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Briefing 06/53

TO: ALL CHIEF EXECUTIVES, MAIN CONTACTS AND EMAIL CONTACTS (England)

CC: ALL CHIEF EXECUTIVES, MAIN CONTACTS (Wales, Scotland and Northern Ireland)

'Strong and Prosperous Communities' - The Local Government White Paper, DCLG

A new performance framework

Key issues:

- *The DCLG has published the White Paper 'Strong and Prosperous Communities' and this briefing focuses on the new performance framework, including:*
- *Reform of the Duty of Best Value*
- *Reduction to 200 national indicators*
- *Risk judgments to trigger inspection*
- *CPA will be replaced by CAA (Comprehensive Area Assessment)*

1. Introduction

The Local Government White Paper 'Strong and Prosperous Communities' was issued by the Department of Communities and Local Government on 26th October, 2006. This briefing is accompanied by a series of other APSE briefings including an executive summary on the White Paper. This Paper focuses on the new performance framework.

A full copy of the White Paper is available by clicking on the following link: <http://www.communities.gov.uk/index.asp?id=1503999>. The Paper acknowledges improvements in performance indicators and inspectors' judgements since 1997. However, there are significant challenges still, including addressing a reduction in public satisfaction with local government by 10% between 2000/01 and 2003/04 as well as variances in performance between local authorities. The aim of the new performance framework is to make the public's views on service quality the core test of local performance.

2. Strengthening accountability to citizens and communities

Briefing **06/xx** sets out the White Paper's proposals for personalising service delivery by giving local people more choice and more say in running local services, providing prompt performance

information and answers to suggestions or demands for action, enabling citizens and communities to manage key assets, facilities or services and providing more support to make the best use of these opportunities.

To align with this, the performance framework will need to change. The Paper therefore proposes:

- Clarifying responsibilities for local authorities and their partners to respond and report to citizens
- Developing local area agreements to secure national priorities and allow for local prioritisation
- Ensuring that independent assessment and inspection are more reflective and responsive to citizens and user views
- Setting out a clear ladder of support and intervention of responses to underperformance.

3. Greater responsibility for local authorities to secure improvement themselves and with partners

Specific mechanisms will be established to develop cross-sectoral challenge, building on the work of the improvement partnerships. It aims to place more reliance on self-challenge and sectoral-challenge once these mechanisms become stronger.

The duty of Best Value will be reformed as follows:

- Remove the requirements for best value authorities to prepare Annual Best Value Performance Plans and conduct best value reviews.
- Ensure that best value authorities take steps, where appropriate, to secure the participation of local citizens in their activities.
- Encourage local authorities to strengthen their approach to competition, by testing the competitiveness of services and, where services are under-performing, introducing fair and open competition where practical. The Paper stresses that this is not about CCT or about outsourcing; rather a more holistic approach to commissioning services, including joint commissioning.

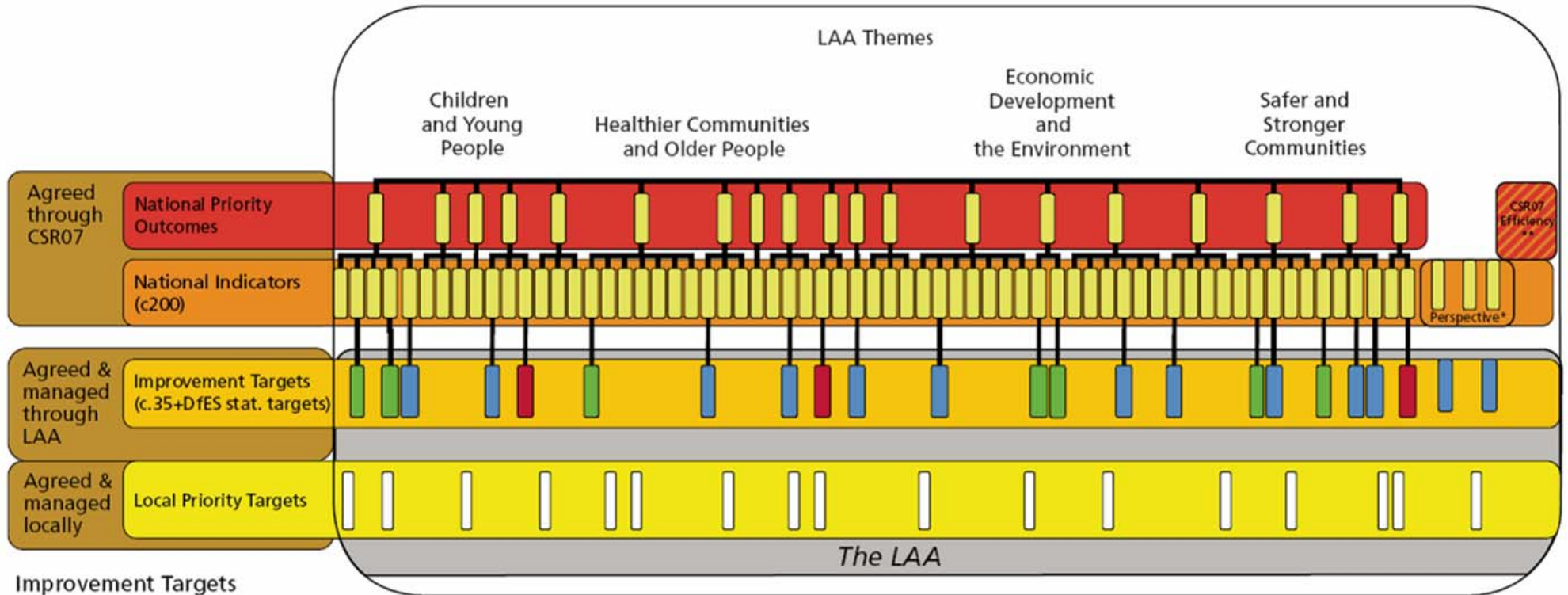
4. Balance between national and local priorities

There will be a single set of national priority outcomes measured through about 200 national indicators, which will replace other sets of PIs such as BVPIs and will be predominantly outcome measures, with a small number of 'citizen satisfaction and perspective' measures.

Local improvement targets will be agreed with local partners through LAA's – limiting the number of targets in each LAA to around 35. Local authorities will report annually on performance against these targets – to central government and local people, reflecting progress during the year and risks for future delivery. These will sit alongside any additional local priorities, which will not be subject to upward reporting or monitoring by central government.

The overall themes for the new framework are focused around children and young people, healthier communities and older people, economic development and the environment and safer and stronger communities. It allows for universal targets, minimum standards, negotiated targets (between national and local levels) and local priorities. The framework is shown diagrammatically below:

The Outcomes-Targets-Indicators Framework



Improvement Targets

- = non-negotiable target (universal local targets where government determines that an equal level of improvement is required in all areas)
- = floor target (where minimum standards are not being met, these targets will specify the amount and/or timescale for improvement up to such standards)
- = negotiable target (issues for negotiation will be whether or not to have a target or the level it should be set. The negotiations will be aimed at balancing national requirements and local circumstances, performance and priorities)
- = local priority target (set by LAs and partners. Not subject to upward reporting or monitoring by central government)

* A few key national citizen satisfaction and perspective indicators in addition to any used as outcome indicators, eg satisfaction with place; perception of influence

** Whether any indicators or local targets are established and what form they would take will be confirmed as part of the CSR07 announcement.

5. External Assessment and Inspection

The Budget 2006 outlined the government's intention to reduce inspectorate expenditure by around a third over the medium term. Therefore, the White Paper proposes a more proportionate and tailored approach. From April 2009, CPA will become CAA (Comprehensive Area Assessment), which will be based on risk assessment, largely risk-triggered inspection, and audit. It will include the following:

- An annual risk judgement – covering risks related to outcomes, services and organisations in the area and the extent to which these are being effectively managed. This will be undertaken jointly by the relevant inspectorates, led by the Audit Commission. A specific methodology will be developed and trialled prior to 2009.
- The need for inspection will be primarily based on the risk judgements. The Audit Commission will be the 'gatekeeper' for inspection affecting local authorities. However, there will be few programmes of automatic rolling inspection.
- A scored direction of travel judgement for every local authority – the Audit Commission will continue to publish this annually.
- A scored use of resources judgement – this will be extended to PCT's and police authorities from 2006. The DCLG will be exploring developing this to include consideration of an authority's commissioning and procurement capabilities.
- There will be no single overall performance label as there was with CPA – comparison between areas will be through direction of travel and use of resources scores.

6. Support for improvement and poor performance

The Paper identifies a series of methods:

- Where performance is low and costs are high, consideration should be given to recommissioning services, including identifying alternative providers.
- The first source of external support for a local authority and its partners is support and advice within the local government sector and other sectors involved in local service delivery. This is through peer support (authorities using their expertise to help others) and the government will agree a national improvement strategy.
- Where under-performance is not being addressed quickly and effectively at a local level, the Government Offices will agree appropriate action.
- The need for targeted inspection will be determined by inspectorates, generally as part of the annual risk assessment.
- If problems are severe, the appropriate Secretary of State may decide to formally intervene.
- Improvement Notices will be introduced to address significant or enduring underperformance by the Secretary of State to relevant local partners.
- Where more directive action is needed, the Secretary of State may direct the organisation to take specific action to secure recovery.
- Where statutory directions are needed in relation to a partnership issue, they propose to put in place arrangements through a Local Services Intervention Panel.
- Removal of functions is the most extreme step, only to be taken in the most serious circumstances.

7. Comment

The framework represents a clear departure from labelling councils under the current CPA framework to focussing on a set of key outcomes, allowing for local prioritisation. As with any performance framework, there is a need over time to progress towards lighter touch inspection and a more risk-based approach. What will remain from the old CPA framework is

the direction of travel and use of resources judgements, although these will be accompanied by a set of indicator outcomes.

The service-block assessments under CPA have been superseded in this framework by the local area agreement themes based on outcomes for children and young people, healthier communities and older people, economic development and the environment and safer and stronger communities. It will be interesting to see the new national indicators to see whether the old service block indicators have simply been re-categorised into thematic areas or whether there has been a clear shift away from service-based indicators.

What is unclear though is the way in which local priorities in the framework link into the national ones. On first site, the framework seems to link in well. However, on closer inspection, the only commonality that the local indicators seem to have with the national ones is that they are under the same Local Area Agreement themes. This raises the question on whether local priorities should be limited to the LAA themes or whether the framework should go beyond these themes to allow for the inclusion of local indicators which do not fit neatly under these headings.

Another issue relates to the importance of outcome measures, which seems to be a buzz word at the moment. Any good performance management framework should have a balance of input, process, output and outcome measures so that the outcome can be traced back to specific improvements. There is no doubt that the Audit Commission will still be interested in the performance levels of councils and individual services and the evidence behind this performance. Performance indicators will remain a vital element of performance management even though the Government appears willing to pass on the responsibility for performance measurement to local authorities. As a result, APSE Performance Networks will take on a more important role helping to fill the gap left by reduced Government requirements.

What is remarkably different from CPA is the annual risk judgement which allows the Government to reduce the amount of rolling inspections and introduce a system which allows inspection to be triggered. The Paper infers that this risk judgement is an area-based judgement which inspectorates work together on. The question therefore arises as to whether local authorities will have their own judgement or whether this will be combined and therefore, inspection could be triggered due to reasons outside the control of the local authority.

What isn't clear is the basis on which freedoms and flexibilities are going to be determined. Under CPA, the labelling mechanism was used to determine, for instance, whether a local authority has powers to trade. The Paper does state that a methodology for the risk judgement is going to be developed and trialled prior to 2009, so it could be that this may contain criteria for freedoms and flexibilities. However, the approach may become more akin to the approach taken in Wales – the Wales Programme for Improvement is a risk based approach which does not categorise councils and therefore the power to trade is conferred to all councils.

APSE recognises that within a continuous improvement environment, there should be further development towards self-inspection and/or a peer-review process. The White Paper points to a national improvement strategy which will facilitate this.

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