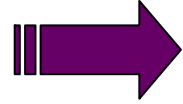
22. The whole of the LG Group has a role in supporting this work. The RSG bid includes resources to develop the programme and support councils in the new financial year and capacity to support the programme has been built into the proposed new structure. Staff from across the Group are supporting individual areas of work.
23. The Audit Commission has seconded a member of staff to provide programme management support and is inputting additional support into the development of productivity metrics. The individual authorities have also contributed the time of their own staff alongside RIEP support.

# Local Productivity Programme

## Improving Productivity

### Phase One – Nine Workstreams

Work completed and outputs produced December to April 2011



### Phase Two (January 2011 onwards)

#### Support to councils

- Leadership support and development
- Peer help and reviews
- Develop K-Hub and 'Inform' and supporting productivity metrics
- Productivity Opportunities

#### National Big Wins

- Market management, procurement, capital and assets
- Children's services and adults
- Future ways of working

#### Links to related work

- Community budgets and related initiatives
- Big Society



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## **Community Budgets – update**

### **Purpose of report**

For discussion..

### **Summary**

Sixteen places, involving over thirty councils, are now developing their plans for community budgets on complex families. They will be negotiated with government during the next few months. There are key roles for the LG Group in supporting councils to bring forward ambitious proposals, encouraging pace and momentum, supporting them with implementation, championing the devolution of resource, and, most importantly, making sure that the government concludes from the experience of the sixteen areas that it wishes to extend community budgets across local government and into a wider range of services than the complex families issue.

### **Recommendation**

Members are invited to comment on the update and to note that joint political governance for the programme of work is being pursued (paragraph 9).

### **Action**

Officers to reflect Members' suggestions in future support to councils and communications and lobbying activity.

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## **Community Budgets - update**

### **Background**

1. In the Spending Review the government announced **the first sixteen areas which will set up pooled budgets across different government departments (“community budgets”)**, and stated its intention that this model of accountability will be rolled out across the country by the end of the Spending Review period.
2. It said that the areas will propose which departmental budgets they wish to pool locally, within **the broad theme of helping families with complex needs**.
3. In response, the LG Group said it was pleased that the government took on board the germ of our place-based budgets proposal, intended to implement a version of it and that the **first community budgets would involve nearly a fifth of all upper-tier councils**.
4. We said too that a genuinely localist approach would not restrict the scope of pooling in place-based budgets and devolve pooled funding for whatever purpose local areas chose in order to provide the best and most efficient services for local people.

### **The key issues - scope**

5. The key issue throughout our campaign for community budgets has been the budgets that are in and out of scope – this requires a decision by government departments to devolve budgets and make them subject to local accountability.
6. In meetings with government officials since the Spending Review announcement, some places have been frustrated by the absence of a clear offer to devolve money. This issue is still in play – and during the next few months it should be resolved.
7. The Treasury has recently issued a high-level note on budgets that could be pooled on complex families (See **Annex 1 attached**) – but the note makes it clear that this should not constrain places from making more ambitious proposals. An invitation has been made to places to bring forward these proposals by mid-January. There will then follow a period of negotiation with a view to budgets being in place by April.
8. A related issue - and one of the reasons why Ministers did not in the first place adopt our more ambitious place-based budgets model – is that community budgets form part of a wider debate about the reform of public services and the

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way they are governed, delivered and funded. There are open questions about how community budgets relate, for example, to embryonic new models of payment by results. The government is preparing a White Paper on public service reform, and the LG Group is seeking to ensure that local democratic accountability for services, and community budgets in particular, continue to be central to the policy agenda.

**Governance**

9. At a national level, there are clear attractions in joint political governance for the programme of work on community budgets that brings together national and local government leaders. We and councils involved in the sixteen areas have called for such a forum to be established. This could set key milestones against which progress could be assessed and barriers addressed.
10. The official level leadership for community budgets is provided by a High Level Officials Group with four chief executive-level representatives from local government, including one from the LG Group, and local partners. The Whitehall officials on the group – at Director-General level - have a role that combines both challenge and support to places with an advocacy role on their behalf – in particular, the negotiation and brokering of devolved budget lines (and removal of other barriers) with government departments.
11. Government has been reluctant to impose a timetable and process for the development of community budgets beyond saying that they need to be in place by April. Drawing on our interactions with places, officers in the group are beginning to play a role in setting out an indicative timeline and helping to provide momentum (See **Annex 2 attached**).

**The LG Group**

12. The LG Group has a number of roles in relation to community budgets:
  - 12.1 To bring local government together with representatives of central government to discuss their development – a number of sessions have been held including events for leaders and chief executives at Warwick on 15 / 16 November and Westminster on 13 December; and a practitioner event on implementation held on 15 December at Warwick. These events highlighted the challenges of some departments fully participating;
  - 12.2 To champion the views of local government including ensuring that community budgets on complex families is part of a wider devolution of resource. An immediate next step will be to collate the requests from



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places to distil any collective requests, share and strengthen the propositions;

- 12.3 To support places to develop community budgets by co-ordinating activity, supporting political leadership through events, identifying and sharing learning, providing technical support, encouraging innovation for example by developing new preventative approaches and exploring new finance models on payment by results and social impact bonds;
- 12.4 To ensure that there is a strong case for the devolution of resource, working with places to ensure that there is the analytical capacity, advice and support to build and assess the impact of community budgets so we have the evidence for further devolution;
- 12.5 To bring together the other work on community budgets, including the Cabinet Office project on locally integrated services, the work of some departments with specific places on other issues, supporting developing relationships between GP consortia and local authorities, and the CLG led work to devolve budgets to neighbourhoods. A key objective here is to prepare places for a wider roll-out of community budgets.

**Financial Implications**

13. The costs will be met from within existing group resources. A costed programme plan for 2011 - 12 is in preparation as part of the business planning process.



22 December 2010

## Letter to Community Budget Partnerships

### **Item 4, Annex 1**

Dear colleagues

The Community Budgets and Local Productivity Group, chaired by Lord Bichard, met on 14 December. At the meeting, departments undertook to support Community Budgets through two specific measures: the circulation of an initial ‘menu’ of options for Community Budget areas, and the allocation of Director General champions for each of the areas.


I enclose with this letter a menu of funding options and other support. This will underpin further discussions at the local and national level, supported by Whitehall Director General champions. The menu covers the departmental funding that we consider likely to be most suitable for pooling or alignment to support families with complex needs in Community Budget areas. This represents a clear commitment that relevant departments and their agencies will engage positively with local partnerships to agree how elements of these funding lines can most usefully support Community Budgets.

The menu is not designed to be a final set of options nor set out specific ‘deals’ for places.. But it does set out those areas of spend which are clearly relevant to tackling families with multiple needs and which can be called upon in order to deliver locally designed services. Departments are continuing to consider options for precisely how funding should be allocated in a number of areas. As discussions progress, where Community Budgets develop promise to make further efficiencies in spending, departments may wish to consider additional means of supporting innovative new approaches beyond those set out here, including through other sources of funding. The Director General champions will have a vital role in supporting this process. I



expect that we will be able to circulate a final list of DG champions for all Community Budget areas very shortly

Best wishes

A handwritten signature in black ink, appearing to read 'Helen Bailey', written in a cursive style.

Helen Bailey



## Community Budgets: the offer to local areas

1. The Spending Review set out the Government's commitment to creating genuinely new approaches to pooling funding at local levels, to be trialled through Community Budgets in 16 areas. Provided these are successful, the intention is to roll the approach out to all areas from 2013-14. Community Budgets have the potential to play a vital role in delivering the system reform that will support the Prime Minister's stated ambition to 'turn around every troubled family in the country'. The initial set of Community Budgets is being focused to support families with multiple problems. It is only through genuine system reform that we can increase, over time, support for these families, reduce avoidable costs and the burden that these families place on local services.
2. Government is making radical changes to the way frontline services are funded, which will mean that the approach advocated by Community Budget partnerships becomes easier in all places. We have sought to ensure that budget holders at local level have the freedom to pool and align funding to deliver better outcomes, and expect local budget holders to use this freedom, engaging with communities and other local delivery organisations.
3. For councils, Government has reduced the number of separate core grants from 90 to fewer than 10, and ended ringfencing of all revenue grants from 2011-12, except simplified school grants and a new public health grant from 2013. This includes over £2 billion a year from DfE across England – unringfenced - to support early intervention.
4. Together with reforms in the way that other agencies are funded, with Government giving frontline professionals and delivery bodies more discretion about how to spend funds, this will mean that all areas benefit from significantly more ability to align spending with local priorities. The Community Budget 'offer', however, needs to be significantly above and beyond the changes that the Spending Review put in place for funding in all areas to be credible and to enable the benefits of this approach to be compared to those from the wider flexibility for all places.
5. To support Community Budget areas to go further, we are providing a 'menu' for local partners, set out in the annex to this note. This covers the departmental funding that we consider likely to be most suitable for pooling or alignment to support families with complex needs in Community Budget areas. This represents a clear commitment that relevant departments and their agencies will engage positively with local partnerships to agree how elements of these funding lines

can most usefully support Community Budgets, including through pooling at source, local pooling as well as improved local alignment and sharing of resource (eg staff, assets). By pooling at source, we mean an up-front agreement, for the SR period, that funding allocated to specific organisations will be applied to tackling families with multiple needs to provide certainty over this funding and to enable the total sum of funding to be governed by one mechanism (which places will need to define) that identifies services and delivery models and oversees performance. We will wish to consider how this can be systematised once we understand what sort of budgets are emerging from the local discussions.

6. The menu is not designed to be a final set of options nor set out specific 'deals' for places. But it does set out those areas of spend which are clearly relevant to tackling families with multiple needs and which can be called upon in order to deliver locally designed services. It also provides a clear basis for local, and local/Whitehall discussions about pooling, and also aligning and coordinating budgets and delivery processes at local level to support shared outcomes for these families. As discussions progress, where Community Budgets are able to make further efficiencies in spending, departments may wish to consider additional means of supporting innovative new approaches beyond those set out here, including through other sources of funding. The DG champions will have a vital role in supporting this process.
7. The Spending Review set out departmental allocations by broad area. Departments are now working to clarify how these funds will be allocated to local areas and on what basis. In general terms funding has been made significantly simpler with fewer specific lines of spending. As this continues to become clearer, we anticipate that departments will be able to provide further details to support Community Budgets in coming weeks and departments will ensure that Community Budget partners receive up to date information on progress.
8. The intention is not to prescribe from the centre the specific funding mix that should support each Community Budget. Nor is it intended to imply that all funding from a particular budget line will be appropriate for each Community Budget – this will depend on the scope of the services being funded through the Budget. The menu is therefore not designed to be exhaustive or to rule out pooling of other funds but to form the basis of further discussions with each of the Community Budget partnerships.

9. To secure efficiencies and remove duplication, it is vital that we inject flexibility into delivery chains so that barriers to effective joint working are removed. The role of Community Budgets in developing a shared accountability to local people, between different agencies, is as important as the funding mix. Discussions with councils have reinforced the importance of supporting Community Budgets not just through pooled funding, but also through contributions in kind from local partners, particularly in terms of flexibility about the way that services to the public are delivered. Clearly, this will need to take into account normal priorities around value for money. but it is important that departments signal to their delivery organisations that flexibility is a key part of their role and that departments will address barriers (from legislation, guidance, objectives etc) that stand in the way of this flexibility. The menu sets out departmental commitments to help ensure that this takes place.
  
10. Where local partners wish to, we envisage that Community Budgets could be supported by a form of agreement ors MOU between relevant local partners and departments. Government would work with local partners to help put this in place. The MOU could set out the accountability arrangements, funding agreements and key priorities for each Community Budget. We want to see local partners working to agreed priorities and will expect partners to work towards broad support for the proposed services and Community Budgets. To support this, we see crucial roles for the Whitehall champions and their supporting colleagues in leading the process of agreeing Community Budget agreements at Whitehall level – where this is necessary - and tackling national and local barriers and issues.
  
11. Some Community Budget partnerships have said that they want to explore formal agreements with departments and agencies to redistribute savings generated through new approaches to service delivery, or through ramping up existing successful models, enabled through pooled funding through the Community Budget. Any such agreements could also be specified through MOUs agreed between relevant agencies and departments. Where local partners have proven methods of delivery, it may be possible for partners to support some up-front investment in order to scale that up. Clearly, the ability of all parties to do this is likely to be constrained by budgets which have been reduced to support the need to reduce the national deficit.

## Menu of Government support options for Community Budgets

Budgets included within the menu should not be seen as exclusive and other proposals from individual areas will be considered. The intention in naming specific lines within the 'menu' is that elements of them are likely to be suitable for pooling, but in most cases it would be unlikely for the totality of the named funding line to transfer into a Community Budget. The specific amounts will be subject to further discussions at a local level, supported by the Whitehall champion. There are some examples of funding streams with more than one contributing department. For the sake of clarity, we have listed these once - for example, funding which now sit within the new Early Intervention Grant

Department	Potential resource support for Community Budgets	Related supporting activities
DWP	<p>District Managers will be able to pool and align elements of <b>Jobcentre Plus discretionary funding</b>, where welfare to work objectives and priorities are improved by Community Budgets.</p>	<p>DWP will write to Jobcentre Plus district managers setting out expectations around supporting Community Budgets.</p> <p>In-kind Jobcentre plus support through case workers / outreach support and secondment of staff to support work with families.</p> <p>Where it would be legal and proportionate, sharing data – via informed consent – to provide a more aligned and holistic customer offer, or to support the monitoring of outcomes.</p> <p>Co-location of Jobcentre plus or other premises will be supported where estates business cases are proven.</p>
	<p>Prime contractors are free to pool and align <b>Work Programme funding</b> in Community Budgets.</p> <p>Councils and other Community Budget partnerships are able to act as sub-contractors, for example, to supply niche provision for eligible members of complex families.</p>	<p>Government is supporting engagement between local bodies and Work Programme providers, including the scope for councils to act as sub-contractors to Work Programme prime providers</p>
	<p><b>European Social Fund</b> A proportion of the ESF provision to be targeted on families with multiple problems.</p>	

Home Office	<p><b>Drugs Intervention Programme</b> main grant can be pooled provided the management of drug misusing offenders from custody to sentence and post-sentence is being delivered and reducing reoffending outcomes are improved.</p>	<p>Around 85% of Home Office grant funding passes directly to <b>police forces</b>. The Home Office will write to Chief Constables in each of the Community Budget areas. This will make clear that Home Office will support police forces who wish to support local priorities through pooled funding and aligning delivery mechanisms where they consider it appropriate.</p>
	<p>Once <b>Police and Crime Commissioners</b> are in place the majority of central government funding for crime, drugs and community safety programmes will be devolved to them. PCCs will be able to pool resources and funding with local partners and will be supported by Government where they choose to do so.</p>	<p>Through Community Budget agreements, Government will:</p> <ul style="list-style-type: none"> <li>- Reduce central mandates specifying how funding should be spent</li> <li>- Reduce soft performance management controls</li> </ul>
Ministry of Justice	<p><b>Youth Offending Team</b> grant funding may potentially be pooled or aligned as agreed at a local level provided core youth justice services are being delivered.</p>	<p>MOJ expects that local partners in the 16 Community Budget areas to identify and agree opportunities for pooling and aligning funding and delivery mechanisms. The MOJ and NOMS will engage with these areas to support this and has already written to <b>Directors of Offender Management, Probation Trust Chief Executives and Prison Governors</b> to set out expectations. The Youth Justice Board will be also be writing to Youth Offending Teams (YOTs) shortly.</p> <p>Some of those areas will be involved in the MOJ project to test how partners in local areas can be incentivised to reduce the demand on the criminal justice system. This project will be taken forward in Greater Manchester and with a number of London boroughs.</p> <p>All local authorities have been asked whether they wish to be involved in the Youth Justice Reinvestment Pathfinder. Decisions on pilot areas will be made in Feb / March 2011.</p>
	<p>Some <b>Probation / NOMS interventions</b> funding streams and grants may potentially be pooled or aligned as agreed at local level.</p>	
	<p>MOJ has set out a commitment to testing payment by results approaches, including testing financial incentives for local areas in Manchester and London. For youth justice this includes: linking YOT grants to payment by results, and the Youth Justice Reinvestment Pathfinder initiative focusing on reducing the use of custody.</p>	
Department of Health	<p>During 2011-12 and 2012-13, NHS Primary Care Trusts will retain responsibility for delivering the NHS contribution to local health outcomes within their resource envelope. <b>NHS Primary Care Trust</b> funding is likely to</p>	<p>The Department of Health will write to PCT chief executives in Community Budget areas. This will emphasise the importance of the role that PCTs can play locally in supporting Community Budgets, including through pooling and aligning funds and contributions in kind as well as overcoming barriers</p>



	<p>be suitable for pooling, where PCTs wish to contribute, in 2011-12 and 2012-13.</p> <p>PCT funding from Government is not broken down into multiple streams; dependent on local Community Budget priorities, elements of PCT spend in a variety of areas are potentially suitable for pooling or alignment. This could build on successful existing examples of pooling in areas such as mental health, support for older people funding related to drug and alcohol dependence. Family Nurse Partnership and health visitor services and funding could also support Community Budgets.</p>	<p>to accessing specialist services including drug, alcohol and mental health services where appropriate. This message will be supported by Strategic Health Authorities.</p> <p>Health and wellbeing boards in local areas will provide a forum for partners to develop local priorities and strategy, and consider the best way to maximise the impact of their collective resources to improve local communities' health and wellbeing. An enhanced role for Joint Strategic Needs Assessments as well as obligations for the NHS with councils to engage in the development of joint health and wellbeing strategies, will provide a strong emphasis on the importance of joint commissioning and shared investment.</p>
	<p>From 2013, DH funding for local areas will go down three main tranches, to:</p> <ul style="list-style-type: none"> <li>- GP consortia (and the NHS Commissioning Board for some specialised services responsible for delivering the NHS contribution to local outcomes within their resource envelope</li> <li>- Local Authorities for health improvement</li> <li>- Local Authorities for social care</li> </ul>	<p>DH will write to all upper tier councils, including Community Budget areas, in January, inviting them to be early implementers of Health and Wellbeing boards. Community Budget areas are likely to be well positioned to take on this early implementation role. The National Treatment Agency for substance misuse is writing to local partnerships responsible for drug and alcohol treatment highlighting the scope for using ear-marked drugs money along with other pooled funds, including through Community Budgets.</p> <p>A rolling programme of GP consortia pathfinders, which began with an initial cohort of 52 pathfinders announced in December 2010, will be testing the issues involved in GP commissioning before consortia are established as statutory bodies (from April 2012 onwards) and take on full statutory responsibilities (from April 2013). Pathfinders will also take on increasing delegated responsibilities for NHS commissioning during the transitional period. Evidence of engagement with local authorities is already one of the criteria for becoming a pathfinder. SHAs and PCTs will also encourage pathfinders that are situated in Community Budget areas to discuss with local authorities the potential for joint commissioning arrangements with Community Budget partnerships</p>

<p>Department for Education</p>	<p>The new <b>Early Intervention Grant</b> for local action vulnerable children, young people and families will be passed to councils in un-ring fenced form. Payment by results mechanisms covering all aspects of activity funded under the Early Intervention Grant will be piloted from 2011/12.</p>	<p>DfE will fund a small number of local areas to demonstrate and disseminate effective practice eg developing practitioner skills, preparing families with complex needs for entry to the work programme/employment.</p>
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**DEVELOPMENT OF FIRST PHASE COMMUNITY BUDGETS – FAMILIES WITH COMPLEX / MULTIPLE PROBLEMS  
HIGH LEVEL PROJECT PLAN TO APRIL 2011**

**Item 4, Annex 2**

	Nov	Dec	Jan	Feb	Mar	Apr
<b>Key milestones</b>		<b>LG Finance settlement 13/12</b> Confirm places representation and project coordination with Whitehall	<b>Draft budgets to emerge by end of Jan</b> <b>Places finalise draft propositions 21/1</b> <b>Political event – ministers and council leaders discuss national and local ambition 28/1 (tbc)</b>	<b>Negotiation on draft budget leading to final budget submission to HMT/CLG/DfE by end of Feb</b> Councils approve 2011-12 budget	<b>Community budget in place by end of Mar</b> Governance / accountability arrangements agreed Agreements on budgets to be pooled centrally (Feb / Mar)	<b>IMPLEMENTATION</b>
<b>Places</b>	Further developing proposals with partners	Working up costed proposition and governance arrangements with partners Identifying focus families Identify approach considering scope for innovation, commissioning strategy and de-commissioning	Finalise proposition re pooled budget, other devolutionary steps and measures of success (and share with other places) Defining success in terms of outcomes, costs and benefits	<i>Place reports for Budget Report (requirement tbc)</i> Places finalising budgets (LAs and partners) Identify local accounting officers	Prepare for commissioning with partners and families Finalise baselines to measure impact	
<b>Central Government departments (led by CLG &amp; DfE)</b>	Formal invitation and briefing of first phase places	Establishing Whitehall coordination arrangements - Whitehall DG champions and lead officials confirmed Conversations with places	Discuss draft budgets with places Develop process for central pooling of budgets	Identify national accounting officer Confirm budget lines that will be pooled from across Whitehall	Collate budget statement and agree future milestones with places Finalise arrangements for central pooling	
<b>Local Government Group</b>	Community Budget conference for first phase places.  <ul style="list-style-type: none"> <li>• Weekly updates</li> <li>• Share intelligence and identify blockages</li> <li>• Provide CoP and website to share good practice</li> <li>• Share key messages from First Phase with other community / small area budget pilots (with CLG)</li> </ul>	Bring together places and Whitehall to share progress / issues and experience / knowledge Practitioner event – children's services	Support places to share and strengthen propositions Identify places interested in innovative financing models Practitioner event - finance	Advocate common outcomes for the sector and promote future vision for community budgets	Summit event – Community Budgets – next steps (late Feb / Mar)	Share learning with wider sector



## Note of decisions taken and actions required

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<b>Title:</b>	<b>LG Group Improvement Board</b>
<b>Date and time:</b>	15.00, 17 November 2010
<b>Venue:</b>	City Marketing Suite, City of London

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### Attendance

Position	Councillor	Council
Chairman	David Parsons CBE	Leicestershire CC
Vice Chair	Jill Shortland	Somerset CC
Members	Peter Fleming	Sevenoaks DC
	Peter Goldsworthy	Chorley BC
	Dr Andrew Povey	Surrey CC
	Tony McDermott	Halton BC
	Tim Cheetham	Central Bedfordshire
	Helen Holland	Halton BC
	Sir David Williams CBE	Richmond upon Thames LB
	Edward Lord JP	Corporation of London
Substitutes	Russell Roberts (Labour Group)	Rhonda Cynon Taff CBC
	Clarence Barrett (Independent Group)	Havering LB
In attendance	Paul Bettison	Bracknell Forest
	Philip Selwood	Energy Saving Trust (LGID Board Member)
Apologies	Ruth Cadbury (Deputy Chair)	Hounslow LB
	Jeremy Webb (Deputy Chair)	East Lindsey DC
	Robert Gordon	Hertfordshire CC
	Richard Stay	Central Bedfordshire

**Officers:** Rob Whiteman, Dennis Skinner, Helen Platts (LGID); John Ransford, Nick Easton, Liz Hobson, Paul Johnston (LGA)

Item	Decisions and actions	Action by
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**1 LG Group Business Plan**

Helen Platts, Strategic Business Adviser, LGID, introduced the report which set out the process for agreeing the LG Group business plan for 2011/12. It was noted that there was a significant reduction of 38% in Revenue Support Grant funding over the next four years and that there was pressure on other sources of funding including the membership subscription.

Members asked whether the LG Group would be able, despite funding restrictions, to increase areas of activity that the Board considered were most important. Officers said that the LG Group, more than ever, would have to prioritise those activities that member councils wanted the Group to pursue.

Members discussed LGA member subscriptions and said that a small number were on notice to leave membership of the Association. Members said that the RSG Prospectus was an important document in demonstrating the value of membership.

***Decision***

Members noted the report and agreed that a further item on the LG Group Business Plan be brought forward to the January Board agenda.

**Action**

Officers to progress work on the LG Group Business Plan for 2011 / 12 and to update Members on progress at the January Board meeting.

**2 The abolition of the Audit Commission**

Rob Whiteman, Managing Director LGID, introduced the report, saying that the Government had recently announced plans to disband the Audit Commission, which would impact on auditing arrangements for local authorities. The intention was to have new arrangements in place for auditing local public bodies in England by 2012/13 and there were a number of issues to be considered, including the cost implications for councils in procuring audit.

Members said that further efforts needed to be made to engage councils in this transition process.

Different opinions were expressed about proposals for councils to be able to appoint their own auditors. On the one hand this was welcomed as part of the devolution agenda and it was felt that greater competition could lead to lower fees. On the other hand it could potentially jeopardise auditors' independence and lead to higher costs for some councils, e.g. smaller councils in remote locations.

***Decision***

*Members agreed that officers further explore the practical issues involved in the abolition of the Audit Commission in more detail with CLG, the Audit Commission and the National Audit Office.*

**Action**

Officers to further explore those practical issues and report to the Board in due course.

**3 Regional Improvement and Efficiency Partnerships**

Dennis Skinner, National Co-ordinator, Regional Associates, introduced the report, noting that work was underway to assess how the LG Group could best support improvement and efficiency at a local and regional level at the end of the current financial year.

Members said that it was important to engage with Council Leaders to ensure that any proposed way forward reflected Councils' preferences.

***Decision***

*Member noted the report*

**4 Notes of last meeting and actions arising**

The note of the last meeting was agreed as a correct record.

## Actions arising from last meeting

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**Title:** LG Group Improvement Programme Board  
**Date and time:** 15.00, 17 November 2010  
**Venue:** City Marketing Suite, City of London

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Item	Progress
<p><b>1 LG Group Business Plan 2011 - 12</b></p> <p><i>Action</i></p>	
<p>Officers to progress work on the LG Group Business Plan for 2011/12 and to update Members on progress at the January meeting.</p>	<p>A report on the Business Plan is included on the agenda for the January meeting of the Board.</p>
<p><b>2 The abolition of the Audit Commission</b></p> <p><i>Action</i></p>	
<p>Officers to explore further those practical issues and report to the Board in due course.</p>	<p>Discussions are underway with CLG, the Audit Commission and the National Audit office and will be reported to the Board in due course at either the March or May meeting depending on progress.</p>



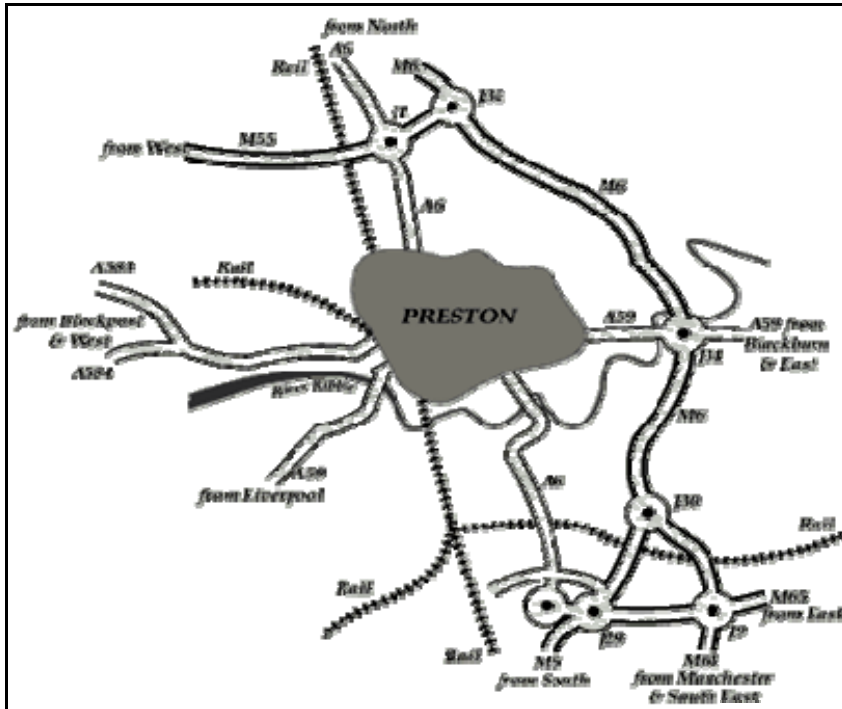
## How to find us

### Address

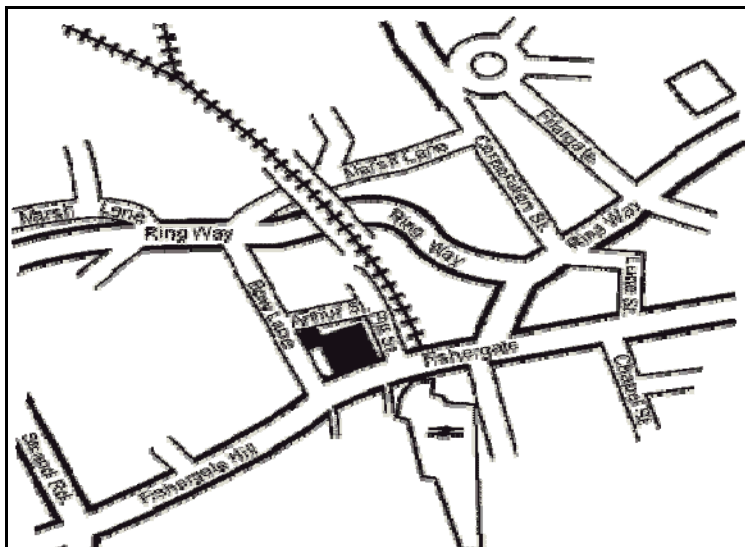
Lancashire County Council, PO Box 78, County Hall, Fishergate, Preston,  
Lancashire, PR1 8XJ

### Maps

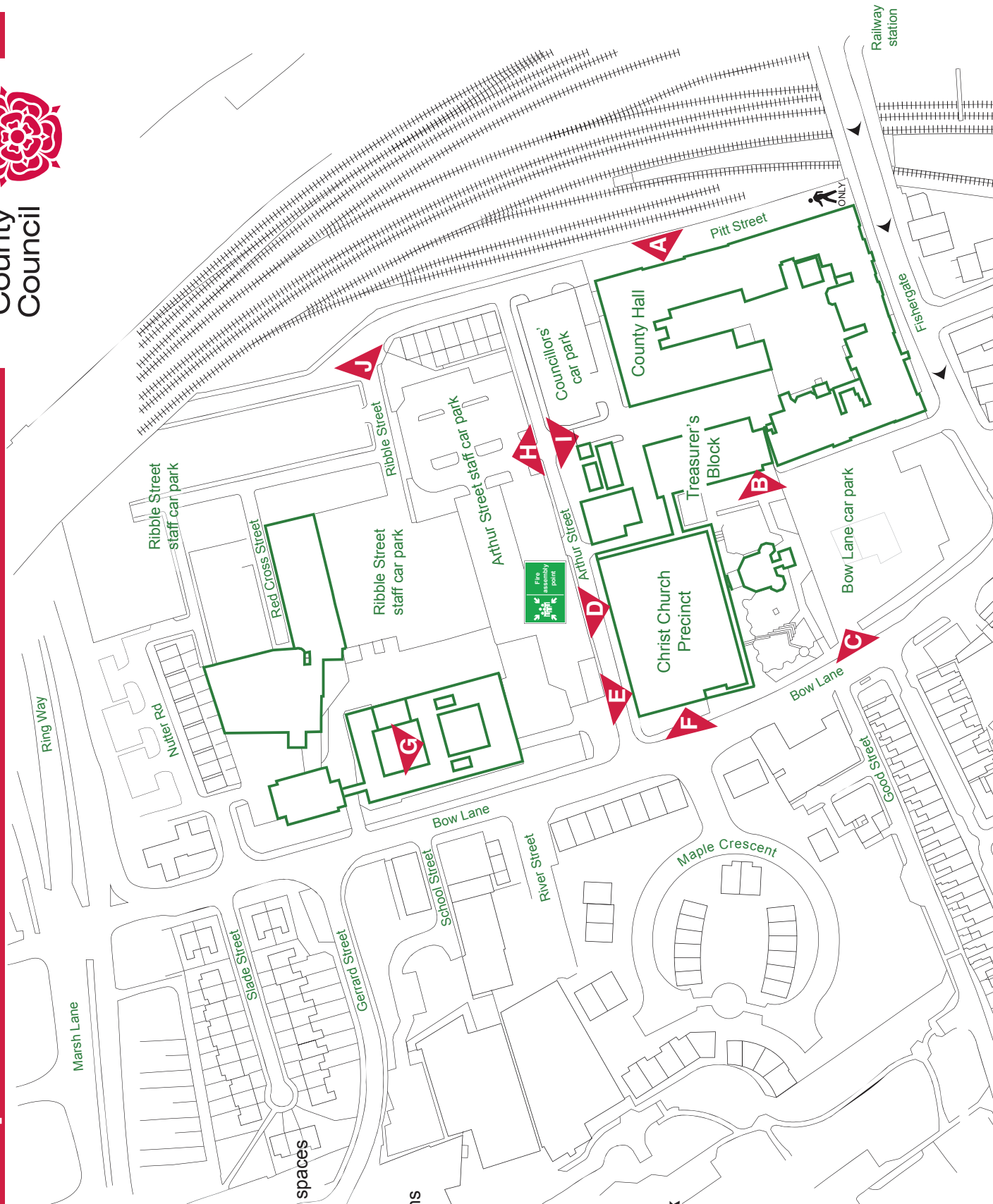
#### Directions to Preston city centre (Road)



#### Directions to County Hall, Fishergate Hill from Preston City Centre (Train)



**County Hall Complex** Main entrances and public enquiries



- A Pitt Street entrance**  
County Hall building  
General enquiries  
Council Chamber  
Cabinet rooms  
Mess
- B Bow Lane entrance**  
General enquiries
- C Bow Lane car park**  
Occupational Health Unit  
Visitors and staff short-stay spaces
- D Arthur Street entrance to Student Services**
- E Preston Register Office**  
Births, marriages and deaths
- F Preston Register Office**  
Ceremonies entrance
- G Record Office**
- H Arthur Street car park and fire assembly point**
- I Arthur Street entrance to councillors' car park and deliveries**
- J Ribble Street staff car park**