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**Item 4**

**Board of Directors  
29 April 2005**

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**Quinquennial Review**

**Decisions**

The Board is asked to consider the report of the Quinquennial Review (QQR) of LACORS by Peter Hyde and Derek Bell, of Peter Hyde Management Consulting between January and April 2005 and provide its formal response to the LGA's Improvement Board that meets on 25<sup>th</sup> May 2005

**Actions Required**

The Chairman and Executive Director on behalf of the Board will present the Board's formal response to the Quinquennial Review to the LGA's Improvement Board and ensure any comments by the LGA are circulated to LACORS Board members

**Contact Officer:** Derek Allen, 020 7840 7201, derek.allen@lacors.gov.uk

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## **Quinquennial Review**

### **1. Summary**

1.1 As a local government central body funded by top sliced funds from Revenue Support Grant, the LGA are required by the ODPM to carry out a quinquennial review of LACORS following agreed terms of reference reproduced in appendix 1.

1.2 The LACORS covering report to the Board does not intend to repeat in depth the findings of the report, but will briefly summarise what the report covers and then respond to the more significant conclusions and recommendations. Finally, we will outline some important next steps to move forward to address areas for improvement and building on our considerable strengths

1.3 Overall the report provides a very good analysis and overview of LACORS role, responsibilities and work programmes. We see the report as very positive, with a clear endorsement of LACORS role, but with opportunities to build on our strengths, address our weaknesses and importantly take this opportunity to consider the future direction for our organisation. The timing is particularly good, with the publication of the Hampton review, which will have significant implications on the delivery and performance of local authority regulatory services and we at LACORS are very well placed to firmly position a leadership role in the performance improvement agenda for these key services.

1.4 The QQR is an in depth look at the services provided by LACORS and whether we are meeting the objectives set for the organisation, the adequacy of our constitution for service delivery, whether we duplicate services provided by others and whether we give value for money. It has also addressed the adequacy of management, staffing and organisational arrangements and the relationship between LACORS and our main customers.

1.5 The report provides background to the development of LACORS, context of where regulatory services fits in local government and a detailed 'As- is assessment' of LACORS including funding, remit, vision, aims and objectives. It also summarises LACORS specific functions and the wide range of stakeholders in our policy area.

1.6 An important aspect covers the relationships with key stakeholders, including the LGA, the other central bodies, government departments and agencies, local authorities and professional bodies.

1.7 There is close scrutiny on the current organisational structure and staffing, governance, accountability and the planned changes for LACORS.

1.8 The report evaluates LACORS own customer satisfaction survey, and distils the Consultants stakeholder feedback survey, that identifies the perceived strengths and weaknesses of LACORS, indicating important pointers for areas of change and development.

1.9 Section 6 of the QQR reviews changes in the environment within which LACORS operates and the need for LACORS to change in response to that 'environment'. The report highlights the recent findings of the Hampton Review\*<sup>1</sup> and the considerable implications for LACORS. Other external environment pressures include the long term vision for local government as set out by the ODPM, the LGA's manifesto, current and future trends in local government, those affecting regulatory services and the priorities of central government. All of these either have or will have an impact on the future work of LACORS.

## 2. QQR – Conclusions

2.1 The following section highlights the main conclusions from the QQR. The full list of conclusions can be found in Chapter 8 of the QQR.

2.2 For purpose of clarity, the conclusions marked green are positive and those marked red are a more negative conclusion. They are summarised as follows:-

- There is no doubt that LACORS plays a valuable and valued role. It is a function that is needed.
- The long list of strengths identified by stakeholders repeats comments from earlier reviews and feedback. LACORS has a record of achievement and an established reputation.
- The recent expansion in LACORS' remit must be judged a success.
- The only downside is the suggestion from some that the expansion of remit has been at the expense of a reduced standard of performance in previous core areas.
- LACORS' role involves dealing with a wide range of stakeholders with often conflicting interests. It does a very good job of steering a path between these.
- It does offer value for money – it fights at or above its weight and does a lot for what it costs. It has been particularly effective at levering in funds from central government which directly benefit local authorities
- However, it may now be beginning to struggle to meet a wider range of responsibilities.
- Many of the weaknesses identified are the consequences of LACORS' strengths and success.
- There is a sense that LACORS' presentation, language and structure and perhaps resourcing has lagged behind what the organisation now does.

### Conclusions in relation to the terms of reference

#### **2.4 *The definition of the services LACORS provides to local authorities, the adequacy of its objectives, and whether those objectives are being achieved***

- We are confident that LACORS provides the right services to local authorities, with one exception.
- We believe it could do more to deliver a performance improvement service to those authorities that are failing to deliver an acceptable minimum standard of performance.

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<sup>1</sup> \* Phillip Hampton's review 'Reducing Administrative Burdens: Inspection and Enforcement'

**2.5 Whether LACORS' constitution is adequate for its operation and management, and for the nature of the services it provides to local authorities, with particular reference to the interface between LACORS and the LGA at member level**

- We found no problems with LACORS' constitution.
- We identified in chapter four some risks in the member level interface with the LGA.

**2.6 Whether the services provided by LACORS duplicate services provided by other bodies and whether LACORS needs to provide such services, in particular identifying overlaps with the work of the LGA or other central bodies, and whether the present mix of services is the most appropriate**

- We found no real evidence of duplication and this bears out the findings of the Quinquennial reviews of the Employers' Organisation and of the IDeA. LACORS works well with the other central bodies.
- The proposed LACORS consultancy service will need to be positioned carefully to avoid apparent competition with the IDeA and EO offerings.
- We believe there may be scope for LACORS to push government departments and agencies harder to do more to support local authority performance
- We think the flexible boundary with the LGA works well in practice,

**2.7 Whether the services provided could be provided at better value for money by other means, and whether continuation of LACORS as a body in receipt of grant under section 78(1) of the Local Government Finance Act 1988 is justified**

- We have already recorded our overall conclusion that if LACORS did not exist it would be necessary to invent it – or at least invent a way for its functions to be carried out.
- It is obviously a logical possibility for LACORS' role to be carried out within the LGA, but like other QQRs we found no appetite for this.
- We are satisfied however that LACORS' representational role alone would provide sufficient justification for its continued existence.

**2.8 The adequacy of LACORS' arrangements for formulating work programmes and budgets, monitoring performance and financial control and, where appropriate, for charging fees and generating income.**

- We found nothing to concern us in relation to LACORS' financial arrangements.
- Our only real concern under this heading is in relation to prioritisation and the allocation of resources.

**2.9 The adequacy of LACORS' management, staffing and organisational arrangements**

- We have identified structure and mode of operation as one of the key issues because we believe that some structural change would position LACORS better for the future and help with some current concerns.

**2.10 The relationship between LACORS and its main customers (i.e., local authorities, the LGA) and the customer satisfaction with the service provided.**

- It is clear that LACORS' immediate customers are satisfied with the transactional services they receive.
- LACORS has no systematic feedback on how well its local customers think it is discharging other aspects of its role

### 3. Key issues and recommendations (Chapter 8) and LACORS draft responses

The following are considered:-

- Remit.
- Role and strategy.
- Structure and mode of operation.
- Prioritisation and resourcing.
- Performance management and business improvement.
- The impact of the Performance Partnership.

**Recommendation 1** The LGA and LACORS should together undertake a systematic review of the regulatory and related services which are currently outside LACORS' remit and make an explicit assessment of where there might be value in widening LACORS' scope to include them.

#### 3.1 LACORS Response:-

3.1.1 LACORS accepts this recommendation. It is important to ensure local government has the capacity to lead and support the improvement agenda in local authority regulatory services, in a coherent and joined-up way. There will, however, be financial implications for an expanded remit either through top slice funding and/or capacity building funding and/or other income streams.

#### Recommendations

- 2 LACORS should develop a new statement of its core purpose which describes why it exists and links its activities to more fundamental purposes.
- 3 LACORS should develop a vision which describes the desirable future state for both local authority regulatory services and for LACORS itself as an organisation.
- 4 LACORS should develop a strategic plan to provide longer term guidance for the annual business planning process.
- 5 Within the plan, LACORS should address how to develop a role of "thought leadership" for local authority regulatory services.
- 6 There should be more explicit criteria to define underperformance and a more explicit process by which LACORS identifies the main target local authorities. There should then be a portfolio of potential interventions (from informal pressure through to offers of consultancy support) tailored to each target authority.

7 The working relationship with the LGA should be defined more clearly for external audiences, but not so clearly that it constrains the flexibility which is currently a strength.

### 3.2 LACORS Response:-

3.2.1 LACORS accepts recommendations 1,2,3,4, 6 and 7. Further clarity is required for recommendation 5 “though leadership”.

3.2.2 LACORS Vision should be about outcomes we strive for from the delivery of better regulatory services and importantly our overriding aim to see regulatory services as having an integral and significant contribution to securing better quality of life for the communities served by local authorities.

3.2.3 Longer term planning over a 3 year period is a common goal for performance partnership organisations.

3.2.4 ‘Thought leadership’ is a relatively new term for LACORS but clearly our representational role, lobby and influence has grown as our relationship with the LGA has developed and matured. This is potentially a growing area of importance but we need to plan carefully to avoid duplication and conflict with the LGA who are the main lobbying organisation on behalf of local government. Furthermore, we need to ensure we do not reduce our effectiveness in the core service areas we deliver in.

3.2.5 Tackling under performance will be a major theme for LACORS in the coming months and years. A paper is being produced by the Executive Director that highlights this in more detail. This paper will be presented as a report to the next meeting of the Board.

3.2.6 However, for the purposes of this report and brevity the following outlines the major challenges. These include:-

- Understanding what poor quality and importantly what good quality performance looks like;
- Developing systems to enable better intelligence, reconnaissance and evaluation of local authority performance and
- Establishing minimum standards and developing a coherent approach to support and intervention, with partners to improve local authority regulatory service delivery

### Recommendations

8 **LACORS should undertake a detailed review of its structure, addressing the issues of senior management capacity, the role of Team Leader, handling cross-cutting work and the provision of administrative support.**

### 3.3 LACORS Response:-

3.3.1 LACORS produced its first business plan in May 2002, followed by a restructuring of the organisation to ensure it was fit for purpose, and that the new aims, objectives, priorities and plans including the new portfolio areas in the business plan would be effectively delivered.

3.3.2 The restructuring increased the capacity of the senior management team to ensure a more strategic and cross cutting approach to regulatory services within our portfolio and more effective engagement with key stakeholders and decision makers. This included the establishment of a new communications and consultancy team, who have played a vital role in significantly raising the profile of LACORS and local authority Regulatory services .

3.3.3 The Team Leader positions were established to enable Assistant Directors to focus on the more strategic and higher level operational matters and provide direct support to Assistant Directors and a day to day supervisory role on top of their own policy work areas. The posts were also established to help provide a better career structure that could enable a Policy Officer to be promoted to Team Leader and in the future up to Assistant Director.

3.3.4 However, we would agree that it is now the right time to undertake a further review, but at this stage we would not wish this to be too prescriptive before detailed considerations with a range of options have taken place. SMT will undertake this over the summer and bring back a report to the Board in the Autumn.

#### **Recommendations**

- 9 LACORS should monitor incoming requests for advice etc. on a sample basis and web site traffic continuously to understand the pattern of demand for its transactional services.
- 10 Resource deployment should be reviewed annually in the light of strategic objectives, an assessment of the external environment and trends in transactional demand.
- 11 LACORS should seek to persuade government departments and agencies and the new bodies to be set up following the Hampton review to do more of the work on coordination and support – or contract LACORS to do it in return for payment.

#### **3.4 LACORS Response:-**

3.4.5 LACORS accepts recommendation 9 and 10. We are currently working with our web site host IHSTI Ltd to revamp and significantly improve our web site, that will include the navigability, intelligence gathering from user profiles and the overall look and feel of the site, which is in direct response to the feed back from our customer survey.

3.4.5 We need to better improve how we capture, respond to, and evaluate the incoming requests for advice and the allocation of resources to meet the demand. We will need to determine the most effective and efficient way to deal with service requests for advice etc. that clearly underpin the agreed corporate priorities for LACORS.

3.4.6 Recommendation 11 needs to be thought through carefully. It is too early to know, following the Hampton Review what the shape and form the new Better Regulation Executive, National Regulatory Forum and Consumer and Trading Standards Agency will take. Also their specific terms of reference, their role in policy development, responsibilities for overseeing the delivery of local authority regulatory services and any operational services they may be delivering directly. Until this is known it is too early to determine the future of LACORS coordination role and hence it will continue, but will be reviewed as the new regulatory services regime takes effect. Nevertheless, we will ensure that Government departments and agencies

deliver on their responsibilities for supporting local authorities. We will also explore options for getting Government departments and agencies to fund particular projects when seeking assistance from LACORS.

### **Recommendations**

- 12 LACORS should define a smaller number of more focused outcome-based objectives as part of its strategic and business planning process. These should be used to measure its impact.
- 13 A process should be put in place for annual performance review for the Executive Director by the Chairman and possibly other members of the Board, supported by HR.
- 14 Future customer feedback should address local authorities' views on the whole of LACORS' functions, especially its representational and lobbying role and its performance improvement offerings.

### **3.5 LACORS Response**

3.5.1 LACORS, whilst accepting Recommendation 12 to define a smaller number of outcome based objectives to measure our impact on improving local authority regulatory services, will still need to have in place and documented the programmes, plans and priorities set out to deliver for the year ahead, and monitor their delivery against agreed milestones, budget and objectives.

3.5.2 LACORS accepts recommendation 13. This does, however, need to be given some context. Meetings are held on a regular basis between the Executive Director and the Chief Executive of the LGA. Discussions that take place cover a wide range of LACORS matters, particularly the more important/strategic ones where advice and guidance is offered to the Executive Director.

3.5.3 The current governance arrangements ensure regular reports are taken to the Board on the LACORS business plan, including early drafts and final plan. Importantly performance against those plans, priorities and programmes, financial performance and personnel matters are also brought before the Board for decisions.

### **Recommendation**

- 15 The LGA should revise the way in which the members of the Performance Partnership coordinate their business plans. The focus should be on shared overall objectives for local government, derived from the LGA manifesto, and clear roles for the partners in seeking to achieve them. The business activities of the partners should be coordinated only to the extent that they are genuinely interdependent.

### **3.6 LACORS Response**

3.6.1 This is a recommendation to be considered by the LGA. LACORS agrees with this recommendation and is a key partner of the performance partnership. The emerging direction

of travel for LACORS, with a particular emphasis on the improvement agenda will increase the synergy and opportunities for genuine partnership working within the local government family.

#### **4. Implications for Wales, Scotland and Northern Ireland**

4.1 Whilst the QQR is part of the ODPM/LGA memorandum for reviewing Specified bodies (central bodies) funded by English top sliced RSG funding, the recommendations and our responses will be relevant to the other Countries in the UK who receive services from LACORS. Many of the issues raised are important in Wales, Scotland and Northern Ireland and LACORS' overall response and next steps must take into account any differences in requirements for our services in the devolved administrations.

#### **5. Financial Implications**

5.1 Whilst there are no direct financial implications from this report, clearly any additional regulatory services that the LGA may wish LACORS to include within its remit will need additional funding. The most likely source for this would be through top slice funding. However, the ODPM capacity building fund, direct contract work for relevant Government Departments and agencies, and other income stream generated through the LACORS Consultancy Resource Unit and LACORS secretariat, may open up other income streams for LACORS.

#### **6. Final comments**

6.1 The QQR has provided a comprehensive overview of the role, responsibilities and functions of LACORS and fully endorses the important and valuable role LACORS plays in supporting and representing the work and interests of a range of local authority regulatory services. The QQR has come at an important time for LACORS, with significant changes in the central and local government landscape and provides a great opportunity for LACORS to build on its strengths and further adapt and improve its effectiveness, to meet the considerable challenges that lie ahead.

6.2 LACORS has a track record of innovation, delivery and improvement, and the Board can take confidence that an implementation plan will be drawn up to take forward the agreed recommendations with the LGA, within a sensible time frame.

6.3 This will undoubtedly further enhance our position and reputation as a local government central body that is an exemplar organisation and promotes and achieves excellence in local authority regulatory services.

#### **7. Next Steps**

7.1 The Board, having considered the QQR and the draft responses by the Executive Director, will need to forward its final comments to the LGA's Improvement Board that meet on 25<sup>th</sup> May 2005. The Chairman and Executive Director will represent LACORS' Board at the Improvement Board meeting

7.2 Following the Improvement Board's response and any further recommendations made, LACORS SMT will then prepare an outline strategy and project plan to commence the implementation of the recommendations agreed or modified by the LACORS and LGA Improvement Board.

**Issues to be address in Periodic Reviews of Specified Bodies**

**Reviews of specified bodies carried out in accordance with paragraphs 7.1 to 7.4 of the memorandum should address at least the following issues:**

- i) the definition of the services the body provides to local authorities, the adequacy of its objectives and whether those objectives are being achieved;
- ii) whether the body's constitution is adequate for its operation and management and for the nature of the services it provides to local authorities;
- iii) whether the services provided by the body duplicate services provided by other bodies and whether the body needs to provide such services;
- iv) whether the services provided could be provided at better value for money by other means and whether continuation of the body as a body in receipt of grant under section 78(1) of the Local Government Finance Act 1988 is justified;
- v) the adequacy of the body's arrangements for formulating work programmes and budgets, monitoring performance and financial control and, where appropriate, for charging fees and generating income;
- vi) the adequacy of the body's management, staffing and organisational arrangements; and
- vii) the relationship between the body and its main customers and the customer satisfaction with the service provided.