

Sector Self Regulation and Improvement Advisory Board

Purpose of report

For discussion and direction.

Summary

This report is from the independent Advisory Board established to provide oversight of sector self regulation and improvement, and offer advice to the Improvement Programme Board as appropriate.

Recommendation

Members are asked to receive the report and offer any feedback to the Advisory Board.

Action

Report back to the Advisory Board, as appropriate.

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Sector Self Regulation and Improvement Advisory Board

Background

1. The LG Group Improvement Programme Board, working with the other Programme Boards as appropriate, provides political leadership and oversight of sector self regulation and improvement. However, as members have previously acknowledged this new approach brings with it both considerable opportunities and risks for the sector. This is particularly the case at a time when councils are having to make significant reductions and the amount of resources from the sector to support councils is also being dramatically reduced.
2. As a result, and in view of the importance of this work to councils and the LG Group itself, the Improvement Board has agreed that it would be helpful if members were supported in this work with independent advice from a wider range of views from the sector than that provided by the LG Group officers alone. As reported to the Board in March, a new sector owned and led Advisory Board has therefore been established (independent of the LG Group) to provide oversight of the new approach and advise the LG Group as appropriate. Steve Freer, Chief Executive, CIPFA, has agreed to chair the Board.
3. The Advisory Board has met on three occasions and has spent some time thinking about how it can best assist the LG Group to make a success of its proposals for self regulation and improvement.
4. The Advisory Board's first report to the Improvement Board is **attached** at Appendix A. The report sets out how the Advisory Board sees its role, and provides details of some of the key things it has been considering to date and planned work.
5. Specifically the Advisory Board advises that the LG Group should consider and agree what success looks like for the LG Inform service before the final version is launched in the autumn and that the Improvement Board should put in place arrangements to assess its progress at key stages.
6. It has also offered advice about strengthening our arrangements to identify councils facing performance challenges.

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Financial Implications

7. There are no additional financial implications arising as a result of this report.

Appendix A

Sector self regulation and improvement – Advisory Board report

We welcome the establishment of the Independent Advisory Board.

We have met three times this year so far and have spent some time thinking about how we can best assist the LG Group to make a success of its proposals for self regulation and improvement within local authorities.

In summary we propose that:

The role of the Board is non-executive and advisory.

We see our role as that of a “critical friend”. We will provide independent oversight of sector self regulation and improvement – giving both advice and challenge to the LG Group. Our objective is to ensure that the LG Group and the sector as a whole develop practices which are rigorous and robust, including the ability to detect, highlight and take action in significant cases where there is evidence of poor performance.

Where the LG Group itself provides tools and support to local authorities we will be interested in the take-up, value and effectiveness of those products and services. We will also be interested in the take-up, value and effectiveness of other products and services available to councils.

We will report to the LG Group after each meeting and currently intend to provide an annual report to the LG Group Improvement Board. Our reports should be in the public domain. We will welcome feedback from the Improvement Board and are ready to offer additional advice to the Board on other issues, as requested.

We may wish to commission further work – and are grateful for the confirmation of assistance from the LG Group.

As well as taking time to consider how we can best assist the LG Group to make a success of its proposals for self regulation and improvement we have looked at LG Inform and discussed the lessons emerging from Rob Vincent’s recent review of councils experiencing intervention.

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We have examined the way **LG Inform** (the Group's new data service) is developing. We think this service is sensible and necessary. It has real potential value for Overview and Scrutiny members. And in the longer term consideration should be given to broadening the scope to include councils' work with other parts of the local public sector, in particular health. We have asked to receive regular progress reports on the development and introduction of LG Inform.

But we are, in particular, of the view that the LG Group should consider and agree what success looks like for the LG Inform service before the final version is launched in the Autumn and that the Improvement Board should put in place arrangements to assess progress at key stages.

We met with Rob Vincent, Chief Executive, Doncaster MBC to discuss the lessons emerging from his **review of councils experiencing intervention** (which was the basis of his presentation to the LG Group Improvement and Innovation Conference in March 2011) and how this could inform the LG Group's approach to managing the risks of underperformance.

We believe that the task of detecting, highlighting and taking action in respect of poor performance by individual local authorities is one of the most challenging issues facing the LG Group. The previous performance regime could not predict or prevent failure. Neither is an approach based on self-regulation likely to do so. Nevertheless it is important that the LG Group makes a concerted effort, and develops a systematic approach, to try to identify the early warning signs of possible major difficulties and provide effective support services for affected councils.

It is clearly important to maintain close contact with authorities which have experienced difficulties in the recent past to ensure that they are continuing to improve and make progress. But it is important to also scan for possible new difficulties. To do this effectively it is important to recognise some of the indicators which may give rise to performance failures which include:

- a lack of trust and confidence in relationships between leading members and senior staff
- adoption of high risk change strategies
- disengagement from the wider community of local government
- significant financial difficulties and/or inability to gain agreement for an appropriate financial strategy

In order to identify the small number of authorities – perhaps three or four – facing acute difficulties at any point in time, it will be necessary to keep a much larger number – perhaps twenty or thirty – on the LG Group's radar screen and to recognise that presence on the radar is not in itself an indication of failure.

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Over the **next few months** we will be particularly keen to ensure that robust arrangements are in place to

- gather intelligence about performance and manage the risk of underperformance
- assess the sector's ownership and take-up of the self regulation agenda

and that we are developing a way of assessing what impact the new approach has in terms of improved outcomes.

The **Membership of the Board** is as follows:

Steve Freer (Chairman)	Chief Executive, Chartered Institute for Public Finance and Accountancy (CIPFA)
Eugene Sullivan	Chief Executive, Audit Commission
Ian Hickman	Director of Policy, Audit Commission
Michael Whitehouse	Chief Operating Officer, National Audit Office
Mike Suffield	Director of Financial Audit, National Audit Office
Mike Bennett	Assistant Director General, Society of Local Authority Chief Executives (SOLACE)
Caroline Tapster	Chief Executive, Hertfordshire CC
Terry Huggins	Chief Executive, South Holland and Breckland
Paul Najsarek	Association of Directors of Adult Social Services (ADASS)
Marion Davis	President, Association of Directors of Children's Services (ADCS)
Suki Binjal	Solicitors in Local Government/Association of Council Secretaries
Jessica Crowe	Executive Director, Centre for Public Scrutiny (CfPS)
Rob Whiteman	Director of Policy and Development, LG Group



**Improvement Programme
Board**

19 July 2011

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Dennis Skinner	Head of Leadership and Productivity, LG Group
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