Report to Cabinet

Subject "Local:Vision" – The Government's 10-year vision for Local Government

Date 4 August 2005

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1. Purpose of the Report

§ To inform members of the contents of recently published government papers setting out ideas for the future of local government over the next ten years.

2. Background

Last year, the government began a process of setting out a vision for local government for the years ahead, working closely with the Local Government Association and other stakeholders.

In its preamble to the exercise, ODPM states:

"The aim of local:vision is to generate a shared vision of the future of local government through an inclusive process of debate. The vision should be one of central and local government working together with its partners to deliver better outcomes for people and places".

Following consultative events in 2004, ODPM has recently published three further papers, progressing this work.

- **Vibrant Local Leadership** – which looks at the role of Local Strategic Partnerships, Community Strategies, Councils and Councillors; local political leadership; the role of ward councillors; electoral cycles; scrutiny roles; elected member roles in neighbourhood leadership; councillor development; managerial leadership and its interface with political leadership.

- **Citizen Engagement and Public Services – Why Neighbourhoods Matter –** which looks at issues around neighbourhood engagement; neighbourhood capacity and resources; neighbourhood powers.
- **Securing Better Services – Developing a New Performance Framework –** which looks at issues around performance management and information; national and local priorities and targets; external challenge and assurance, and in doing so looks at the future of Best Value and external inspection.

A summary of each document is attached at **Appendices A, B and C** respectively. They reflect the key themes set out in the local:vision document, with the exception of future local government financing, which is being addressed through the Lyons Review.

Full copies of each document, and of the original policy paper, are available on the ODPM website www.odpm.gov.uk (by following through local government page to local government vision pages).

3. Proposal

The proposals set out in the papers are far from fully developed, but if implemented are potentially far-reaching for all local authorities and their members.

The ODPM is encouraging further debate about the issues raised in the papers. Though not consultation papers in a traditional sense, it is understood that comments and further ideas would be welcomed. ODPM indicates its intention to "draw the discussion back together in a fuller strategy document over the next twelve months".

However, it is also worth observing that elements of the three papers already seem to be influencing local government policy making – for example, Local Area Agreements are addressing a number of issues set out in the performance management paper.

4. Resource Implications

There are no specific resource implications at present, though future implications could be significant.

5. Recommendation

Members' instructions are requested.

Appendix A

local:vision – Vibrant Local Leadership
Summary of Document Produced by ODPM

Chapter 1: Local leadership: what is it and why does it matter?

Government has a vision for creating sustainable communities. Local Councils are identified as being central to realising this vision through the local leadership they provide in enabling and empowering local people; championing the area; challenging and scrutinising public services; decision making; setting priorities; shaping services/resources around local need etc.

Council's have a unique potential to be local leaders as consequence of their democratic accountability; sense of place; and ability to bring partners together.

Local Strategic Partnerships and Community Strategies are seen as vehicles through which Councils can exercise their community leadership role.

Councils need to develop as community leadership with a long-term vision. They should consider what local leadership might look like in ten years time.

Councils will need to face up to many challenges including the following:

1. The difficulty in sustaining a supply of people willing to be Councillors.
2. The importance of having elected representatives whose profile reflects that of the community it serves.

3. The importance of the community regarding their local Councillors as people that represent them to the Council, not the other way round.
4. Developing community leadership roles across a range of local services and strengthening relationships with local partners.
5. Developing more visible local leadership that the community can more readily identify and understand.
6. Ensuring that local government attracts future talent at officer level with the ability to provide clear organisational leadership.

In addressing these challenges the strategy needs to be developed and implemented in partnership between Government, local government and others. Government cannot prescribe effective local leadership, nor would it want to. It does, however, have a clear role in establishing a clear role in establishing a direction of travel.

Chapter 2: The leadership roles of councils and councillors

Government believes that Council's need to have ambitions for the future as the leader of their localities and a champion of local people. To do this effectively there should be a strong focus for dealing with cross cutting issues for which the main vehicle should be LSPs.

LSPs should not themselves be the delivery vehicles, but should over see the delivery of cross cutting objectives by external bodies and delivery partnerships.

Community Strategies, drawn up by Local Authorities in consultation with LSPs, are the key strategic document for setting out the vision for a local area.

Community Strategies should become 'Sustainable Community Strategies' and set out how sustainable communities should be developed.

LAAs will be an important catalyst in the development of the community leadership role. They will be the vehicle for expressing the long term vision for the area and the LSP as the body who brings partner organisations together.

LAAs will lead to a strengthening of the arrangements for overseeing delivery of the agreement and the greater alignment of performance arrangements between partners, including Government. Over time, LAAs may become central to the development of community leadership.

Councils need to have the leaders – political and managerial – able to earn the trust and support of local communities and wider partners. Councillors and officers who are going to be most directly involved in leading the locality need to be of a calibre that commands confidence and respect among partners and diverse sections of the community.

One of the key principles for greater neighbourhood engagement is that neighbourhood arrangements must be consistent with a local representative democracy that gives legitimacy to governmental institutions and places elected Councillors as the leading advocates for their communities.

The individual local leadership and advocacy role of Councillors has often been undervalued and under-developed, but research suggests that communities want their Councillors to play this role.

Chapter 3: Local political leadership of the locality as a whole

Clear and visible local leadership is required. Researchers have concluded that strong executive leadership and strong scrutiny, with a high degree of independence between the two, has been the model most closely identified with effective performance. Leaders, officers and Councillors more generally believe that decision making has become more efficient and transparent.

One means for fulfilling the requirements of local leadership would be through the appointment of directly elected mayors. Mayors have the benefit of being a single individual elected by the community. This

reinforces their legitimacy and can enhance their ability to act as a leader of the entire community, to bring partners together and to shape services and outcomes well beyond the immediate responsibilities of the Council.

The strengthening of the role for Ward Councillors at a local level is also important.

Part of the argument for mayors is the degree to which they offer a model of leadership that the public more readily understands.

Clearer public understanding about the basis on which Councils are led is important in terms of reinforcing the ambition of clearer more visible local political leadership.

Another such issue is the cycle of local elections. The Electoral Commission has recommended that elections are held every four years for ALL Councils. This would provide numerous benefits including increased stability; equity between electors; increased public understanding of the system; improved participation and turnout.

Evidence suggests that new governance arrangements are at their most powerful where strong executives are matched by strong scrutiny. Scrutiny can, where ambition and resources permit, deliver real changes and improvements in the way that Councils and other local partners deliver services.

At a local level, a stronger community advocacy role for Councillors should sharpen the impact of scrutiny within communities. Government wishes to see strong and visible executives held effectively to account by strong and independent scrutiny and there should be a more formal requirement for executives to act on scrutiny findings.

Chapter 4: Political leadership of local communities and neighbourhoods

Councillors should be at the heart of neighbourhood arrangements, stimulating the local voice, listening to it, and representing it at a local level. They should act as advocates and leaders.

It is important therefore, that all sections of the community can more readily recognise their Councillor,

The Government believes that delegated budgets to Councillors can make a real difference to tackling liveability issues in neighbourhoods.

Parish and Town Councils have a clear role and democratic mandate to represent their communities. Councillors from principal authorities should work with and through Parish and Town Councils.

The Councillors relationship with, and performance of, the scrutiny function is also important. Local Councillors should be acting on their own volition in scrutinising the delivery of all services in their area.

Acting collectively, Councillors can use the scrutiny function to oversee how Councils and other providers are responding to calls for action by neighbourhoods across the area.

The need for visibility and clarity of leadership raises the question of whether multiple member wards in non-County authorities facilitate such leadership or not. It could be argued that if the ambition is for every Ward

to be able to look to a Councillor who in effect acts as a 'mini-mayor' for a particular area, then multiple ward membership confuses this role.

Councillors must be provided with a thorough induction and provided with all the resources necessary to support them in their role.

Government believes that the separation between clear and accountable executive leadership roles and local representation and scrutiny among Councillors has helped facilitate effective leadership.

Government identifies the need for changes in governance at a local level and is keen for Councils to put forward ideas for piloting innovative governance models to better understand the characteristics that make for effective leadership.

New governance models should include the following:

1. Visible and accountable leadership
2. A vehicle for partnership working and bringing key stakeholders together to work collectively to solve local problems
3. Efficient, effective and transparent decision making
4. Strong and effective scrutiny
5. Coverage of the whole of a Council area
6. Arrangements that are inclusive of all communities
7. Encouragement to people from all sections of the community to play key roles
8. A clear, effective neighbourhood dimension
9. The support of local people and stakeholders

Chapter 5: The future supply and development of local political leaders

Government is keen to see the profile of Councillors becoming more representative of the communities they serve. This means being able to attract more women and more people from a range of diverse backgrounds in terms of culture, age and personal experience.

Part of the challenge for the long term vision of local government is to address how to attract more people to stand for election and then develop the role to become a local leader providing local representation.

Although those who stand as Councillors may do so independently from any political party, political parties clearly have the responsibility to consider how they broaden the pool of people from which they recruit. To create future, vibrant local leadership this is a matter for political parties to take a view on.

There is a need to remove the barriers that prevent new people from putting themselves forward for election. For example, steps could be taken to make it easier for people to take out from their careers.

Remuneration is another example but this will remain at the discretion of local government.

There is a clear need to provide Councillors with ongoing development. This includes developing their capabilities to work together, work with senior Council officers and local area partners.

The need for development may require creation of a core skills framework for local Councillors. This could include:

1. Community leadership (All Councillors)
2. Regulating and monitoring (All Councillors)
3. Scrutiny and challenge (All Councillors)
4. Communication skills (All Councillors)
5. Working in partnership (All Councillors)
6. Political understanding (All Councillors)
7. Providing vision (Cabinet Members)
8. Managing Performance (Cabinet Members)
9. Excellence in visionary and charismatic leadership (Leaders)

A clearly understood benchmark of skills that can underpin a range of targeted development opportunities does however, offer significant potential in terms of building the value that Councillors are able to contribute to the local community.

Chapter 6: The challenge for future local managerial leadership

CPA has pointed to the vital importance of a strong combination of political and managerial leadership in high performing Councils. This relationship should be bounded by a shared understanding of respective roles and purpose, and a sense of the professional accountabilities that these various roles carry.

The task of supporting political leadership and of leading an organisation to deliver the vision that political leaders have primarily shaped, is a critical challenge for the most senior managerial officers.

Realising the potential of non-executive Councillors through the development of local advocacy and more effective scrutiny requires strong commitment from Councils and senior officers to identify ways in which the resources can be made to more effectively support these types of activity.

Local government need to tap in to the widest possible pool of talent to provide its future managerial leaders – attract managers from outside the local government sector. The profile of this group must also be more diverse and representative of the community being served – more women, more people from BME groups.

Government wants to see local government monitor the effectiveness of action to improve the capacity and calibre of managerial leaders. There is also a need to challenge some of the orthodoxies about the way in which leadership is practised and developed which might serve to act as ongoing barriers to entry or the development of new talent. Amongst these are:

1. Examining the nature of the specific leadership challenge in local government and understanding how far, in practice, this calls for a unique approach to capacity and calibre issues.

2. Working hard to achieve linkages across the public sector to develop a common set of leadership characteristics and developmental tools that can help foster and bring us closer to a single 'single public service leadership cadre'.
3. Critically examining the way in which the everyday working practices and culture of local government may serve to inhibit new and more diverse leadership talent from coming into, and staying in, the sector.
4. Identifying the need for common approaches to leadership at a local level. Exploiting the potential for LAAs to act as a critical focus for joined up leadership at a locality level would begin to have a major impact upon the nature of the leadership development that local partners demand.

Chapter 7: Vibrant local leadership – the future

Vibrant local leadership is at the heart of Government's vision for the future of local government. An inclusive debate is required to ascertain how this can be achieved. This document is intended to frame that debate. Views on the following would be welcomed:

1. Whether the right political and managerial leadership roles have been identified and how they can be reinforced.
2. The different characteristics and skills required to undertake these roles effectively.
3. What more can be done to encourage the clarity and visibility of local political leadership.
4. How to ensure scrutiny becomes a more effective tool, both across a locality and at a neighbourhood level.
5. Government's proposed response to the Electoral Commission's report. In particular, the attraction to moving to whole elections every four years for all Councils and the importance of adopting a consistent pattern across the country to aid public understanding, together with views on how this might be brought about.
6. Proposals to develop a new approach to create more mayors with greater powers to transform our major cities.
7. The governance arrangements needed to achieve effective local leadership including piloting models that are tailored to local circumstances and could help to develop a better understanding of the characteristics that make for effective leadership of the locality and neighbourhoods. The Government intends to work with local government to establish a framework and prospectus for Councils to put forward proposals for piloting new governance arrangements.
8. How we can better understand and overcome the barriers to individuals entering or staying in elected positions.
9. The steps needed to attract, recruit and develop and retain an able and diverse range of people to play the political and managerial roles required for the future.

Appendix B

local:vision – Citizen Engagement & Public Services: Why Neighbourhoods Matter –
Summary of Document Produced by ODPM

Chapter 1: Improving public services – why neighbourhoods matter

Government faces two central challenges

1. *To secure sustainable improvements in our public services.*
2. *Re-engage our citizens with the institutions of government.*

These two challenges are therefore about making public services more effective and responsive by tailoring them more closely to the needs of their users and providing greater choice.

The need for an improvement in public services is primarily driven by rising public expectations and economic and demographic change. This puts pressure on public services to respond.

People's expectations have risen with their incomes and with changing lifestyles. People expect that the improvements which they are seeing in market based services should be available in the public services.

Whilst participation in elections and the democratic process is declining, interest in the improvement of public services is increasing, and people are showing more interest in being involved in the decisions of their local Council.

Not only do people want to be involved, but also they want to be able to influence decisions. Empowering communities is therefore vital for the delivery of public services and is particularly important in minority and disadvantaged communities where a lack of community engagement can often undermine the effectiveness of services.

Councils are no longer regarded as merely service deliverers. It is now increasingly recognised that Councils must provide democratically accountable leadership to the whole community.

Effective neighbourhood arrangements require strong, self confident and engaged Councils – leading and cooperating with their communities, securing good local services, working effectively with local, regional and national partners, and with a strong democratic mandate.

Chapter 2: Improving public services – new opportunities for neighbourhoods

Government wants to see neighbourhood arrangements being adopted widely, as well as the development of new and innovative forms of such arrangements.

Government recognises the central role Councils and Councillors will need to have in neighbourhood arrangements everywhere. It intends to work with local government, other service providers, the voluntary and community sector, business, and others to establish a national framework for neighbourhood arrangements.

The framework will provide a foundation for a *'neighbourhoods charter'* which would set out what people can expect in their neighbourhood from Government, local government and other service providers.

Central to the national framework statement will be a set of principles for neighbourhood arrangements. Government believes the following five principles are likely to be at the heart of any such framework:

1. All Councils, in partnership with other service providers, should provide opportunities and support for neighbourhood engagement through appropriate arrangements so that they can respond to the needs and priorities of neighbourhood communities.
2. Neighbourhood arrangements must be capable of making a real difference to the everyday lives of citizens.
3. The nature of neighbourhood arrangements must be appropriate to local circumstances, be flexible to changing circumstances over time and be responsive to the needs and diversity of the community and its organisations.
4. Neighbourhood arrangements must be consistent with local representative democracy which gives legitimacy to governmental institutions, and places elected Councillors as the leading advocates for their communities, and with the requirements of local democratic accountability.
5.Neighbourhood arrangements must be balanced with the demands of efficiency and proportionality.

Councils need to be aware of the how the community's perception of their neighbourhood depends on a range of circumstances, including for example, the geography of the area, the make up of the local community, sense of identity and belonging.

It is also possible that people regard one area as their neighbourhood for certain issues and events, and a different area as their neighbourhood for other purposes.

Chapter 3: When and how people in neighbourhoods can act

In addition to setting out principles for neighbourhood arrangements the national framework statement will contain certain specific provisions about when and how people in neighbourhoods can act. Government would welcome views on the issues that the statement should cover. Initial consideration is that the following may need to be addressed:

1. Establishing neighbourhood arrangements

2. Standards for neighbourhood bodies
3. Parishes and neighbourhood arrangements
4. Accountability of neighbourhood arrangements
5. Working with voluntary and community organisations
6. Triggers for neighbourhood action
7. Formation of neighbourhood contracts
8. Use of model byelaws
9. Levying fixed penalty notices and applying for ASBOs
10. Extending neighbourhood management

A body that is recognised as speaking for its community will need to be inclusive, representative and accountable. Neighbourhood bodies should also have a set of agreed standards.
Issues covered by standards should include:

1. Being open to all – either all individual local residents or all local residents or all local community groups.
2. Having policies or electoral arrangements that ensure that there is representation for all groups in the area.
3. Ensuring that there is provision for the inclusive involvement of minority and excluded groups.
4. Ensuring that forums, processes and activities created and undertaken at the neighbourhood level value and diversity and promote equal opportunity.
5. Having agreed standards of conduct.

Parishes are a level of local representative democracy which offers opportunities to develop neighbourhood engagement. The Quality Parish Scheme established in 2003 has enabled parishes to do more on behalf of their district and county council, thereby making services more responsive to local needs
Government believes that more could be done at the parish level and Councils should play a key role in facilitating this. There should be scope for setting up Parish Councils wherever there is sufficient demand, including urban areas.
It may be appropriate for Parishes to have additional responsibilities in relation to hedge disputes, recommending alcohol licence reviews or applying for ASBOs.
The arrangements put in place for a neighbourhood must be consistent with the requirements of local democratic accountability. In the case of informal *ad hoc* meetings accountability may involve little more than the meetings being well advertised, open to all in the neighbourhood and capable of being reported to the local media.
Neighbourhood bodies taking decisions on priorities and budgets will require more rigorous accountability mechanisms and reporting requirements for their decisions.
Neighbourhood arrangements need to recognise the activities and diversity of existing voluntary and community organisations, and work in

partnership with the community and those organisations in an inclusive way that promotes cohesion.

It may be appropriate to include in the national framework statement for neighbourhood arrangements some generally accepted principles about how community organisations and public sector bodies might develop community participation.

A set of principles might include the following:

1. *Know and understand the communities using the service.*
2. *Help to build the confidence of the community.*
3. *Take active steps to involve the community as widely as possible.*
4. *Ensure no sector or group dominates.*
5. *Make sure procedures for ensuring representation are transparent.*
6. *Provide practical assistance.*
7. *Demonstrate positive support for community engagement.*

The neighbourhood arrangements available to individuals and groups should provide mechanisms whereby people can trigger action when the quality, accessibility and standards of public services in their neighbourhood fall below the level they have a right to expect.

Such action may involve influencing or prompting the service provider to address the issue and to take remedial measures.

In some instances it may be appropriate for a neighbourhood body to agree a '*neighbourhood contract*' with the local authority or service provision across a wider range of services to reflect local priorities. This could provide a service guarantee to the people in the neighbourhood.

In some circumstances, where national legal remedies are proving insufficient, byelaws might be an effective conduit through which neighbourhood could work with the Council to take action in order to improve the environment of the neighbourhood.

Government believes that it may also be appropriate in some circumstances for certain neighbourhood bodies to be empowered and authorised to levy fixed penalty notices and apply for ASBOs. This course of action might be appropriate if there is a persistent problem in the neighbourhood in relation to, for example, litter, graffiti, or other ASB.

Neighbourhood Managers would be an innovation that offers a single point of contact for residents, agencies and businesses and should have the clout to negotiate with service providers about how services are delivered.

Government would be keen to extend neighbourhood management beyond the areas where such initiatives already exist. The nature of neighbourhood management initiatives would depend on a neighbourhoods specific needs, existing arrangements and engagement of the Council and other partners.

Chapter 4: Resources and capacity for neighbourhood arrangements

There are two central aspects to capacity action at the neighbourhood level:

1. Resources available – ensuring resources are available to enable neighbourhood arrangements to achieve the aims for which they have been set up.
2. Capacity of people to engage – this includes the capacity both of people in neighbourhoods and the officials working for local service providers to participate in neighbourhood arrangements and, most importantly, the capacity of the ward Councillors to undertake their pivotal role in all neighbourhood action.

Neighbourhood arrangements are principally about using existing resources more effectively, not about increasing expenditure overall.
However, government accepts that certain neighbourhood arrangements may have net financial cost for a Council or for other service providers who may be involved, even though it would be expected to yield significant benefits in terms of improved outcomes for the neighbourhood.
There is a range of possibilities for neighbourhoods having some kind of say and control over budgets and resources. Having authority to spend resources would provide a powerful signal that neighbourhood bodies can make a difference. However, there are issues about how such resources are provided and about the controls of such provision.
In some cases, neighbourhood bodies may receive government funding. In other areas Councils may devolve spending power to each ward's Councillors over a small pot of money for that ward. The Government believes this arrangement could make a real difference in neighbourhoods.
An option involving new powers to raise finance for neighbourhoods might be to follow the sort of approach underpinning Business Improvement Districts (BIDs) through the creation of Neighbourhood Improvement Districts (NIDs).
A NID could raise additional revenue through the Council Tax in a particular area, and use the money to fund locally identified projects and initiatives. In establishing funding arrangements, the following issues would have to be resolved:

1. How to guarantee that there would be true additionality for the area, and avoid double taxation.
2. The potential inequity in the treatment of one part of the local authority compared with others.
3. The possible use of funds by some communities for purposes that might, for example, damage the cohesion of the area.

Government is keen to work with Councils to pilot the NID concept.

There will however, be cases where neighbourhood bodies do not have their own resources. In such circumstances the neighbourhood may still have a significant role in influencing the level of resources and services for that locality.

For example, the Council may decide to develop more formal response mechanisms to address priorities being expressed by neighbourhood level arrangements or seek to involve neighbourhoods in procurement decisions. Participatory budgeting offers a further innovative opportunity for involving communities in the planning and delivery of services by local government.

Community ownership and management of resources and assets e.g. village halls, libraries etc., can also lead to improved service delivery. Research by the Confederation of Co-Operative Housing has shown that community ownership of land and property in some areas of Birmingham has played an important role in regenerating neighbourhoods.

The Development Trusts Association is just one example of the various form community ownership might take. Development Trusts are a network of community led organisations which take ownership and management of under used and derelict local facilities. Each organisation is a not for profit trust accountable to the local community.

Action by Government, Councils and other service providers will be needed to ensure that more people are able to engage effectively with their Council. To make an informed input into decisions about service delivery people will need to have information about the levels of resources currently going to their particular area from different services.

Capacity to engage also means ensuring that people have access to the training and practical support that they need to engage effectively.

Another key priority is to build and sustain the capacity of ward Councillors to undertake their neighbourhood leadership role.

For capacity building to be effective, ways will have to be found:

1. To provide accessible support at community level.
2. Of ensuring that those in the most marginalized communities, which may often be based on shared interest or problems rather than location, will not be excluded.
3. Of allowing experience to be shared within and between communities.

Capacity building will need to accommodate the needs of disadvantaged communities and young people. It should be all inclusive.

The key objectives of neighbourhood arrangements can only be achieved if we fully involve citizens and communities, and build up their skills, abilities, and confidence to take effective action and leading roles in their communities.

Chapter 5: Neighbourhoods – the future

The approach centred on the framework proposed would lead to a national neighbourhoods charter entered into by Government, local government, other service providers and the voluntary and community sectors.

Anyone entering in to the charter would commit themselves to act in accordance with the agreed framework for neighbourhoods.

A national charter would be complemented by Councils having their own local charters. This would address the specific circumstances of an area, and identify how groups or individuals in that area could expect to develop any or all of the approaches in the charter.

Those involved in neighbourhood arrangements could work with the Council helping it to produce its charter. By helping to draw up the local charter, people in the neighbourhoods could readily understand the part they have to play in ensuring neighbourhood arrangements make a real difference to their everyday lives.

A charter – national or local – could be accompanied by a menu of options for neighbourhood arrangements based on neighbourhood engagement; neighbourhood action; and funding and resources.

This document sets out how opportunities for neighbourhood arrangements might be widened and offers options for engaging citizens and communities through neighbourhood activities in the democratic process more widely, and help deliver better public services.

The options and approached offered can only be realised through local government, the voluntary and community sectors and Government working together and involving at the local level all the key stakeholders in the wider community.

Government is committed to seek as parliamentary time allows any legislation that might be needed to give effect to what is developed in an agreed national framework for neighbourhoods e.g. legislation to enable neighbourhood bodies to apply for ASBOs.

Government would like people to discuss and respond to the following issues:

1. *A national framework statement.*
2. *The principles for neighbourhood arrangements.*
3. *How and when people in neighbourhoods can act.*
4. *The neighbourhoods charter.*
5. *The menu of options.*

The debate will be taken forward in the forthcoming months through a series of national and regional seminars.

Appendix C
local:vision – Securing Better Outcomes: Developing a New Performance
Framework - Summary of Document Produced by ODPM

Chapter 1: Introduction

Current performance frameworks for local government are based around the principles of best value and require Councils to plan, measure performance, review and challenge service provision. Council's are also subject to CPA.

Recent years have shown significant improvements in performance. There is evidence that the best value framework and CPA have encouraged some significant changes in the culture and management of local government that have contributed to this improvement. These include:

1. A greater focus on improvement.
2. More effective leadership.
3. Increased engagement with users and frontline staff.
4. More effective use of performance management in the day-to-day running of services.
5. Increased working across departments and better partnership working.

However, significant problems are also evident. These include:

1. Insufficiently coordinated national targets and priorities, and related management and monitoring arrangements, which prevent service deliverers from joining up more effectively.
2. An increase in inspection to the point where the burdens on the inspected can outweigh the benefits.
3. An increasing number of government and inspectorate 'relationship managers' wanting single conversations with individual Councils.
4. Burdensome and sometimes ineffective information systems with problems in reporting, quality and use.
5. While some Councils have robust, transparent local performance management systems, this is not universal.

This adds up to a framework that is rigid, complex and process heavy with a greater focus on accountability to central government rather than to local people.

Chapter 2: Principles of a new performance framework

There is a need for a rebalancing of the performance framework, with greater emphasis being placed upon the direct accountability of Councils to the public and local partners.

Councils need to focus on the people they serve by accounting for their views and responding to their needs.

As well as a focus on people, there is also the need for a focus on areas. This requires better partnership working between service providers. This should reduce bureaucracy and improve efficiency, and be based on a common set of overarching principles rather than a single framework.

The implications of the proposals for a new performance framework on local people; Councils and their partners; and Government are as follow:

Local People
1. Opportunities to influence the strategy, priorities and performance of Councils and their partners.
2. Timely information and assistance to help people understand the services that are available, the standards they expect, and how this compares.
3. Clear avenues of redress where improvement is needed, particularly in cases of persistent under performance.
4. Opportunities to engage in the delivery of services.
5. Greater choice over the way that services are delivered.

Councils and their Partners
1. Services focused around needs and expectations of local people.
2. Accessible and transparent information about performance communicated effectively to all.
3. Freedom to innovate and set local priorities including a contribution to nationally set outcomes with a clearer framework of accountability.
4. Sector wide use of robust local performance management to improve services and detect and tackle dissatisfaction and under performance.
5. Risk based, proportionate inspection, audit and regulation.
6. Area based approach to negotiating outcomes and targets

Government
1. Clear focus on national outcome priorities articulated as key standards and a focused set of national PSA targets.
2. Best value focused on the achievement of high level principles.
3. A proportionate approach to assuring delivery against national priorities.
4. A strategic integrated relationship management approach through the Government Offices with clear routes for sharing experience and success, providing support and challenge, and tackling under performance.
5. Greater emphasis on views of service users and non-users in all inspections and external assessments.

Chapter 3: High quality accessible performance information

The first principle of a new performance framework is high quality accessible information. It underpins and enables all the other parts of the framework.

There is a huge amount of information about local issues and services that is currently gathered and reported on, to different timetables, and used in

different ways. Despite the extent of this activity, different information needs are not being effectively met at a range of geographical levels.

There is also a lack of good performance data in some key areas of local government activity. The resulting information set, which has grown organically rather than systematically, is not coherent and coordinated, and best practice is not followed across the country.

Problems also exist with the quality and timeliness of data. This can impact upon the ability of management, inspectorates, Government and the public to make effective use of performance information.

Council's often have a problem in pulling together both quantitative and qualitative information when trying to measure performance. There is also a tendency for Councils to not hold or manage information centrally, meaning opportunities for understanding the bigger picture may be lost.

Area/Community Profiles are identified as way a way of improving and rationalising the collection of data and information. They should also be a means for improving accessibility to information.

The development of better information systems should be based on:

1. Robust definitions of data and indicators.
2. Comparability of information – common definition of measures and indicators will be important in areas where national targets/standards are set.
3. Stability in the definition of measures and indicators as far as is possible, to minimise the burden of collection and enable comparisons over time.
4. Transparent systems for gathering and accessing information that minimise bureaucracy and duplication.
5. High quality and timely data.
6. Data available at the right spatial level to allow service providers to understand different patterns of needs across their areas.
7. Better aggregation of information to enable clearer overall patterns of performance to be established at various levels.
8. An appropriate balance between subjective performance, such as feedback from surveys and focus groups, and quantitative data.

Information systems should also be developed to enable data sharing between partners.

Chapter 4: Clear and ambitious priorities and targets

Determining priorities and setting targets will need to change to support a new performance framework.

There is a need for a better balance of national and local targets. National outcomes and targets for local delivery need to be better coordinated, more strategic and developed with better involvement of local deliverers.

A new performance framework must provide for the delivery of national aims, but should also provide sufficient flexibility to enable Councils to

deliver national and local priorities in the most relevant, efficient and effective manner

Through national priorities and targets, good progress has been made against many national Public Service Agreement targets (PSA).

Government has now set PSA standards to replace PSA targets. Government will continue to develop this approach through the next Spending Review and beyond.

Within PSAs different types of targets will continue to be used, and also focus on inequalities gaps and using floor targets to focus on how services respond to the most complex needs of the disadvantaged.

Driving the focus on outcomes in future PSAs will see an increased emphasis on crosscutting issues to which a range of local deliverers will need to contribute.

Locally developed priorities are also important. Sustainable Community Strategies should be the key mechanism for setting a broad range of crosscutting local targets in line with the priorities set.

Government is placing greater emphasis on developing a shared and negotiated approach to balancing local and national priorities in an area. This is illustrated by the conception of LAAs.

LAAs enable central government and local partners to agree a set of outcomes and targets which reflect national PSAs and local priorities.

There is a clear need for an improved interface between central and local government. To achieve this Government needs to:

1. Better understand the local context and challenges facing Councils and their partners.
2. Enable local Councils and their partners to better understand national priorities and concerns.
3. Create greater coherence across the range of conversations with central government on performance issues. This dialogue should be rationalised where possible and it should take place within a better understanding of wider circumstances.

Government wants to develop a strategic, integrated relationship management approach that supports negotiation and also provides a basis for informed engagement. Strengthening of the regional Government Office network is an important development in advancing this ambition.

The central role of Government Offices in developing LAAs is indicative of their strengthened position.

A report will be published by the end of the summer 2005 to include full details of the Government's plans to transform the Government Offices to fulfil a more strategic role.

Chapter 5: Robust local performance management

Robust performance management should be at the heart of any Councils drive to secure continuous improvement.

Wigan Metropolitan Borough Council is a good example. It has cascaded its vision, purpose and values via the '*golden thread*', through to revised standards for service plans, strategies, and performance measurement. It has shared its approach with the LSP, and a single database now records performance on Council priorities and the Community Strategy.

Work is being done by the Audit Commission and IDeA through the Performance Management and Information (PMMI) project to determine the principles and key characteristics of good performance management.

This will aim to promote a consistent '*industry standard*' and develop a range of products to better facilitate improvement in Councils. It will also alert Councils to examples of best practice.

Responsibility for performance management lies squarely with Councils, and government will be looking to relax central control. Government will also look to pilot further freedoms from central prescription about performance management arrangements, and intends to do this through LAA pilot areas.

Council's performance management arrangements need to be capable of encompassing the contribution of local partners, and reflect the Council's community leadership role (e.g. **Kent County Council's** community strategy 'Vision for Kent'). LAA pilot areas will be supported in developing this.

Over time, there will be real benefit from moving towards an area based approach to performance management.

Government believes that best value should continue to underpin performance management in local government.

The key objective of a new performance framework should be to increase local accountability. This places a requirement on Councils to consult with local people in fulfilling their duties under best value.

Another element of best value is the requirement to carry out best value reviews in accordance with some broad principles – the '*4Cs*'. Government proposes retaining and strengthening the '*4Cs*' by making them an intrinsic part of best value duty, rather than something that is only considered as part of best value reviews:

1. Effectively **CONSULTING** local people.
2. **CHALLENGING** the current pattern of service provision and who provides the service.
3. **COMPARING** the performance and competitiveness of services.
4. Using fair and open **COMPETITION** to secure effective and efficient services.

Government proposes looking at the requirement to undertake best value reviews and other provisions for performance plans, and Best Value Performance Indicators, to see if they will continue to be needed in the light of ideas raised in this document.

Chapter 6: External challenge and assurance

External challenge is an effective way of driving continuous improvement. **CHALLENGE** is one of the key components of the current performance framework.

External challenge currently comes from audit, regulation and inspection. Peer review is also becoming an increasingly important component.

The challenge from local people and service users is key, and the new CPA methodology for 2005 will incorporate a much stronger service user focus. To fully embrace the challenge from local people and users, Councils need to:

1. Adopt more user friendly reporting and focus greater attention on the delivery of outcomes.
2. Find better ways of seeking the views of the public about current services, including using satisfaction and opinion data.
3. Ensure that performance information is relevant to local people, and enables them to compare the performance of their Councils with other local Councils.

Peer review has become a valued and effective means of securing external challenge for many Councils. Government sees great benefit in establishing *'Improvement Partnerships'* between neighbouring Councils in an attempt to lay down the challenge to one another to deliver improvement.

The challenge from non-local authority partners is also important. Partners across an area have shared interest in ensuring that they are performing at the highest level, as under performance in any one partner could jeopardise delivery for all.

LAAs are reinforcing the focus on partnerships. In particular, the aim for partners to determine performance management systems to suit local needs and conditions that will underpin delivery of LAAs.

The role of audit will continue to be an important part of any performance framework. A new Code of Audit Practice came in to force on 1st April 2005. This will deliver:

1. More streamlined audit targeted on areas where auditors have most to contribute to improvement.
2. A stronger emphasis on value for money, with a focus on audited bodies' corporate performance and financial management arrangements.
3. Better and clearer reporting of the results of audits.

It is widely agreed that inspection sharpens focus and, when used effectively, can drive improvement. However, the number of inspectorates has risen over the last five years, and the cost of this has risen to over £550 million per annum. There are concerns that the extent of the increase in inspection has become disproportionate to its benefits.

Government is committed to inspection, but now wants to ensure that it is focussed where it will do most good and offers value for money. As consequence, ten principles of inspection have been agreed:

Inspection should:
1. Pursue the purpose of improvement.
2. Focus on outcomes.
3. Take a user perspective.
4. Be proportionate to risk.
5. Encourage self-assessment by managers.
6. Use impartial evidence, wherever possible.
7. Disclose the criteria used for judgement.
8. Be open about the processes involved.
9. Have regard to value for money, including that of the inspected body.
10. Continually learn from experience.

A new landscape of inspectorates is proposed, for which a full consultation with stakeholders will be undertaken. Inspectorates covering four different themes will be created – Local Services; Justice and Community Safety; Adult Social Care and Health; Children's Services, Education and Skills.
In the short term and ahead of any legislative changes, the Audit Commission will act as lead inspectorate for local services inspection.

Chapter 7: Tackling under performance

In a new performance framework, there is a need for mechanisms to prevent and respond to under performance. The identification of under performance needs clear triggers for action and should be based on sound evidence. This needs to include:

1. High quality, more timely and accessible information which helps to make poor performance more transparent.
2. Evidence of significant increases in risks that may threaten delivery.
3. Information and evidence from robust external challenge that probes beyond indicator and data.
4. Experience of citizens and users, and of partners in working with Councils.

As well as these mechanisms, Government wants to develop ways for local people to convert dissatisfaction into real levers to secure change and improvement. The role of these kinds of triggers for local action was recognised in last year's police reform policy paper, *'Building Communities, Beating Crime'*.
People need to be able to trigger action of two kinds. The first is where they have failed to receive a service to required standard. The second concerns a broader failure by the Council to secure an effective service

across the locality. In these circumstances people should be empowered to trigger:

1. The Ward Councillor to raise the issue with the Council Executive.
2. *An internal or external service review.*
3. *A scrutiny investigation.*

Effective Councils have a performance framework with a clear and established *'ladder of response'* for tackling any kind of under performance. A ladder of responses is needed that reflects the nature of the under performance and the capacity of the Council to manage a successful response. This response is reflected in the LAA performance management framework.

The first rung on the ladder of response must be the Council's internal performance management. Scrutiny is an important element of this.

As the second rung on the ladder, Government is keen to explore the potential for either more ownership of responses across the local government sector and/or more use of local partnerships to challenge, support and engage with Councils.

Government also identifies the potential for action between Councils. There is a need for peer support and a more flexible approach to sharing best practice.

Partners and partnerships will play an increasingly important role in responding to under performance through strengthened accountability arrangements. This is best exemplified in the context of LAAs where partners will be held jointly accountable for the delivery of agreed targets.

There will continue to be an important role for central government engagement and intervention where persistent or significant under performance exists.

Support for improvement is being made available. The joint ODPM/Local Government Association Capacity building fund is developing a menu of support which Councils can access by:

1. Creating and managing a localised approach to corporate, thematic and service improvement through membership of an Improvement Partnership.
2. *Utilising and participating in national level improvement initiatives.*

Improvement Partnerships can be formed when a group of Councils join forces to plan and manage a joint improvement programme focusing initially around corporate improvement. Councils can already form partnering arrangements as part of the joint fund arrangements and several have done so already.

Government also acknowledges their responsibility to act as a catalyst for creating improvement programmes. The development of the Local Government Leadership Centre provides one such example. The Leadership Centre will have a strong role to play in improving the quality and supply of effective local leaders. Government is keen to explore the potential benefits of this kind of initiatives.

Chapter 8: A coherent framework for the future of local services

The success of a new performance framework will ultimately be judged by the services and outcomes it helps to secure for citizens. This means that any strategy for the future of local government must be rooted in a real understanding of the key issues which will affect us it in ten years time.

Over the next decade new challenges and opportunities will arise that will require new responses. Assumptions will need to be made regarding the emerging demographic, technological, societal and environmental trends that will clearly impact upon local services in the future.

Government has recently produced five year plans to provide the drivers for a new performance framework. These include:

1. *Decentralisation and devolution*
2. *User Focus*
3. *Partnership working*
4. *Efficiency*
5. *Different models of service provision*

These drivers are already having a real impact on local government. Both external trends and policy drivers are important influences on a vision for the role of local government. Government is developing a series of scenarios which describe different possibilities for the future role of local government and its partners over the next ten years. The development of these scenarios will be guided by:

1. A clear understanding of the relative roles and responsibilities of bodies involved in securing particular outcomes at national, regional, local and neighbourhood level.
2. *For each tier of government, the importance of a coherent framework across all services which is understandable and capable of effective implementation but allows for appropriate variation to respond to different issues and challenges.*
3. *The unique role of local authorities within this structure – as the main body below national government and democratic accountability to represent all citizens within an area.*

These scenarios will be built around three key themes for local government – *Community Leadership; Developing Effective Governance Arrangements; and Securing Effective Delivery Arrangements.*

Chapter 9: Next steps and developing the long term vision

The aim is for a new relationship between local, regional and national partners to enable:

1. The development of a more coherent approach to managing performance which allows for a radical reduction in bureaucracy.
2. *Much greater involvement of local people in the design and delivery of services.*
3. *Increased scope for local innovation.*
4. *The flexibility to enable faster and better tailored responses to local circumstances.*

Government acknowledges the need for an open and inclusive debate on how to develop a framework that is workable for all Councils, and would welcome views on the following issues:

1. *The benefits of a more open and coordinated relationship between central and local government.*
2. *The feasibility of developing new information systems.*
3. *The proposed approach to national and local target setting.*
4. *The establishment of robust local systems of internal performance management across all Councils.*
5. *How the role of external challenge might be strengthened.*
6. *The potential role for a system of triggers and ladder of responses to tackle under performance.*
7. *What external policy trends will affect the future environment for local services.*
8. *What are the key roles of local government in respect of local services.*
9. *How to provide information to local people on how well services perform, and how to give them effective means of redress.*
10. *How to empower and encourage local people to engage in shaping services.*

11. *How far the role of Councils and partners needs to be better understood by local people so that they can be properly held to account.*
12. *How local performance system arrangements should be focused on the integration of services in an area through partnership working.*
13. *Moving from reliance on national systems of inspection and assessment so that strategic regulation is tailored to meet the needs of the area.*
14. *Replacing formal monitoring by more reliance on openly accessible information.*

Feedback from key issues raised in this debate will be provided over the next twelve months through their inclusion in a fuller strategy document.