

S.I.G.O.M.A.

*The Special Interest Group
of Municipal Authorities (Outside London)
Within the LGA*

INSPECTION REFORM: THE FUTURE OF LOCAL SERVICES INSPECTION

A RESPONSE FROM SIGOMA

INTRODUCTION

SIGOMA is a special interest group of 46 municipal authorities in the northern, midland and south-coast regions of England. Our membership comprises 35 metropolitan districts and 11 major unitary authorities with similar characteristics.

This consultation paper and discussion is timely, asking some important questions about the way that external reviews and inspections of local authorities are organized and carried out. SIGOMA believes that the way local services are inspected by external, nationally led agencies is fundamental to improving local services, but is also important in helping to shape the relationship between local government and central government. The consultation paper outlines around eight potential (and quite separate) aims for the independent, external review of local authorities - ranging from providing assurance about the delivery of services and avoiding fraud, to identifying and disseminating best practice. This list of potential aims demonstrates very well the way that local inspection regimes have grown over recent years, so that central government is increasingly reliant on inspections to implement its local policy aims, often to the detriment of local accountability and decisions making by councils.

As such, we welcome the consultation paper and have sought to suggest ways in which the current system can be both simplified and clarified, with a lighter touch approach to inspection that is less burdensome but also more constructive and helpful to local authorities. All SIGOMA member authorities have been consulted upon earlier drafts of this response and this paper is to be formally ratified at the SIGOMA Members meeting on 9th march 2006. Should this meeting make any amendments or additions, a revised copy will be sent to the ODPM immediately after the meeting.

1. Why inspect?

What should be the principal purposes of inspection?

Local authorities need to be able to balance their accountability to central government (in the shape of external inspections or reviews) with the requirement to listen and respond to the voice of local people. We believe that many local authorities are currently using too much of their limited resources to prove their capability to central government, and as a

consequence there is a danger that too little time and resources are used to ensure accountability to local communities and partners.

As such, the government is right to apply a more rigorous approach to the design of the new local inspection framework and SIGOMA supports the desire to agree a much smaller number of aims for local inspection. Within this context, SIGOMA feel that local inspection should primarily be about demonstrating the basic capabilities of a local authority to deliver its core work and key services. In this sense, external reviews and inspections can help to establish the basic credibility of local authorities to meet a small number of minimum targets or essential requirements for key services that the Government want to prioritise.

Beyond this, we feel that there is also a potential role for external review in improving performance and driving the improvement of local services. To achieve this however, service inspections cannot be produced as a 'judgment in time', but rather as an aid to identifying the direction of travel and the areas for improvement that could be achieved next. In this sense, recommendations from an external review have to be unambiguous, clearly related to the locality under review and ultimately applicable by a local authority and its partners. Some of the most helpful links between central and local government have also occurred where inspection teams are willing to work with local officers to help identify possible solutions and how they could be implemented by local and national agencies.

How can inspection best support greater accountability to service users and citizens?

We suggest that there is merit in distinguishing between more representative forms of accountability (ie through elected members) and more participative forms (such as user panels or forums). These two forms of accountability are mutually supportive and provide a range of different options and techniques for the new performance framework.

Local authorities are primarily accountable to their local service users and citizens through the democratic process and the role of directly elected, representative local councillors. This is clearly one of the greatest strengths of local authorities and therefore deserves recognition in any attempts to improve accountability and improve performance. Local inspection and external reviews need to support the democratic process by providing authoritative and publicly available reports on local authorities, which reflect the different situations of local areas so that citizens can relate to them, understand their implications and take a more informed view of the performance of their council. In turn, and at its very simplest, the democratic process improves performance by ensuring that local decision makers are more responsive to local needs and by holding service providers to account, through the work of scrutiny commissions, etc.

Local authorities are also building on their democratic mandate with more participative local structures, ranging from very simple user satisfaction surveys through to much more complex and ongoing work with neighbourhood forums or targeted sections of the local community. Rather than seeking to duplicate these new, and very diverse forms of local

participation, we believe that the new local services inspectorate could play a useful role in reviewing the results of local participation and involvement, championing the inclusion of customer and citizen interests by local authorities and providing an assessment of local participative structures and their effectiveness.

2. What to inspect?

What is the most appropriate balance to be struck in terms of inspecting individual services, individual organizations and more joined up outcomes or partnerships across organizations?

As noted above, the principal purpose of external review and inspection should be to ensure the basic capabilities of local agencies in delivering a small number of key, centrally defined priorities. As such, there will continue to be a need for the local services inspectorate to inspect individual organizations. However, partnership working is a key role for local authorities and it will remain important for the local services inspectorate to review this aspect of a local authority's work and understand the outcomes of collaborative work in any area. As such, SIGOMA also supports the extension of this approach to other public agencies, so that other local, sub-regional and local partners are assessed and reviewed in terms of their partnership work to generate a much better understanding of the overall contribution of all local services to the local quality of life in an area (see comments below).

How could the future inspection regime reflect an increasing focus on collaboration between local partners to secure joint outcomes, via LAAs, etc.?

Partnership working is increasingly important and the government is right to make sure that this will be reflected in the new local services inspection regime. One way forward on this issue will be to extend the way that partnership working is promoted and carried out by all public agencies, above and beyond local authorities. This will mean making partnership work a key part of the assessments for public agencies, strengthening external pressure on the full range of public agencies to take part in LSPs. The reference point for this form of inspection should be the local community strategy, which sets out the joint vision, aspirations and collective objectives for any one area and so provides a useful comparison for judging the involvement of any agency in partnership working.

In addition to these proposals, the new local services inspectorate could also begin to take cross-cutting reviews across a small number of key issues or themes in a local community strategy, looking at issues 'in the round' rather than through individual agencies. Some of this approach is already being adopted, but experience is mixed. When leading their community strategies and LSPs, local authorities want to be able to set the strategic direction for their areas and be confident that this will be taken up in every public service. The new local services inspectorate has the scope to bring a more balanced approach by looking at the work of different agencies and reviewing them together i.e. identifying the cumulative impact of public agencies on cross-cutting issues like worklessness, health inequalities, economic development, etc. This approach is currently applied to some degree for community safety partnerships, Joint Area Reviews of children's services and through performance management frameworks for LSPs. But a more consistent and

strategic approach is required to avoid duplication and marry the work of different partnerships together, so that shared problems, or the ‘weakest link’ in delivering change, can be identified.

3. When and where to inspect

Should we move away from a general presumption to inspect for all organizations over a period of time and more towards inspection triggered by specific evidence or risks/poor performance?

Given the comments above, SIGOMA supports the approach suggested in the paper – that the majority of inspections will focus on the poorer end of local performance so freeing up higher performers from frequent inspection requirements. However, the key issue here is to ensure that local authorities that fall in the ‘middle’ bands of performance also receive supportive and practical recommendations from service inspections. To ensure that this is a productive exercise, therefore, inspections will need to produce clear and unambiguous recommendations that can be implemented by the local authorities involved and give a good idea of the general trends that each local authority is following. It would also need to be accompanied by other forms of more direct support, so that improvements can be tailored to the local situation and then implemented. This kind of ‘working evidence’, where officers from local and national government work together to provide a solution, is a valid approach that can be more effective than more formal inspections producing a ‘snapshot’ of local performance.

4. Scope and roles of the local services inspectorate

Overall, it would appear that the proposals in the consultation paper are for the new local services inspectorate to take on the inspection and audit roles of the current Audit Commission. In line with our comments above, this approach would be generally welcomed by SIGOMA, although detailed comments on specific functions of the new inspectorate would need to be made by local authorities themselves.

Of particular importance for SIGOMA, though, is the ‘gatekeeper’ role proposed by the paper and the way that inspections are funded in the future.

A gatekeeper role for the local services inspectorate.

Experience in some local areas suggests that the Joint Area reviews for children’s services and CPA exercises are already suffering from some forms of duplication, asking for the same information in different formats or at different times, as well as coming to potentially inconsistent findings on the same local services. Clearly this needs to be addressed and the proposal in the paper for the local services inspectorate to act as a ‘gatekeeper’ is to be welcomed. Our understanding of this is that the gatekeeper role will involve co-ordinating a forward programme of inspections in localities and ensuring that inspection information is shared, so that the same information is not asked for twice. This is a very positive proposal that could help to reduce the burden of inspection on local authorities and other local partners as well as improve the clarity of partnership working. Particularly important here will be the power of the local inspectorate to work across all

Whitehall departments so that every central government department is encouraged to work together and remove the potential for duplication that currently takes place.

Funding arrangements for the local services inspectorate

As noted in the consultation paper, the Audit Commission currently charge fees for all its inspection and audit work, and this work is funded through a combination of fees and government grants to local authorities. As a more proportionate inspection regime is introduced, this raises the problem of poorer performing councils having to bear an increasing burden of inspection fees that is not matched by increases in Government grant. On the other hand, better performing councils would have fewer inspections and therefore pay fewer fees, creating a financial incentive to perform well.

We are concerned to ensure that poorer performing authorities do not have their problems increased by having to find additional funding for a greater number of inspections, above and beyond that provided from government grant. Equally we do not believe that inspection fees are major incentives to local authorities in terms of their desire to improve performance. As such, we believe that Option 3 in the consultation paper would be fairest approach and most unambiguous approach – with all inspection work being grant funded from government, while audit work continues to be fee funded. In our view this may have a minor impact on Revenue Support Grant, but we believe that this would be the fairest approach for both poorer and better performing councils.

To implement this option, however, we feel that local authorities and the ODPM will need to be confident that government grant funding matches the amount of inspection that a local authority is likely to incur and this will need to be considered as part of the RSG process.

02/03/06
