




Through The Looking Glass

Putting citizens at the heart of the assessment process

Olivier Roth



New Local Government Network (NLGN) is an independent think tank that seeks to transform public services, revitalise local political leadership and empower local communities. NLGN is publishing this report as part of its programme of research and innovative policy projects, which we hope will be of use to policy makers and practitioners. The views expressed are however those of the authors and not necessarily those of NLGN.

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Executive summary

Every year, local authorities spend around £150 billion of public money. How that money is spent has a profound impact on the lives of citizens living in an area. With a financial storm hitting public finances, the scrapping of the Comprehensive Area Assessment (CAA) by the Coalition Government as part of a broader devolutionary agenda, and a change in the nature of public services, there is a pressing need to reconsider how we go about assessing public services.

This report takes a fundamental look at what we are assessing, why we are assessing it, and how we could improve services without the burdensome and costly inspection regimes that have evolved over the past decade. In doing so, we set out a list of recommendations aiming to make the assessment process less burdensome and expensive, better focused on citizen outcomes in each locality, on protecting vulnerable individuals, on driving improvement and productivity, and on ensuring good governance.

The current economic crisis is having a profound impact on our public finances: cuts are being made across almost all sectors, and local government budgets are expected to diminish significantly.¹ At the same time, the way public services operate is evolving, shifting from a top-down, siloed, delivery process, to a more localist approach. The Coalition Government has articulated its desire to oversee a radical decentralisation of power down to local councils and their communities. Through the 'Big Society', citizens and communities are being encouraged to take a greater role in service provision and in holding their public services to account.

The Government has made a clean break with the previous national assessment regimes, including the abolition of CAA, and has reaffirmed its belief in the power of local democracy and citizen engagement. As Greg Clark MP argued: *"Decentralisation is about giving power back to local people so that they can come together to shape their communities in the way that they want".²*

¹ Nick Hope, *Scanning Financial Horizons*, NLGN, (2010)

² Greg Clark MP, *Politics Show*, (20th June 2010)

This paper explores whether a model of streamlined assessment could be designed that bolsters local democratic participation, meets the needs and expectations of local citizens, and ensures that vulnerable users are protected.

The localism agenda has promised to turn councils into responsive, dynamic, citizen-focused entities, working in partnerships with, and leading, actors in their areas, to respond to the needs of their local residents. In order for them to thrive in this way, councils must be free to innovate, take appropriate risks, and maximise the resources in their area; concomitantly, the assessment regime that oversees their actions, and those of their partners, must allow and encourage them to do so.

At the same time, we should enhance the role that citizens can play in holding their local public services to account through transparency and increased citizen engagement. We should ask ourselves how we can put the citizen at the core of assessment and accountability.

In the context of budget cuts, we should also pay attention to the effect diminishing resources may have, especially for the most vulnerable individuals, and the emphasis this will put on efficiency and value for money. Finally, we should identify how practical expertise and best practice can help the sector improve.

This NLGN research has identified three key purposes of assessment regimes: ensuring good governance and financial probity, focusing on improving citizen outcomes across an area, and ensuring minimum universal standards in certain critical services. Below we set out how these can be achieved.

Good governance and financial probity

Public officials responsible for the vast expenditure of local authorities and their partners must be held accountable. Increases in responsibilities and discretion in spending should be accompanied by a robust system of accounting. Recent scandals such as MPs expenses have dented public confidence in politicians, and the burden falls upon local public officials to restore some of this trust. This comprises financial probity, but also good governance. Transparency and clear accountability must sit at the heart of the response, so that citizens have the necessary tools with which to hold elected politicians and officials to account.

While the current system has sound auditing practices, some improvements could be made on the transparency of spending. In this era of diminishing resources, it is crucial for citizens to know where and how their taxes are being spent, and that they are being spent effectively.

Recommendation: *Increased e-transparency, in the form of publishing detailed expenditure, expenses, high salaries, commissioning contracts, details of revenue streams and spending outlets.*

This would encourage transparent accounting practices, ensure that spending decisions can be reviewed by the citizens they affect, open up debate and discussions relating to local government spending, and could help enhance some of the bond between citizens and the people they elect. However, the complexity of public finances and the scope for financial misfeasance also requires complementary responses. The Audit Commission, or some other accredited accountancy firm, should ensure that local authorities have sound accounting practices and provide value for money.

Transparency is a key component of accountability, but not necessarily a sufficient one. Information and data without context may be difficult for the interested layperson to interpret. Moreover, for transparency to be truly effective it needs to be combined with the accountability mechanisms which would enable people to use the information. Elections enable citizens to make their voices heard, and to hold elected members accountable for their actions and behaviour. Citizens, however, should know what to expect from the officials they elect.

Recommendation: *Establishing a new charter detailing the Code of Conduct of elected officials by an independent body.*

Having a degree of independence in the oversight of ethical standards provides benefits in both satisfying public opinion that issues are being dealt with fairly and with some objectivity, and practical benefits for dealing with disputes and queries.

Improving citizen outcomes in an area

Even in difficult economic times, councils should strive for excellence. Citizens and service users want to see their services improve, and councils and their

partners should aspire to be more productive and efficient. There is a wealth of good practice, research and direct experience on improving public services. As “more-for-less” becomes a necessity for service providers and their users, this knowledge should be used to foster improvement and efficiency.

Adversarial and external inspections can only take improvement so far. For improvement to be real and lasting, it has to be embraced by the organisation attempting to improve. In addition, inspectorates might not always possess the right skills or experience to identify areas ripe for improvement, or to offer adequate solutions. NLGN argues that the vast majority of services within the remit of local authorities should be taken out of the external inspection framework.

Recommendation: *Placing the process of improvement and assessment in the hands of local government. The Local Government Association (LGA) should become a key player in the improvement aspect of the assessment regime. They should oversee, coordinate, and facilitate the process of self-assessment, peer-review, mentoring, benchmarking, or best-practice exchange, with the help of Local Government Improvement Bodies such as Regional Improvement and Efficiency Partnerships (RIEPs).*

It is local government that possesses the experience, the skills and the mind-set to identify possible improvements, and to find the right solutions to enable them. The assessment process should be owned by the local government family, as it possesses the required democratic legitimacy, buy-in, and know-how needed to implement real and substantial changes.

They should do so using a risk-based, targeted, proportional approach: identifying areas or services ripe for improvement, those where deficiencies persist, or where citizens feel vulnerable or let down by their service providers, and focusing resources on them.

Citizen involvement in this process should be the key underlying concept. Serious consideration will have to be given to the way citizens can participate directly, by making sure that their views are sought and utilised, and that information and data is available in an intelligible format. The views of citizens must be made public, in order to facilitate the identification of inadequate services. Citizens’ views should be the most determinant factor in deciding priorities for an area. Furthermore, effort should be made to involve them in

the assessment process, either as “foot inspectors”, or as service-users. They should be at the start, the centre, and the end, of the process.

Recommendation: *Using the views and experiences of citizens and service-users as the main drivers of priorities in an area, as the principal driving force for improvement, and as part of the assessment process itself. Central and local government should make the most of user-generated online content to further citizen engagement and their assessment of the public services.*

Recommendation: *That citizens should be able to petition the LGA if they feel that the quality of a specific service is declining or is not up-to-standards, and if the internal procedure of the council or service is not satisfactory.*

The LGA would need to examine this on a case-by-case basis in order to decide whether there is sufficient evidence to trigger an inspection to be carried out through peer assessment.

Minimum standards and vulnerable individuals

Citizens have seemingly conflicting expectations when it comes to public services. Whilst most want to see some universal standards, especially in services such as education or health, most also want local solutions to local problems. These apparently contradictory views can be reconciled by having a system which ensures that critical services have some universal minimum standards of service and protect vulnerable individuals, whilst allowing local authorities to find local solutions to improve these above and beyond the minimum requirements.

Services such as health, education, or social care should have the number of inspections they are subjected to greatly reduced, but focused on the services where risk of failure is high. In this current climate, it is imperative for us to find a proportionate and effective mechanism.

Recommendation: *A system of randomised, weighted inspections for key services such as schools, hospitals, and policing, and for those designed to protect vulnerable individuals, such as social care.*

The random element would be introduced to avoid the predictability and gaming element inherent in previous regimes.

The weighting element is designed to make the system more risk-based, targeted and proportionate. Well-performing services would be less likely to be inspected than average ones, while poorly performing services would still be regularly inspected until they reach a satisfactory level. Excellent services would be given a buffer period of 18-24 months, where they would be free from inspection. Other factors in the weighting system would include the date of the last inspection services, the risk and impact of failure, and their participation in local government-led peer-review and self-assessment.

Such a system should enable a drastic cut in the number of actual inspections these services are subjected to. It would also serve as an incentive, since excellent services would not be subject to any inspection for a given period. Finally, it should enable the detection of early signs of service failure and risk.

When inspections do occur, they should focus on making sure that the systems in place are robust, that the data being collected is sound, that practices are effective, and that service-users are satisfied.

Finally, chances of early detection of failures need to increase.

Recommendation: *Individual services themselves could ask the Audit Commission, as a gate-keeper, to send inspectorate teams into particular services or areas, and to give them a report on how well they are performing.*

The council or service provider would then use this report as a basis for striving to ascend minimum standards. This consensual approach would be more effective in enacting change than the current adversarial and comprehensive approach.

Were these recommendations to be accepted, they would alter the very nature and function of some of the inspectorate bodies. The Audit Commission in particular would see some functions cut back (inspections) but others added (gate-keeping). Evidence has shown that the disjointed nature of inspections was one of the most frustrating aspects of CAA, but since the new regime would drastically cut down the number of formal inspections, this should alleviate the problem.

Further steps

For these changes to reach optimum efficiency, the roles, remit and powers of local government must be clearly set-out and stabilised. For local democracy to act as an assessment mechanism there needs to be a strong local democratic culture, with informed citizens who know exactly what local government is responsible for. Furthermore, funding mechanisms must be changed to allow local government to have some real leeway in choosing which services to prioritise.

Recommendation: *A regeneration of local democracy through a clear settlement on the roles and powers of local government.*

Recommendation: *Greater financial autonomy and revenue-raising mechanisms for local authorities, in order for them to focus on the services their communities need and expect.*

Enacting these changes would create a more streamlined, effective, and purposeful assessment regime, focusing on the citizen, ensuring that good governance and ethical conducts are upheld, and increasing accountability across the sector. Minimum standards would be assured at a lower cost, and the ownership model of driving improvement could transform the way the sector embraces improvement. Citizens would be empowered and informed by the process, while local government would see its relationship with the centre mature towards a more equal partnership.

1 Introduction

How we assess and evaluate public services impacts directly on the services citizens receive. A combination of factors, including a major financial crisis, and the heralding of a new government determined to reduce the burden of regulation, to cut the deficit and devolve power, is forcing us to re-consider the way we think about assessment regimes, and the purposes they should serve.

The demise of CAA

There were important reasons for re-assessing the effectiveness and sustainability of Comprehensive Area Assessment, even before its demise was announced: political circumstances were changing, doubts relating to its effectiveness were emerging, and budgetary pressures associated with the financial crisis were forcing policy-makers to look at public services in a different light. Furthermore, the effectiveness of the previous top-down, centralised, target-driven inspection regimes was being intensely questioned in academia and political circles. Predecessor regimes (Best Value and Comprehensive Performance Assessment) had been criticised for their restrictive command and control characteristics. Although CAA took a more constructive stance, serious questions were posed as to how it helped drive improved local solutions.

A brief history of assessment

Inspections, in one form or another, have been around since the eighteenth century. Frederic Wilson Taylor's use of the "scientific approach" in linking individualised payment systems to production quotas in the 1890s was turned into a "government efficiency" prescription in 1911. This was one of the first recognised systems of public management by numbers. Lenin, a strange bedfellow of Taylor at the best of times, embraced this management system in the Bolshevik newspaper "Isvestiya".

The evolution from this form of inspection to an external, permanent, publicised and hierarchical system from the centre to the local began in the 1970s.

The Blair Government continued this trend of increased audit and inspection as a cornerstone of effective public management, and as a necessary insurance on the substantial increase in public spending that accompanied it. New Public Management techniques went beyond the inspecting of financial probity and ethics, and instead placed an emphasis on performance measurement, applied to the functioning of, and to the provision of services by, local government.

The Best Value regime was an explicit way of instilling the notion that, in addition to being spent legally and ethically, money from the centre also had to be spent in the most effective manner. Comprehensive Performance Assessment eschewed the notion of focusing exclusively on financial trails, and directed itself towards comprehensively assessing “performance” instead. Just as the Blair years brought forth a flurry of legislation impacting many areas, so too the assessment regime accompanying it brought forth a flurry of targets and indicators. The top-down, heavy and centralised nature of public services was reflected in a top-down, heavy and centralised assessment regime: Best Value and CPA had over 1,500 performance indicators.

As the drawbacks from such a comprehensive assessment of performance appeared, and as the nature of public services further evolved, the focus shifted once again, this time from the performance of the local authority, to the area as a whole, with the advent of CAA. What mattered was not so much the performance of a specific council or service, but the outcomes felt by the citizens in a particular area. Since “citizen outcomes” were the product of different services working together, partnerships and their effects on citizen outcomes became one of the new purposes of assessment. Furthermore, such a process was thought to contribute to the efficiency of partnership working by encouraging them to produce clear improvement and partnership plans.

Politically, CAA had come under fire from many different angles. Criticism had already emanated from various Labour council leaders.³

³ http://www.publicservice.co.uk/news_story.asp?id=11559

Liberal-Democrats had also been critical in their appraisal of CAA. *“The Comprehensive Area Assessment process has been a disappointing waste of time which will add little to our appreciation of the way councils and their partners are doing their business and continuing to improve”*, argued Cllr Richard Kemp, the Leader of the Liberal Democrats in local government.⁴ Vince Cable had criticised CAA, recommending stripping back the system of regulation and all other targets except for those relating to social care.⁵ The Liberal Democrats also claimed that their priorities for the NHS included *“sharply reducing centralised targets and bureaucracy, replacing them with entitlements guaranteeing that patients get diagnosis and treatment on time”*.⁶

The current Minister for Local Government and Communities had held it up as an example of the *“regulatory burden”* on councils that had *“sprung up”* and *“which nobody understands, nobody needs, and nobody is held to account.”*⁷ Meanwhile, the Conservative Green Paper on localism, *“Control Shift”*⁸, had pledged to *“abolish all process targets applied to local authorities and free councils from intrusive and ineffective inspection regimes by abolishing the Comprehensive Area Assessment”*.

Caroline Spelman, in her previous role as shadow local government secretary, said: *“Labour have created an army of clipboard inspectors to monitor councils, which has done nothing to stop council tax doubling or frontline services like weekly bin collections being cut. Conservatives will abolish the bureaucratic CAA, and target inspection where it’s really needed, such as children’s social services.”*⁹

On the ground, a number of leading Conservative councils had also expressed their opposition to CAA. Wandsworth and Hammersmith & Fulham Councils had announced plans to cap the amount of time staff spend supporting future assessments. *“We are not going to waste another year propping up such a wasteful and poorly directed system,”* Wandsworth leader, Edward Lister

⁴ <http://www.libdemgroup.lga.gov.uk/lga/core/page.do?pagelid=6397577>

⁵ <http://www.publicfinance.co.uk/news/2009/07/opposition-parties-call-for-end-to-targets/>

⁶ http://www.libdems.org.uk/our_manifesto.aspx

⁷ Eric Pickles, *Trust people and they will trust you*, Conservative Party Conference, (2007)

⁸ http://www.conservatives.com/Policy/Where_we_stand/Local_Government.aspx

⁹ http://www.publicservice.co.uk/news_story.asp?id=11559

(Con), had said, concluding, “*our staff’s time is better invested in supporting and developing the vital local services that really matter to local people.*”¹⁰

This view was reinforced in *A Magna Carta for Localism*¹¹ written by Cllr Barrow (Westminster), Cllr Lister (Wandsworth) and Cllr Greenhalgh (Hammersmith & Fulham), which recommended that “*Comprehensive Area Assessments should be abolished (except for poorly performing councils).*”

In sum, criticisms focused on five key problematic aspects of CAA:

- Being excessively burdensome, especially the Use of Resources
- Remaining overly reliant on central targets
- Continuing to be too expensive
- Lacking a joined-up coherence across inspectorates
- Leaving local authorities feeling that they had “responsibility without power”

There is no doubt that were this discontent to have continued, the legitimacy of the process would have been severely questioned. Certain top-performing councils had already signalled their intention not to participate in next year’s assessment¹², thereby undermining the process, and potentially jeopardising the whole regime.

In their Coalition agreement, the new government pledged to “*cut local government inspection and abolish the Comprehensive Area Assessment.*”¹³

While many expected an alternative system to replace it, the new Coalition has not, at the time of printing, stated comprehensively what they would like to see put in place. They have, however, put forward some interesting ideas and proposals:

- ***Assessment through the ballot box:*** The new government is keen to underline that elections are the means for citizens to express their views on public services. Furthermore, this would be complemented by the

¹⁰ <http://www.lgcplus.com/policy-and-politics/latest-policy-and-politics-news/battle-begins-for-future-of-caa/5009398.article>

¹¹ http://www.cps.org.uk/cps_catalog/a%20magna%20carta%20for%20localism.pdf

¹² <http://www.wandsworth.gov.uk/legacy/news/pressreleasedetail.asp?id = 6794>

¹³ *The Coalition: our Programme for Government* (2010)

election of specific individuals within specific services, such as local health boards, and police sheriffs.¹⁴

- *Increasing transparency*, by “requiring councils to publish online details of all spending and contracts over £500, and reveal the names, titles and salaries of all staff earning over £60,000.”¹⁵
- Reviewing the Place Survey as a means of gathering citizens views.¹⁶

The Rt Hon Grant Shapps MP remarked that *“the amount of time that data-collecting costs, not only in our department, but out there in the country is simply unimaginable. [...] In the future, town halls and local government will worry about whether they are satisfying their residents. They will need to, because the figures will be published, you’ll have armchair auditors across the land looking at whether local government is delivering what was promised.”*¹⁷ His vision was articulated around placing citizens at the centre of the process: *“That’s going to be much more efficient, it’s going to produce results which focus on individuals which make up the local community, not on what ministers would like to see from Whitehall.”*

At the same time, certain forms of inspections were necessary, and therefore likely to continue such as in children’s service and education.

The financial storm

Criticisms of centralised and weighty assessment processes have been given extra weight by the financial hardships engulfing both central and local government.

In May, the International Monetary Fund (IMF) forecast that UK public borrowing would be the highest in the G20 in 2010.¹⁸ It is also estimated that the UK’s structural deficit will be the highest among all OECD countries¹⁹ and the 27 EU Member States.²⁰ The Budget and the plans the Government

¹⁴ The Conservative Party, *Invitation to Join the Government of Britain (2010)*; *The Coalition: our Programme for Government*, (2010)

¹⁵ http://www.conservatives.com/Policy/Where_we_stand/Local_Government.aspx

¹⁶ <http://www.lgcplus.com/news/cuts-2010/surveys-could-face-axe-shapps/5016558.article>

¹⁷ NLGN Annual Summer Reception, (2010)

¹⁸ IMF, *IMF Fiscal monitor*, (2010)

¹⁹ OECD, *Economic Outlook No87*, (2010)

²⁰ European Commission, *Spring Forecast*, (2010)

inherited represent a total consolidation of £113 billion per year by 2014-15, and £128 billion per year by 2015-16, of which £99 billion per year comes from spending reductions and £29 billion per year from net tax increases.

The financial imperatives add urgency to the need of finding a system of assessment that will achieve core necessary functions, but at a fraction of the cost. They also shift the question from “what do we really want?” to “what can we really afford?” In the context of major budget reductions, the emphasis shifts also to ensuring transparency over how more limited resources are maximised.

A fundamental rethink of the assessment regime is therefore necessary. In order to do this, we will look at the current and emerging nature and structure of public services, and the trends and principles underpinning them. These analyses will enable to us to identify what the primary functions of a modern and fit-for-purpose assessment regime should be. We will then try to balance the tensions that underpin such regimes, and see what lessons we can learn from CAA.

This will enable us to issue recommendations for designing a more nimble, purposeful, and financially viable assessment regime.

2 *What are we assessing?*

A keen awareness of ‘what’ we are assessing is fundamental to a proper evaluation of how we should go about finding alternative solutions to traditional assessment frameworks. So, what is the policy, public service and democratic landscape that must be reflected in a new assessment?

The current nature and structure of public services

Outcomes and ‘public value’

The nature of public service management has transformed over the past decade from a focus on service delivery processes, inputs and outputs to a consideration of the outcomes that citizens need.

Councils and their partners now set out Sustainable Community Strategies that establish the priorities, aspirations and challenges in a local area to which public services should respond. These are used to form Local Area Agreements between central and local government, which comprise of agreed priorities for an area. This introduces new complexities in interpreting and measuring outcomes, and in understanding the role of a myriad of contributors.

The Coalition Government’s clear focus on outcomes for citizens and payments by results in services such as crime and worklessness have underscored this change.

Emerging challenges and role of government

Few of the challenges facing government in the twenty-first century can be resolved through traditional models of public service delivery. Issues such as climate change, an ageing population and obesity fail to conform to traditional approaches where government can rely on regulation or service delivery. Instead they require greater emphasis on government influencing and shaping the behaviour of its population, whether this be encouraging and supporting older people to remain in their own homes rather than move to residential care, promoting healthier lifestyles to combat obesity or heart disease or incentivising homeowners to invest in energy saving. Such activity transforms government from simple ‘deliverers’ to enablers.

At the same time, achieving outcomes through the Coalition Government's concept of a "Big Society", where citizens, communities and non-state actors will take on greater responsibilities, compounds this level of complexity and reinforces the change from delivery to empowerment. In so doing, the legitimacy of government to intervene in new ways becomes paramount. At the same time, judging its activities and influence becomes more complex and problematic.

Focus on area and 'place'

Over the last five years, there has also been increasing recognition that an area perspective and focus should underpin public services. This has superseded the bureaucratic model of institutional management that was the product of the post-war national welfare state.

The Local Government White Paper 2006 and the Lyons Report of 2007 established the principle of 'place-shaping' in the lexicon of local public services. This wider role and responsibility for shaping the aspirations of local communities and responding to challenges that do not fall directly within the remit of statutory council services has been picked up by local authorities. This widened ambit has included not only other public sector partners such as the police, PCT and JobCentre Plus, but also the local voluntary and community sector and private enterprise. Local Area Agreements have established a mechanism for central and local government to agree on a set number of priorities for their local areas.

This shift in emphasis and status provided additional momentum to the shift from hierarchical approaches to government to network governance models where government seeks to progress its ambitions through influence rather than simply through direction.

Area-based budgeting

The most recent and radical iteration of 'area-based' public services has come through evidence collated by 'Total Place' pilots across the country that major efficiencies could be unlocked and services improved if an area approach to public services, resources, decision-making and outcomes was undertaken. The solution put forward was for areas to agree a set of priority outcomes for their communities in return for freedoms over resources and

performance management.²¹ The last few years of the Labour Government had seen a reduction in centralised targets.²² However, it is clear that these had not gone far enough. The pilot processes found consistently that performance management approaches were a crucial stumbling block to reform. This related to the disproportionate cost of assessment, but also to the distorting impact of assessment.

With these changes in democratic leadership and oversight, significant governance and strategic decision-making changes have come to the fore. A number of leading authorities, such as Westminster City Council, are now exploring models of strategic commissioning. As the LGA and CBI have put it, strategic commissioning is ‘about delivering customer-centric outcomes for an area, not narrow outputs’.

The Coalition Government’s commitment to introduce directly elected police sheriffs and locally-elected representatives on Health boards reinforces the need for any assessment approach to encourage clear joint strategy making across local public services. CAA had been intended to provide this cross-area analysis.

Devolution and decentralisation

Each of these changes has led to a more devolved settlement – where the needs of citizens and local communities are paramount and where there is greater discretion and decision-making power for local councils to respond to these needs.

All political parties committed in their manifestos to greater localism. The Coalition Agreement set out by the Conservative and Liberal Democrat Coalition called boldly that ‘the parties will promote the radical devolution of power and greater financial autonomy to local government and community groups.’²³ A number of key devolutionary principles and changes are now on the horizon. The Decentralisation Bill will legislate for a general power of competence for local authorities. The new legislation will give greater discretion for local areas to carry out activities which are beyond the remit of specific enabling legislation for local authorities.²⁴ New incentives in local economic growth and planning are handing greater powers down to local communities.

21 HMT, *Total place: a whole area approach to public services*, (2010)

22 For instance, the CSR 2007 reduced national targets from 1,200 to approximately 200. Subsequently, HMT, *Putting the Frontline First: smarter government white paper* (2009) pledged to reduce targets by a further 10 percent.

23 Conservative Liberal Democrat coalition negotiations: Agreements reached (11 May 2010)

24 The Conservative Party, *Invitation to Join the Government of Britain*, (2010)

Together these moves are bringing about a devolved settlement where locally-elected representatives have a greater role in shaping and deciding on public services. Therefore, lines of accountability between citizens and local government are becoming increasingly fundamental to the power dynamic in public services.

Citizen and state

Although the Prime Minister has argued that local authorities are fundamental to the devolution of services down to localities, neighbourhoods and citizens, the Coalition Government's programme of reform also points towards a new relationship between the citizen and the state. Conservative Party proposals for triggered local referendums for council tax levels generate a new line of democratic accountability between the citizen and the local state. This raises the prominence of citizens in their role of holding local public services to account and, in so doing, creates a new dynamic between the citizen and local state which transcends existing representative democracy. Citizens are to become armchair auditors holding police, councils and other public bodies to account on the basis of transparent information on performance and spending.²⁵

In fact, the relationship between citizen and state is at a tipping point. Recent years have seen customers receiving individual budgets, personal budgets and direct payments in adult social care. Where citizens have greater control, different regulatory oversight must take root. As Professor Julian Le Grand has argued, effective markets are dependent on a rigorous quality measurement and assurance so that customers can identify the best services for the best price.²⁶ Such scrutiny may come from government, external arbiters or citizens themselves.

The Government's idea of a 'Big Society' foresees civil society playing a much more fundamental role in service provision. Professionals are likely to see increased delegation of budgets in health, education and other services. This adds further complexity to lines of accountability and changes the relationship and improvement agenda from a government-citizen relationship to a triangular one between professionals, citizens and democratically-elected representatives.²⁷ Mutuals and co-operative spin-offs are likely to blur the distinction between civil society, the public and private sectors.

²⁵ Cabinet Office, *Building the Big Society*, (2010)

²⁶ Julian Le Grand, *The Blair Legacy? Choice and Competition in Public Services*, Transcript of Public Lecture (LSE), p. 15.

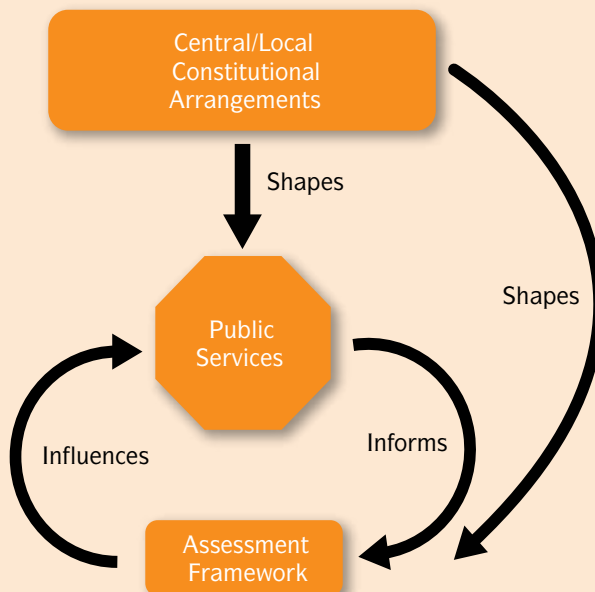
²⁷ For a discussion of some of the related aspects, please see Professor Vernon Bogdanor, *On forms of accountability*, 2020 Public Services Trust, (2010).

Public services are increasingly horizontal in nature, involving a wide range of actors within an area to deliver a set of agreed priorities. As the Big Society develops, and as the role of citizens and non-governmental organisations increases in the shaping and delivering of public services, the design of an appropriate framework should aim to mirror and encourage these trends. Public services and the assessment regime must support each other.

Who's shaping whom?

There is a mutually reinforcing relationship between assessment regimes and the public services they seek to assess. The nature and shape of the assessment regime will depend on the nature and shape of the public services being inspected. Conversely, once in place, assessment regimes can influence the nature, shape, and functioning of public services.²⁸

Figure 1 Relationship between institutional arrangements and assessment regimes



²⁸ Downe, Grace, Martin, Nutley, *Theories of Public Service Improvement: A Comparative Analysis of Local performance Assessment Frameworks*, Public Management Review (2010)

This theory is further supported by international examples. As the examples below demonstrate, countries which possess a strong local democratic engagement, either through culture or through constitutional arrangements, generally have little need for a comprehensive assessment regime.²⁹

International comparisons

In Denmark, central government is not seen as the majority stakeholder in local government's service delivery. As such, it has a much lower incentive to monitor the local government, and much less political power to impose such a regime. Conversely, municipalities have an incentive to organise themselves and learn from each other's best practices, as they are held accountable for their performance to their electorate. Spontaneous cooperation between these countries' municipalities through local government organisations has become the norm.

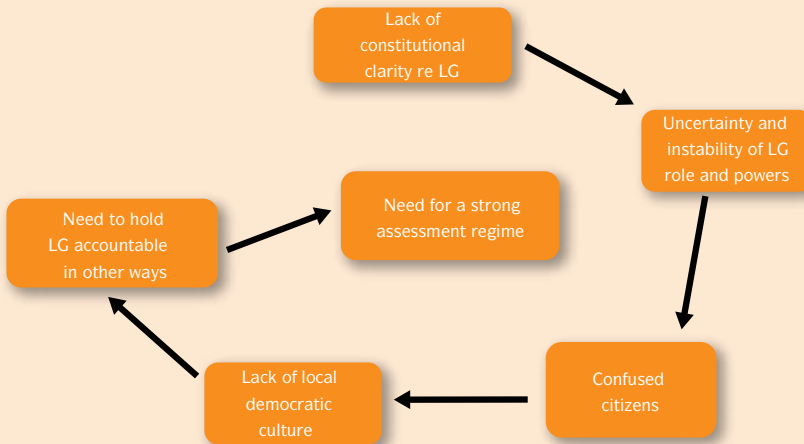
In these arrangements, the relationship is thus cooperative and voluntary. Local governments use mild forms of assessment methods: instead of using rigid and specific indicators, they prefer to use more encompassing criteria of broad analysis. Swedish communes, for example, can ask the local government association (SALAR) to conduct an assessment of their performance, which is then shared with other local authorities, but not the public, in order to find best practices through a programme called "Municipal Compass".²⁹ In Denmark a similar system of voluntary cooperation is also in place.

France, on the other hand, is a heavily centralised country. The roles and powers of local government are limited, and funding comes mainly from central government. Because the majority of local government spending is dictated from the centre, with little autonomy or discretion allowed, central government only assesses the financial probity of the "*collectivites territoriales*". The functions of local government which are not dependent on the centre are constitutionally enshrined, and punished or validated by the electorate in local elections. While France does engage in some data-gathering in certain key sectors (health and education, mainly), it has never adopted a comprehensive assessment regime.

²⁹ http://www.skl.se/web/Vad_ar_kommunkompassen.aspx

Compared to virtually every other Western country, England is not only centralised, but also lacks legal clarity over the role of local democracy. Its roles and power are not enshrined in any constitution, and can therefore be modified at will. This creates an inherent uncertainty and instability, both in the relationship between the centre and the local, but also between local government and its electorate, as demonstrated in this diagram:

Figure 2 Consequences of the fluctuating roles and powers of Local Government



It is questionable whether previous assessment regimes fully understood the dynamics at the heart of public services, and the tensions inherent in assessment regimes. These regimes should therefore be shaped by the nature of the services they assess, whilst also trying to influence their development. They should also be responsive to their changing circumstances. In order to create a more effective assessment process, we need to analyse the shape of current public services, and the trends affecting its evolution. We also need to realise the pull that such an assessment regime will have on public services, and the tensions it will have to manage.

3 *What should a modern assessment regime focus on?*

Assessment regimes can, and have, fulfilled many different functions, both internationally and historically. As we have seen, however, assessment regimes do not operate in a vacuum, and are closely linked to both constitutional arrangements that define the central-local relationship, and to the nature of the public services they are trying to assess.

For an assessment regime to be optimal, it therefore has to be targeted on the entities it is serving, focused on the services it assesses, and modelled around the aims it is trying to achieve.

The purposes of assessment

Financial probity and good governance

The auditing of public service providers is possibly the least controversial aspect of the assessment regime. It is a *sine qua non* condition of building public trust in its democratic institutions, of fighting corruption, and of ensuring transparency and accountability in decision-making processes.

As responsibilities and resources are devolved, the need for safeguards and accountability increases. Recent events such as MPs expenses demonstrate the particular sensitivities that such issues can arouse in citizens. In addition, the financial crisis will diminish resources and force councils to be as efficient and diligent as possible in spending public money.

A similar argument applies to good governance. Local democracy is only as strong as the trust citizens have in it. Elected representatives must be held to the highest standard of public office. Citizens could expect no less from the individuals responsible for delivering £150 billion of public services annually. Finally, since effective leadership is a key requirement for improvement, efforts should be made to ensure that leaders are held to the highest standards.³⁰

30 CLG, *The State of local Services: Performance Improvement in Local Government*, (2008)

This view was supported by the Programme Director at London Futures, who put it thus: *“There are different purposes of inspection. Some of them are general and relatively uncontroversial, some are of a more political nature... Financial probity is quite commonly accepted. The way in which local authorities manage high-risk services, and the way they spend money, that’s quite uncontroversial. Having an external audit function which looks at financial probity, most people would be happy with that.”*

Citizens, when pressed about the kind of information which could be useful to them, identified ‘financial information’, performance information about schools, how well a council is meeting some of its key targets, regeneration initiatives and policing as areas of interest.³¹ The most common trait amongst all respondents, however, was that they wanted information that is relevant to them, and specifically in relation to *the services they use regularly*.

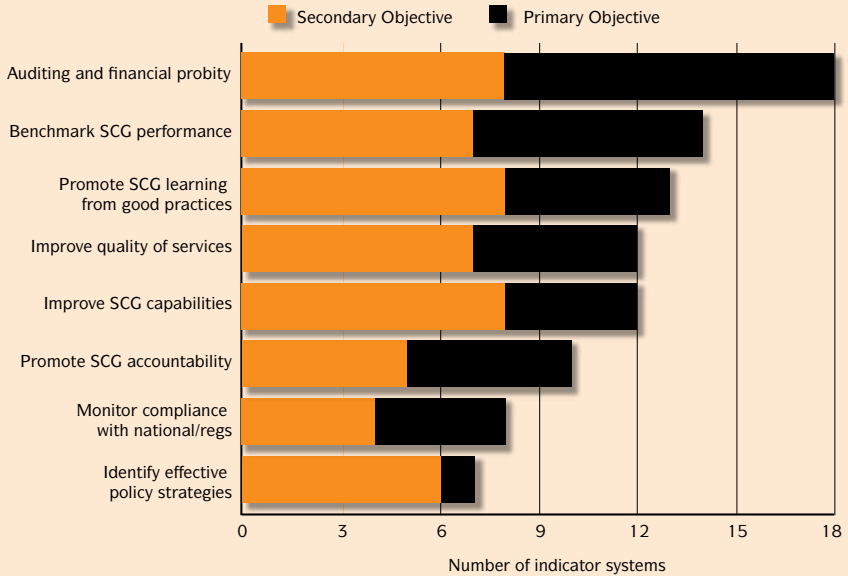
Furthermore, citizens should be entitled to the highest standards of behaviour from the politicians they elect. While mechanisms for complaints exist within each local authority, a universal code of conduct would reassure citizens that ethical behaviour should be the same across the country. Such a Code would cover areas of individual behaviour such as councillors not abusing their position or not misusing their authority’s resources.

Financial transparency and a code of conduct establishing principles and actions against unethical behaviour or individuals should therefore be given serious consideration in the design of an assessment regime.

This need for financial probity is supported by international examples. A 2008 study by the OECD amongst member countries listed the following as objectives of performance indicator systems:³²

³¹ 2020 Public Trust, *What do people want, need and expect from public services*, (2010)

³² OECD, *Promoting Performance: Using Indicators To Enhance The Effectiveness Of Sub Central Spending*, Working Paper No. 5 Com/Ctpa/Eco/Gov/Wp(2008)5

Figure 3 Objectives of performance indicator systems

Note: 'Secondary objective' refers to objectives marked as "secondary" on the questionnaire, as well as those marked "an objective"

This suggests some important similarities, and some slight variations, amongst OECD countries. The lowest common denominator amongst OECD countries is indeed auditing and financial probity, whereby central government ensures that money is spent legally, ethically and efficiently.

Citizen outcomes in an area

The fundamental purpose of an assessment regime should be to ensure that public services in an area improve outcomes for citizens. As taxpayers, citizens are the principal funders of public services. As service-users, they are the recipients. As voters, they elect the people who will ensure that the provision and delivery of services are satisfactory. Assessment regimes should therefore ensure that citizens outcomes in an area are satisfactory, efficient and, where possible, improving.

The concept of 'outcome'

The concept of 'outcome' can be somewhat nebulous. It can refer to the experience of the citizen or of the service user, his or her *perception* of the quality of the service received, or of a state of affairs. In this case, metrics can be subjective and difficult to measure. An 'outcome' may be dependent on a host of factors, many of which are not within direct control of local authorities. It may be dependent on a whole range of actors within a particular area. It may be subject to change over time, for reasons which are not always directly attributable. It may often be subject to citizen expectations rather than easily quantified and static measurements.

Some of the outcomes relating to minimum standards or vulnerable people can be more objective, but just as hard to measure. The effectiveness of a youth offending scheme, for example, can take years if not decades to become apparent. Shorter-term markers (or outputs) are usually applied to such outcomes, but the medium to long-term effects can be much more important. Such 'outputs' can share certain unfortunate similarities with targets, such as being susceptible to gaming, or adversely distorting behaviour. The line that divides outputs from outcomes can be unclear.

Since outcomes can be difficult to measure objectively or in a timely manner, the most relevant method for judging whether they are being met should be to ask citizens whether they think that outcomes are satisfactory, and whether they feel that the performance of services is increasing.

Increasing citizen input

As taxpayers and recipients of public services, citizens should be at the start, the centre, and the end of the assessment process. As active members of their community, they should participate in deciding local priorities and needs. As service-users, they should be involved in the running of services, and their feedback should be collected and used as intelligence.

Such concepts can build up lines of trust and interaction fundamental to making the 'Big Society' concept a reality. Citizens should be encouraged to participate in assessment processes, but also in the running and redesign of services. A number of innovative councils have already started to involve citizens in the designing and running of services, with

considerable success.³³ And in order for them to make their voices heard, local authorities and their partners must have the tools needed and the willingness to listen to them.

Since the fundamental purpose of public services is to improve outcomes for citizens, citizen input should be fundamental at all stages of the assessment process.

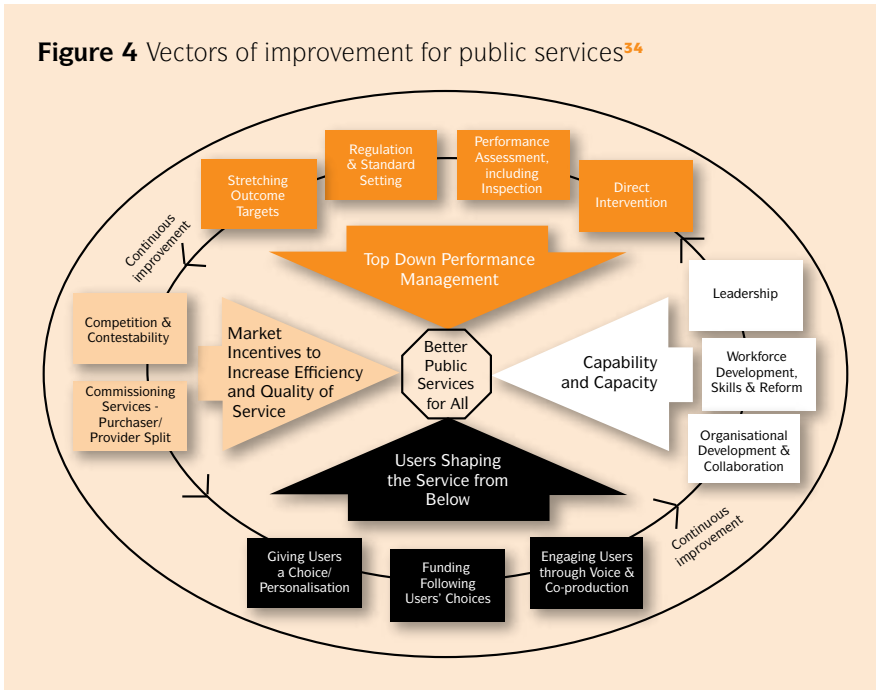
A Councillor in a Metropolitan Council reinforced this message:

“Inspection would be about knowing what citizens want and then delivering against that. Governance arrangements are important. If it’s on a very local level, local people can be involved, but it must be local. To aggregate this up, it must be very carefully done. The question is, are local authorities engaged with citizens, rather than the inspection framework. It should be up to local authorities to get engaged with citizens, not the other way round.”

Service Improvement or Service Efficiency?

An assessment regime should drive good performance in order to improve outcomes for citizens. Historically, assessment was seen as one of the key drivers of improvement of public services, as illustrated by this diagram:

³³ Lambeth Cooperative White Paper, <http://www.lambeth.gov.uk/NR/rdonlyres/CA6C2E2F-33E4-48CE-82C1-D7E0E82EEF9E/0/CooperativeCouncilWhitePaper.pdf>

Figure 4 Vectors of improvement for public services³⁴

Whilst we are trying to move away from a top-down performance management framework, this purpose should be maintained but driven by other forces. Improvement was a recurring answer to the question relating to the purpose of assessment in research interviews: *“To improve the end product, the service to the community, what they receive... Basically improvement.”* The Chief Executive of a District Council answered the question about the purpose of assessment in one simple sentence: *“To push up standards, to get a broad view about the quality of public services.”*

Inspectorates were of a similar opinion, with one director of an inspectorate arguing: *“Improvement. That’s the main thing. Clarity about outcomes, the effectiveness of the services, and getting a clear picture of the current performance. That picture should have credibility, and reliability”.*

Research into expectations of citizens also shows that despite diminishing resources, citizens still expect continuous improvement in public services.³⁵

³⁴ Steve Martin, *What can we learn from CAA?*, NLGN seminar on the Future of Assessment, (2010)

³⁵ 2020 Public Trust, *What do people want, need and expect from public services*, (2010)

Certain aspects of inspection also tend to increase performance: the spotlight of assessment and the threat of external inspection can be powerful tools in ensuring that councils continuously strive for improvement.³⁶

Improvements, however, can be difficult to measure. As will be discussed in Chapter 4, improvements in CPA scores were not necessarily simply the same as improvement in public services. The use of indicators to measure improvement should be heavily scrutinised. Too many targets can be massaged or “gamed”, and too many do not measure what they are supposed to be measuring. This is especially the case with top-down targets imposed by central government, as these will not be “owned” by local government, but rather be seen as a test to pass. The Government has set out its stall to drastically reduce and abolish national targets. The question is: what should replace them?

Studies have shown that *“whole-authority assessments appear to be poor predictors of future performance, and they focused on particular aspects of ‘performance’ (notably corporate capacity) which were of little interest to citizens and service users”*³⁷ and that while some parents do look at school tables, the public at large has little interest in such whole-authority assessments. It seems, therefore, that improvement should be sought in other ways, which are not top-down, and which use the citizens’ or service-users input.

An extra layer of difficulty in driving improvement, in measuring such improvement, and in apportioning blame or credit for such improvement, lies in the more devolved, complex, partnership-based nature of public services. For assessment to be meaningful, however, improvement and performance must be attributable. As discussed above, outcomes are dependent on a range of factors, spread across an area: public and private bodies working together, aided by third sector and voluntary organisations, all collaborating to affect outcomes for the local citizens. A purposeful assessment regime which aims to improve outcomes should therefore be concerned with the efficacy and delivery of partnerships.

³⁶ CLG, *Meta-evaluation of the Local Government Modernisation Agenda. The State of Local Services: Performance Improvement in Local Government*, (2008)

³⁷ Steve Martin, James Downe, Clive Grace and Sandra Nutley, *Validity, Utilization and Evidence-Based Policy: The Development and Impact of Performance Improvement Regimes in Local Public Services*, (2010)

Finally, in these difficult economic times, it is worth asking whether the purpose of assessment should be improvement or efficiency. With budgets diminishing by 25%, how realistic is it to expect real and absolute improvement? Would this not create heightened expectations against which local authorities would struggle to deliver?

While it seems that the public has accepted the realities of incoming budgetary cuts, research suggests that they still think that such cuts can be offset by 'efficiencies'.³⁸ Promising 'improvement' might therefore confirm this misplaced belief. Efficiency, or 'improvement relative to the funding received' might be a more realistic aim for assessment regimes operating in extremely tight financial constraints.

Encouraging innovation

Assessment regimes should also encourage innovation and appropriate risk-taking by local authorities. Public bodies must be free to try new policies, ways of engaging with citizens, and methods of service delivery. With 430 local authorities, there is a vast reservoir of experiences, solutions, practices, data, and knowledge that must be tapped into and fostered. Local authorities should be encouraged to share and learn from one another as part of the assessment process. Conditions which foster innovation must be encouraged. This will be especially important in times of financial hardships.

Minimum standards and vulnerable individuals

Tragic incidents such as Baby P or Victoria Climbié have highlighted the importance of protecting vulnerable individuals: failings have extremely high consequences, in these cases the death of a child, and the justifiable public outrage that follows such cases has repercussions on both local and central government institutions. It damages public confidence, and the bond between citizens and the public sector.

Qualitative work by MORI for the Department for Work and Pension³⁹ has shown that citizens are responsive to the requirements of those they perceive as being legitimately in need, and that they believe they should receive a higher level of support, help or protection than others.

³⁸ 2020 Public Trust, *What do people want, need and expect from public services*, (2010)

³⁹ Suzanne Hall, *Spending priorities in the benefits system: Deliberative research with the public*, DWP, (2009)

Minimum standards and the protection of vulnerable individuals was a recurring answer by individuals interviewed by NLGN. When asked what the purpose of an assessment regime should be, a Councillor in a District Council replied that *“It should be to identify those people, communities, councils, that are falling below the minimum standards that citizens expect.”*

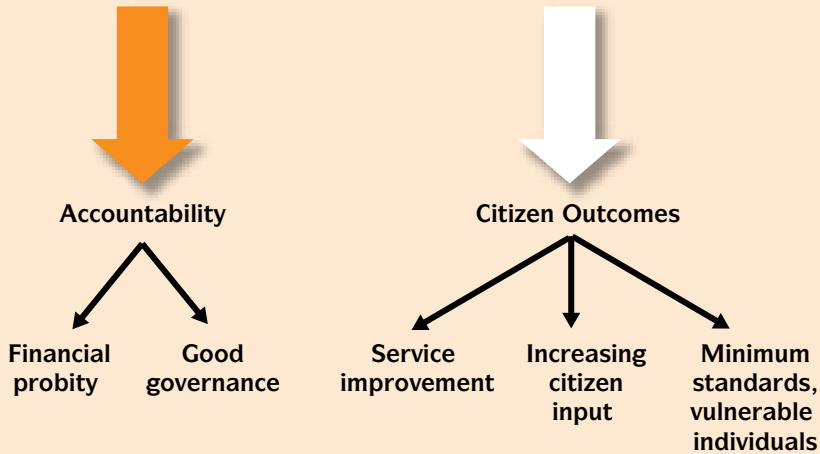
A senior Councillor and political leader in the LGA summed it up thus: *“inspection should be concentrated on issues such as public safety, safeguarding children and vulnerable adults, residential settings for the elderly, schools... areas of maximum public risk, fundamentally”*

Citizens also place a high value on minimum standards: almost two-thirds (63%) of them think that standards of public services should be the same everywhere in Britain. Conversely, they also think that local control, personalisation and choice are important. As the survey explains: *“The tensions in the public mind between fairness of provision, on the one hand, and both local control and choice, on the other, remain unresolved.”*⁴⁰

This “uniformity” is a coin with two sides: one side implies minimum standards of services, whether you live in Hackney or in Chester-le-Street. While this aspiration is commendable, the flip-side is that even where minimum standards are ensured, higher standards elsewhere can sometimes lead to accusations of a “postcode lottery” by the media and the public. This is especially true for “core” services such as education, health, or policing.

Above these minimum standards, services should be allowed to flourish and vary according to the specific needs of local communities. While the aim should of course be for poorly performing services to catch up with those that perform well, this process will take a substantial amount of time, during which inequalities will, and should, persist. The way to reconcile these propositions is by ensuring that efforts should be made to guarantee minimum and satisfactory standards across the country, while allowing and encouraging local authorities to improve their performance above and beyond this base line. Therefore, minimum standards form a key central plank in fulfilling the goal of citizen outcomes.

⁴⁰ 2020 Public Trust, *What do people want, need and expect from public services*, (2010)

Figure 5 Nature and function of assessment

In-built systems of assessment and whether they fulfil this purpose

The structure of democracy and service provision comprise in-built mechanisms of assessment. The question is whether these go far enough on their own to fulfill the requirements of assessment set out above.

The ballot box

Could this process not be achieved simply through elections and through mechanisms within public service delivery? Perceived failings by local authorities could always be punished at the ballot box, since this is the most inclusive way for citizens to get involved, and since this is the purpose of local democracy. There is no doubt that, in practice, elections serve as a *de facto* assessment process, whether that judgment by citizens is conscious or not. It also puts citizens at the heart of the process, which is both commendable and necessary.

And yet, there are difficulties with relying solely on this approach. For a start, it is doubtful whether the local democratic culture in England is strong enough to act as a “safety valve”. Average turnout in local polls since 1996

has been 35.4 per cent.⁴¹ This is a much lower score than most European countries over the same period, such as Sweden (79%), Denmark (72%), Germany (70%), France (59%) or the Netherlands (47%).⁴² Secondly, elections in many areas are only held every four years. This is a long time-span during which citizens must have some other mechanisms to effect changes, or to register their dissatisfaction with a particular service. Finally, elections remain a rather blunt and indiscriminate tool with which to assess particular services. How can citizens express satisfaction with certain services but dissatisfaction with others through the ballot box? How can councillors infer which services citizens were happy with, and which were problematic?

The Coalition government has put forward proposals to directly elect certain heads of services, such as police commissioners. While we think such a proposal could have potential benefits for engaging citizens with the local democratic process, this would not remove the need for independent, apolitical, and expert inspection, but rather complement it. While citizens can judge certain aspects of policing, such as the number of police officers on the streets, others are more opaque. How can citizens judge, for example, civil contingency planning in case of a large-scale terrorist attack?

That is not a permanent state of affairs. A regeneration of local democracy, achieved through a clear and permanent constitutional settlement between the centre and the local, would certainly help to foster a more vibrant local democratic culture by creating stability and certainty in the roles and powers of local government. Empowering councils to raise their own revenue and freeing them from top-down spending imperatives would also enable them to make strategic spending decisions, which could be validated or punished by citizens. Even in these circumstances, elections are too infrequent, too blunt, and too distant from citizens to be legitimate as a sole assessment tool. Effective assessment can underpin, rather than undermine, the democratic process.

Assessment through choice

The new Government has pledged to devolve power away from the centre, putting citizens at the heart of public services and giving them greater say in how services are run, alongside greater freedom to choose between

⁴¹ Electoral Commission

⁴² ODPM, cited in Wilks-Heeg and Clayton, 2006, p.175, (2002)

service providers. Andrew Lansley, the Health Minister recently addressed the Patients Association and National Voices asserting that: *“patients value choice, even if the choice they make continues to be to go to their local practice and their local hospital. The combination of information and choice will hold people to account and drive up standards.”*⁴³

His speech made repeated references to the relationship between the availability of information to patients, their exercise of choice and the positive effect this is expected to have on the quality of services provided, responsiveness to patients’ needs and accountability of staff.

Accessible information will allow patients to be able to exercise greater autonomy in selecting which services they choose to use. Such informed decision-making will in turn act as an incentive for public services to improve, specialise or fill vacant demand, effectively creating a “self-correcting” market mechanism in the “consumption” of public services.

It could be tempting to conclude that the vast and expensive inspection regimes which regulated public bodies could become, if not obsolete, then at least vastly reduced in scale – replacing a top-down, centralist or paternalist approach with a cheaper bottom-up one more responsive to the demands and needs of citizens and service users. Effectively, if funding and resources follow the user, competitive pressure is applied to providers who are then incentivised to improve their service in order to attract/retain clients.

There seems then to be broad support for engaging with citizens more effectively and tailoring services to their needs rather than making them comply with centrally imposed targets and performance measures. But can shifting the focus to service users’ preferences act as a sufficient regulatory mechanism in itself?

One problem is that such a model is largely based on Hirschman’s 1970 account of consumers’ reactions to declining quality in products⁴⁴ and how their reactions (exit/choice or voice) then provide a feedback mechanism for firms to correct their product/service. Social services are complicated multi-tasking service providers, and there is no guarantee that people will

⁴³ Andrew Lansley, Secretary of State for Health, available at http://www.dh.gov.uk/en/MediaCentre/Speeches/DH_116643, (2010)

⁴⁴ Albert O. Hirschman. *Exit, Voice, and Loyalty: Responses to Decline in Firms, Organizations, and States*. Cambridge, MA: Harvard University Press, (1970)

respond to, or view, changes in services in the same way. In effect, there is no guarantee that service users will be able to agree or provide direction for social services.

In some services, this can potentially lead to the voices of some groups being given more preference than that of others. Serious consideration should be given to the fact that increasing consumers' voice in public services may not (of itself) increase everyone's voice and may well exacerbate existing inequalities in terms of access and information and how this is acted on.⁴⁵ The complexity of information in services such as healthcare may make it hard for users to make full and direct use of it.⁴⁶

Choice may not necessarily be valued highly enough by people to provide sufficient justification for its use if it does not generate significant improvements in service delivery. There is also the possibility that choice and voice do not work in the complementary capacity that some assume, as those most likely to voice complaints or reservations about a service, unless they are particularly loyal may simply exit (exercise their choice) and move to a different provider.

In sum, the empowering of service users to have greater authority and influence in the provision and improvement of public services would be a welcome measure. However, although it can be a positive dynamic that can act to improve productivity and service performance, alone it cannot ensure that outcomes are maintained for all users. In fact, in some circumstances it may introduce problems of its own. Choice is therefore an important part of the process, but suffers from inherent limitations which must be compensated for.

Below we set out how we can seek to complement the existing in-built systems that drive and underpin performance.

⁴⁵ Nigel Keohane, *People Power*, NLGN, (2009)

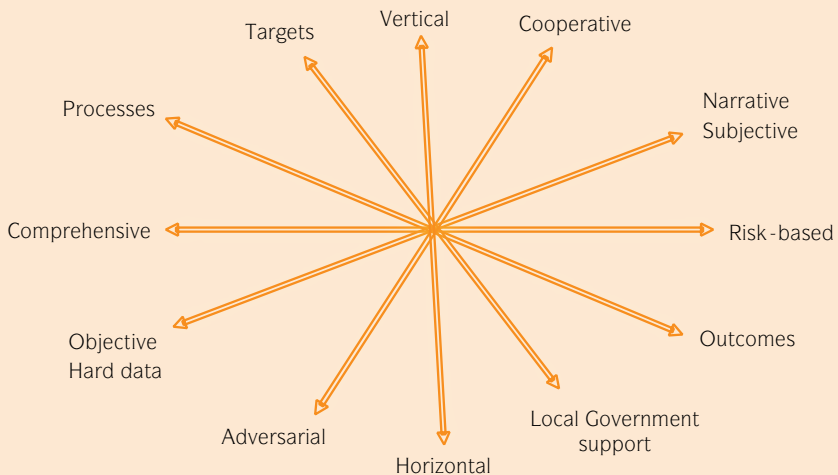
⁴⁶ Deborah Wilson, *Targets, Choice and Voice: Accountability in Public Services*, 2020 Public Services Trust, (2010)

4 What are the tensions inherent to assessment regimes?

Meeting these objectives in the context of tensions

The assessment process serves different purposes for different stakeholders: assessment provides information to citizens, but can also serve to drive improvement for local authorities, or to provide assurance to central government. At the same time, the different mechanisms for inspection often have unintended consequences: the gaming of targets being but one example. These factors create tensions, inherent to any inspection regime, which must be identified, analysed and managed, whilst keeping in mind that resources are diminishing.

Figure 6 Balancing the tensions



Comprehensiveness versus risk

The most basic of these tensions relates to cost and comprehensiveness: a comprehensive regime, which inspects every aspect of every service, will provide a huge amount of information but at an extraordinary high cost. Conversely, an extremely light-touch and superficial regime would cost a lot less, but would capture less information. There is a correlation between the comprehensiveness of the regime and the cost associated with it.

“Cost”, however, is relative. An expensive regime which drove up improvement, provided clear and useful information, eliminated waste, and made citizens more positive about their local authority could provide good value for money. It would, in effect, be “cheap” compared to the benefits it provided. The converse is also true.

This is complicated by the fact that government finances are not relative to the benefits they produce: in difficult times, the budget that can be reasonably allocated to inspections cannot be stretched indefinitely, no matter the potential benefits. If local authorities are to face 25% of cuts in their budgets, the assessment process will have to cost far less than CAA did. The question therefore becomes: Is it possible for an assessment framework to achieve the same (or better) results as CAA, but at a fraction of the cost?

A final consideration is that some costs are not clearly visible. Howard *et al* have identified some of the “hidden costs” present in inspection regimes: compliance costs, avoidance costs, opportunity costs (loss of other opportunities due to diversion of resources to inspection), displacements effects (prioritisation of inspection concerns above organisation concerns), reduced innovation, and damage to staff morale.⁴⁷ To these, we could add the cost of “failure”: a weak assessment framework that would fail to detect failings could end up being comparatively expensive. While these hidden costs are extremely hard to calculate precisely their influence must be recognised.

On the surface, a similar dichotomy applies to the concept of risk: namely that a comprehensive approach should reduce risk to a minimum through maximum control and coverage. This, however, might simply be an illusion. “Risk” is a complex concept. Some risks have a high probability to

⁴⁷ Howard Davis, James Downe and Steve Martin, *External Inspection of local government: driving improvement or drowning in detail?*, JRF, (2001)

materialise, but with low-level consequences (benefit fraud), whilst others have a lower likelihood but a much higher impact (death of a child while in care). The references to risk in the CAA framework document are numerous, for example in describing one of the assessment regime's aims as "*delivering the required level of assurance on inherently high risk services*"⁴⁸ or promising 'diagnosis' in order to "*enable deeper investigation where there is evidence of [...] a high risk of performance slippage or failure.*"

The emphasis on risk is partly explained by the fact that sustained media attention on council failures has led local and central government officials to being extremely risk averse. "*Services have layers of new checks every time a mistake is made, which over time leads to very robust, but unnecessarily expensive, processes.*"⁴⁹ This is symptomatic of what one academic has termed 'the risk management of everything'.⁵⁰

Traditional approaches tend to downplay the fact that risk can never be completely eliminated however comprehensive the system. The key, according to a Councillor and political leader at the LGA, is to have a "*risk-based system*", that is to say, a system which identifies the sectors or groups of individuals most at risk, the areas where risk has the highest impact, and focuses inspection on those groups, sectors, and areas.

Furthermore, attempts to eliminate risk often have perverse consequences, such as fragmentation of work, waste, delays, and barriers between providers and the public. These consequences might sometimes be necessary evils. However, a certain level of risk tolerance, from both central and local government, might also be useful in preventing those consequences from happening in the cases where risk can be managed. Providing constant reassurance to central government that every facet of a particular service is being managed is both costly and often inefficient. Such efforts should be the preserve of high impact sectors, such as care for children or vulnerable people, but it should not be the norm.

An assessment framework should therefore strive to identify such high-impact sectors, and focus resources on these. For the rest, a certain amount of risk-

⁴⁸ Audit Commission, *CAA Framework*, (2010)

⁴⁹ Paul Buxton, *The Illusion of control*, SOLACE, (2009)

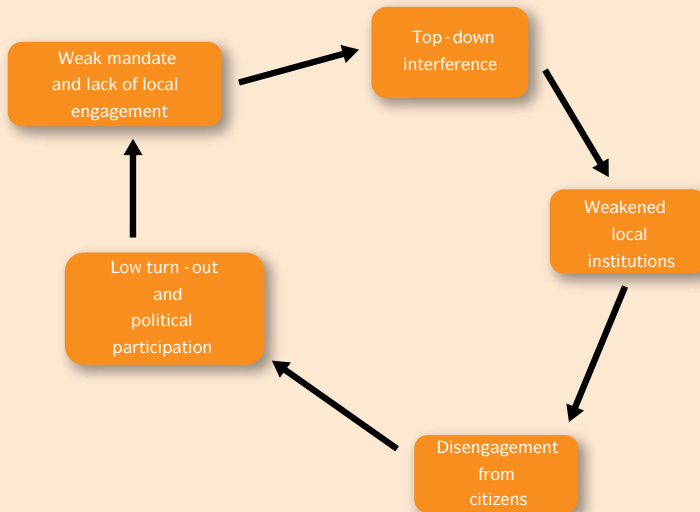
⁵⁰ Michael Power, *The Risk Management of Everything*, Demos, (2004)

acceptance from citizens, local and central government, and the media, would not only be more realistic, it would also be more effective. A lighter-touch system must also seek to mobilise and exploit in the most effective way the information that it gathers to drive improvement and value for money.

Vertical or horizontal

The concept of managing risk from the centre, however, is really a by-product of a more fundamental dynamic: the relationship between central and local government. Assessment regimes have traditionally been a form of control from the centre to the local. Constitutional and institutional relationships between the centre and the locality often come to define the type of assessment framework which will be put in place. In addition to preventing local government from realising its full duties, top-down interference contributes to breaking the bond between citizens and local government, since the latter is seen as weak and ineffective. This fuels a vicious cycle, with citizens apathetic towards weak institutions, disengagement from the political process, low turnout leading to weak mandates, and therefore more top-down interference.

Figure 7 Unintended consequences of top-down interference



Central government should be striving for the opposite of this, a virtuous cycle whereby strong local institutions are empowered to provide innovative and appropriate solutions in their areas, leading to citizen satisfaction and a clear understanding of local institutions, creating local political engagement, and voters turning out in numbers to elect the members of institutions affecting the areas they live in.

This has been the stated aim of both the Conservatives and the Liberal-Democrats, with pledges to strip back regulation and free up local authorities.⁵¹

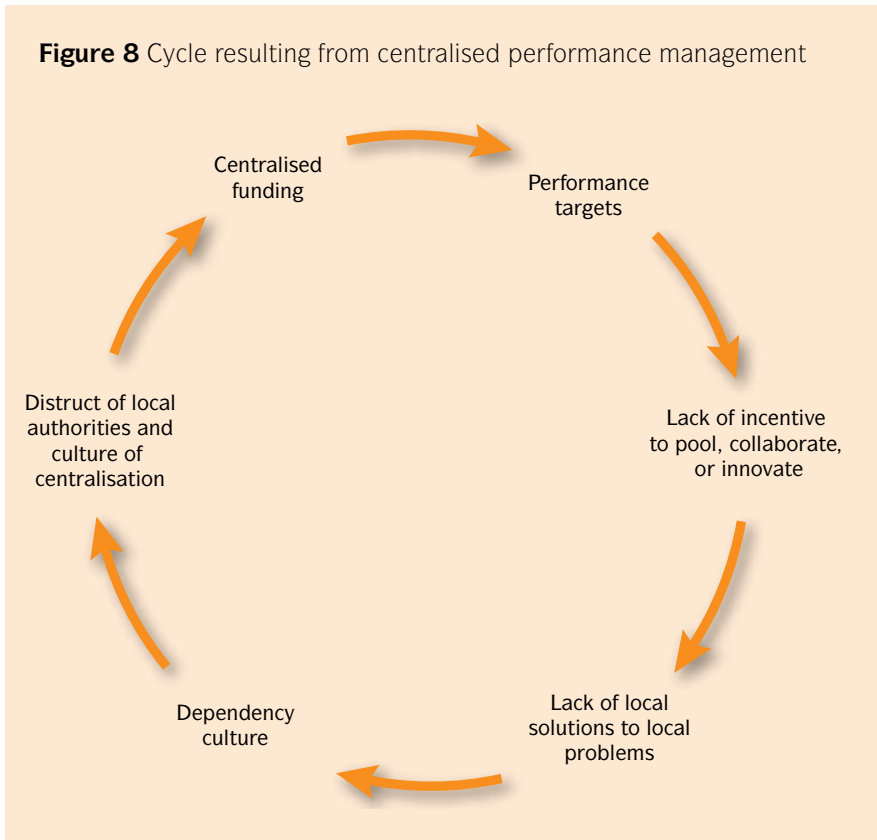
As it is, however, England is one of Western Europe's most centralised states.⁵² Only a low percentage of local government revenue is self-generated and it possesses little leverage over many aspects of local public services. Studies have shown that citizens are confused as to their respective roles.⁵³ If local government had clearly defined powers, responsibilities, and mechanisms for self-financing, then the ballot box would become a more dependable system of assessment as occurs in other European countries.

A confident local government, transparent in its performance, processes and accountability, and a central government willing to give full responsibility for the delivery of services to local government, would go some way towards achieving a more coherent and less burdensome system. Systems of siloed and top-down funding and performance management create a vicious circle that underpins these negative conditions.

⁵¹ Liberal-Democrat manifesto (2010)

⁵² Roger Gough, *With A Little Help From our Friends: International Lessons for English Local Government*, LGA, (2009)

⁵³ CLG, *Strengthening local democracy – focus groups*, (2010)

Figure 8 Cycle resulting from centralised performance management

The nature of public services is rapidly changing, moving from a vertical model of delivery to a horizontal model of partnerships, cooperation, and joined-up services in a specific area. As CAA recognised in its intentions, this should shift the focus of inspection from looking at top-down mechanisms (targets) and individual structures (organisational framework of local authorities or public bodies), and instead look at the outcomes for citizens in an area resulting from the wide range of policies and delivery mechanisms initiated by actors across an area.

In fact, our current paradigm must be inverted. Citizens must play a more active part in holding public services to account. As Prime Minister David Cameron said: *“We should trust the people on the ground. They understand*

better than any remote bureaucrat what's right for their area. Local people are more likely to know what's right for their area than control-freaks in Whitehall."⁵⁴ Citizens should therefore be involved at all stages of the process.

Citizens should also have a greater say in the way these services are run, as service-users. For example, Bristol City Council has randomly recruited 2,000 local people to act as its Citizen's Panel. Within it, specific responsibilities are compartmentalised, such as the recently established 'Waste Citizens Jury'.⁵⁵ Subsequently, this 'jury' feeds into the council's scrutiny process, giving a clear guarantee that the residents' views are being heeded. *"We have a thing called 'Community Communicators Programme', where we identify key people in various wards, who are at the nub of the grapevine, ask them what they talk about, ask them what they think about specific proposals, and also as a way to advertise what we're doing, so they disseminate things in the community, but also tell us what the community is talking about, so pub landlords, hairdressers, we have a tattoo parlour guy... It's a real social network..."* (Head of Performance and Policy, London Borough)

Such schemes can be successful in getting a more representative selection of citizen views. *"For those who want to play a more active role, we need to create a role, and for others it's about us hearing about it... they're not hard to reach, they're hard to hear..."* (Head of Performance and Policy, London Borough).

Finally, citizens should be involved in measuring and evaluating their own perceptions of public services. Experiences of citizens and service-users should underpin assessment, as opposed to centrally imposed targets. As a Councillor noted: *"Involving citizens is absolutely key. Under the new system of risk-based regulation, we should involve citizens. They have a lot to say, a lot to tell us, and we need to listen."*

National standards versus local solutions

There is a fine line between ensuring minimum standards are retained and prescribing how localities should act across public services. Citizens have

⁵⁴ The Rt Hon David Cameron MP, The Conservative Party, (2006)

⁵⁵ <http://www.bristol.gov.uk/ccm/content/press-releases/2007/jun/waste-citizens-jury.en;jsessionid = 2A45B626139A917E7C8487B24BEC76E4>

expectations that vulnerable individuals being cared for by the state will be looked after in a satisfactory manner, regardless of where they live. Two objectives should be sought. The first is to marry the democratic mandates of national and local government through Local Area Agreements. The second is to ensure that in specific sectors, vulnerable users are safeguarded through a more rigorous system of inspection. Most sectors do not require stringent national standards, and should therefore be left to local authorities. Those that do require national standards, namely health, education, and care, could still be assessed but in a lighter, more focused and risk-based manner.

Outcomes and processes

A consensus is emerging that assessment regimes should focus on outcomes rather than processes or outputs. At its most basic, this means that the assessment process should, for example, focus on the health of citizens rather than the number of hospital beds.

The focus on processes was one of the most significant criticisms of CAA's predecessor CPA. Processes are easily manipulated, they fail to provide appropriate information to citizens, they encourage gaming, they divert resources from non-measured areas, and they fail to take into account local circumstances.

In responding to this criticism, CAA promised to '*focus on outcomes*'.⁵⁶ This proved difficult, and created problems of its own. The first difficulty lay in the assessing of outcomes. This was put succinctly by the Director of Probation Services: "*The relationship between process and outcome is a continuum rather than an alternative. This is especially true in the offending world, especially since you don't know the real outcome until years later.*"

Understanding causality in an outcome is equally problematic given the number of contributing factors and conditions, and the involvement often of many public bodies in driving the outcome. In the words of the Director of Policy at a Metropolitan Council, "*[CAA is] trying to measure whether we are cost-effective in supporting the delivery of outcomes. It's really measuring what we do against a set of National Indicators that have nothing to do*

56 Audit Commission, *CAA Framework*, (2009)

with [an] outcome. It's also measuring some theoretical organisational model, dreamt-up by the Audit Commission, against the reality of local government"

The tension therefore is between easily definable and tangible process measurements versus more complex and elusive outcomes metrics. Where possible citizens should be involved in gauging these outcomes. Whilst this measure is by no means perfect, at least it has the merit of being a direct reflection of their experiences, and of staying clear of measuring processes, or outcomes which are either intangible or non-attributable.

Improvement and targets

The problems inherent to targets and processes also impact on improvement. In previous regimes, targets have been used to demonstrate and drive improvement and to provide assurances to both citizens and central government about the state of their public services. However, the capacity for targets to achieve any or all of these aims has been extensively questioned.

Improvement through the use of targets has been "demonstrated" by successive assessment regimes: CPA, which built in assessment of all of the main services provided by a council, provides an illustration of this. An indexed measure of local government performance by service shows an increase of 22% on average in all service categories between 2001 and 2006.⁵⁷ A harder test for performance measurement was even introduced in 2005, a shift which by itself questions the reliability of previous claims of improvement. Similarly, the "direction of travel" test in 2006 showed that 90% of London Boroughs were improving "well or strongly", as well as 65% of county councils, 62% of metropolitan councils, and 59% of unitary authorities. An analysis of a representative sample of National Indicator scores would suggest that performance had improved by 21.9% between 2000-01 and 2005-06.⁵⁸

However, these improvements do not coincide with increases in public satisfaction. Public satisfaction with local government services as a whole decreased from 65% in 2001 to 54% in 2007.⁵⁹ More specifically, public

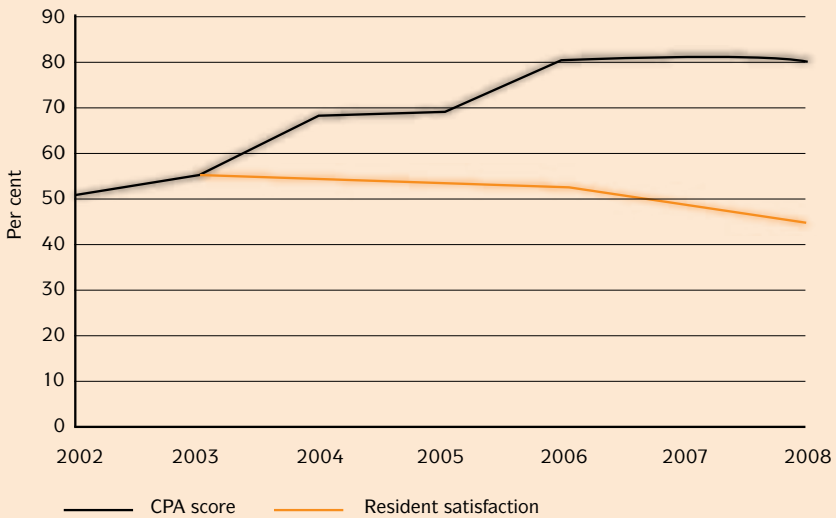
⁵⁷ IDeA, *It's Getting Better All the Time*, (2008)

⁵⁸ CLG, *The State of local Services: Performance Improvement in Local Government*, (2008)

⁵⁹ IDeA, *It's Getting Better All the Time*, (2008)

satisfaction with individual services improved for services such as recycling, cleanliness or public transport information, but decreased for services such as waste collection, or museums and galleries.

Figure 9 Discrepancy in CPA scores against citizen satisfaction



While public satisfaction might be affected by other factors, such as heightened expectations and perceptions of particular institutions, this divergence does put a question-mark over a simplistic reliance on target-led improvement. Surveys conducted amongst senior officers within local authorities show that while they considered performance to have improved between 2001 and 2003, the results vastly differ from then on: Officers in unitary councils and London boroughs, for example, have found that performance decreased between 2004 and 2006, sometimes quite markedly.⁶⁰

This dissonance in the reporting of improvement and the reality of services can be partially explained by “gaming”, and partially by real improvement

⁶⁰ IDeA, *It's Getting Better All the Time*, (2008)

which might have gone unnoticed by the public at large. Studies have shown that while improvement in this period has been real, it has been incremental, and irregular.⁶¹ Furthermore, the substantial rise in local government revenue and investment in services is likely to have had a significant impact on the scale of improvement.⁶²

Through their specific nature, targets lead to a false representation of improvement as well as introducing other problems into the system. One example was the Department of Health's target that GPs should not keep patients waiting more than 48 hours for an appointment. While this may have seemed an efficient way to improve outcomes for patients, there were unintended consequences: certain patients, for example, wanted to set an appointment more than 48 hours in advance, but were prevented from doing so by local surgeries since this would adversely affect their reaching of the target. Other surgeries decided to cancel appointments altogether and simply asked patients to turn up and wait. A final side-effect from this target was that the principal measure to decide who should get treated became waiting times, as opposed to severity of the problem.⁶³ And yet, figures derived from the meeting of such targets would show that patients were treated faster than before.

A study conducted into the effects of CPA⁶³ attempted to show the level of gaming and distortions that took place during the assessment period between 2002 and 2004. Official results from CPA during the study period showed that:

- The number of 'poor' and 'weak' councils dropped from 34 in 2002 to 16 in 2004.
- The number of 'weak' councils in 2004 dropped to 15, down from 21 in 2002.
- Finally, 101 councils achieved a rating of 'excellent' or 'good' in 2004, up from 76 in 2002.

⁶¹ IDEa, *It's Getting Better All the Time*, (2008)

⁶² CLG, *The State of local Services: Performance Improvement in Local Government*, (2008)

⁶³ Neil O'Brien, Ross Clark, *The Renewal of Government*, Policy Exchange, (2010)

⁶⁴ Iain McLean, Dirk Haubrich and Roxana Gutiérrez-Romero, *The Perils and Pitfalls of Performance Measurement: The CPA Regime for Local Authorities in England*, Public Money & Management, (2007)

Did these rather drastic improvements in CPA scores reflect real improvements in authorities' performance, or were these results the product of effective gaming? According to this study, CPA was deficient on the four factors identified as distorting inspection scores:

- Categorization errors: it was shown that the “ability to improve” scores were a very bad indicator for actual improvement in subsequent years
- Gaming: the study did find evidence of crowding towards the target, in ways that cannot be described as enhancing the performance of the authority, as officers prioritised getting “quick wins”.
- Contradictory incentives: central government was shown to reward local authorities in poor areas for their deprivation, and to punish them for their poor CPA scores. And rich areas were being rewarded for their good CPA scores and punished for their lack of deprivation.
- Correlation with factors outside the control of local authorities: these factors, such as deprivation in education, crime and living environment, were not supposed to have any effect on CPA score, according to the Audit Commission. The study showed, however, that deprivation in these domains did have a significant negative effect on overall CPA scores.

This study casts serious doubts on the reliability of CPA as a driver, or even as simply a measure, for improvement.

Adversarial or cooperative: how to get the best out of assessment?

National assessments have also failed to strike the delicate balance between support and challenge. As the Head of Policy and Performance from a London Borough put it: *“The difference between an inspection and a peer-review, and I’ve been involved in both, is that in inspection you get a certain presentation from the organisation. It’s what they want you to see, and it might not be the truth. And similarly, what you say to them will be taken with a pinch of salt, or just ignored, they’ll hear the things they want*

to hear. It's a parent/child relationship." For a local authority to improve its performance, it must be embraced by a large section of its employees, officers as well as councillors. *"And if you haven't got the buy-in, you're not going to get much change"* as he further explained.

Alternatives to the top-down adversarial approach should therefore be explored. In the words of the Head of Policy and Performance: *"a peer-review is much more of an adult/adult [relationship], where people are more honest and frank in terms of where the problems are, and therefore you get better conclusions in terms of the report and the review, and people are more willing to listen to what comes out of it."*

While there is important evidence that a measure of continued external oversight is important in driving and supporting improvement⁶⁵, this does not have to be done in an adversarial or vertical manner. Furthermore, improvement theories recognise that different contexts and problems require different "improvement tools", suited and adapted to the specific situation.⁶⁶ Mentoring can be an important tool for *"the management of change, assisting in the transfer of knowledge and skills, organizational learning and cross-departmental communication."*⁶⁷ The "Rural Excellence Mentoring Scheme", for example, has promoted learning in 85% of the participating authorities.⁶⁸ Furthermore, the scheme identified and highlighted *"the importance of developing strong, trusting relationships and a sense of responsibility for the activity among all those involved at the start of the process, an openness to learning on both 'sides' of the mentoring relationship, and flexibility in ensuring that programmes can be tailored to the needs of specific organizations and can change as the process unfolds"*

The role of Regional Improvement & Efficiency Partnerships in promoting cooperation amongst partners and improving the way they work together is an important blueprint for a local government-led system.

⁶⁵ IDeA, *It's Getting Better All the Time*, (2008)

⁶⁶ CLG, *The State of Local Services: Performance Improvement in Local Government*, (2008)

⁶⁷ Singh, V., Bains, D. and Vinnicombe, S., *Informal mentoring as an organizational resource*, Long Range Planning, (2002)

⁶⁸ Public Money & Management, *Mentoring as a Mechanism for Improvement in Local Government*, (2009)

RIEPs in Action

In the South West, the Regional Improvement and Efficiency Partnership (SW IEP) is led by South West Councils. This voluntary grouping brings together the 41 local authorities in the region to address issues of common concern. The South West programmes have been developed with a strong local authority lead with Programme Boards chaired by local authorities, and overseen by the Chief Executives Management Group, advising decision-making by elected Members representing councils across the region. This approach ensures that not only is all the work sector-led, but it also has the strategic coordination to drive collaboration and partnerships. This approach achieves the best of both worlds: programmes are locally owned and directed, but there is a collaborative focus with a wide range of councils and other public bodies working together.

The SW IEP has been organised around five sector-led themes:

- *Driving Value for Money*
- *Social Care*
- *Corporate Capacity*
- *Sustainable Economy*
- *Fire and Rescue Services*

These have enabled important efficiency savings in each of the sectors. Driving Value for Money, for example, has led to anticipated efficiency savings of £153m over 4 years. This was achieved in a number of ways, including through pooling councils' procurement, construction and asset management processes, or by helping councils to make best use of their combined purchasing power, for example in relation to professional services or insurance.

There is no doubt that these bodies have the required "buy-in", expert knowledge, and practical experience, to foster improvement and efficiency more purposefully than centrally-imposed targets.

This shift in perception does not need to apply solely to the relationship between local authorities and the body inspecting them, but should also be sought between local authorities and citizens or service-users. The same adult/adult model should be developed in an authority's relationship with its citizens. Citizen concerns, problems, and views should not be seen as criticism for its own sake, but rather as indicators of where improvements can be made.

This is not to say that cooperative assessments are entirely problem-free: peer-reviewers might be reluctant to criticise their peers, certain practices might be considered appropriate when they are not, and the public might not be convinced that such judgments are impartial. The recent problems of the financial sector have shown that self-regulation was not as fool proof as some its supporters might have claimed. The example of the General Medical Council, however, shows that self-regulation can be an effective and trusted tool if properly implemented. Cooperative assessments seem to be the lesser of two evils in deciding the framework in which assessment should be conducted.

Objective data and subjective judgments for citizens

An alternative to targets can be found in more subjective measures such as self-assessment, the analysis of qualitative information from citizens, and peer-review. While indicators will still partly inform some of these judgments, they will be analysed within the framework of a local context. If they are sufficiently subjective, and lacking in objective indicators, different areas will be hard to rank against each other. This will result in sentences such as *"The amount of people who are very, or fairly, satisfied with street cleanliness has recently improved but is not as good as some other parts of London and England"*⁶⁹

Once again, the difficulty lies in finding the right balance between a rigid, objective, but potentially misleading system, and one which is so vague and subjective that it loses meaning and validity.

There are innovative ways of mixing those two concepts, notably through the measuring of "value-added". This attempts to measure the progress of a particular indicator compared to its base level, and using local information to identify additional influencing factors. In the case of education, for example, this means estimating the progress of pupils taking account of

⁶⁹ OnePlace website

prior attainment, using pupil-level information, and accounting for resources available to the school. Such a process, however, can be relatively exhaustive, expensive, and time-consuming. Nonetheless, it represents a much more accurate picture of the value added by that public service than simply judging the achievements of a school purely through exam results.

Consideration must also be given to the role that citizens will play in the process, as drivers of priorities, recipients of services, and *de facto* assessors. The latter function is especially important since, as users of services, they are best placed to know whether these are satisfactory, or how they could be improved.⁷⁰ Mechanisms should therefore be put in place to allow for a two-way flow of information from citizens: councils should be encouraged to gather the views and opinions of their citizens on a regular basis, and citizens should be given mechanisms allowing them to make their voices heard and affect real change.

Defining some guiding principles

The analysis of the tensions inherent to assessment systems enables us to define some guiding principles which must be recognised by all stakeholders, and incorporated into the design of a new assessment process:

- A comprehensive assessment regime will not only fail to eliminate risk, it will do so at relatively high costs. A regime should therefore be risk-based, using the existing data to determine which areas and services should be the focus of attention.
- The increased localisation and “horizontalisation” of services should be reflected in the assessment and improvement regime. Furthermore, a constitutional settlement regarding the role and responsibilities of local government would go some way towards minimising the need for a comprehensive, expensive and constraining assessment regime.
- Citizens should see their role increased at all stages of the process.
- While national standards are necessary in specific service areas, these

⁷⁰ OECD, *Promoting Performance: Using Indicators To Enhance The Effectiveness Of Sub Central Spending* Working Paper No. 5, (2008)

should be the exceptions rather than the rule, and should be clearly defined. Local solutions to local problems should be encouraged wherever possible through Local Area Agreements.

- The assessment process should focus on improving outcomes for citizens, measure what is measurable, and minimise the use of hard targets. These outcomes should be a reflection of what matters to citizens and the local community.
- Real improvement cannot be driven solely through the use of targets and indicators. Instead, improvement must be “owned” by those who are trying to improve. The local government family possesses a wealth of experience and information regarding how to run public services, and these should form the basis for improvement.
- The assessment process should be nimble, adaptive, risk-based, and responsive to local circumstances, as opposed to being a one-size-fits-all behemoth. They must exist within a dynamic and collaborative context.

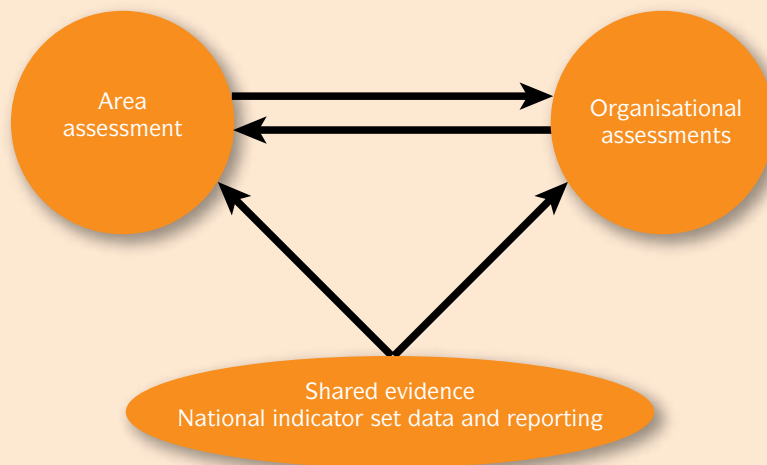
5 *What lessons can we learn from CAA?*

In rhetoric some of these guiding principles were acknowledged by CAA. CAA promised to be light-touch, to focus on outcomes in an area, to drive improvement, and to offer assurances to both citizens and government.⁷¹ Below we set out to understand which, if any, elements of CAA succeeded in meeting these objectives and how a new assessment can learn from past successes and mistakes.

The structure of CAA

CAA was divided into two sections: an organisational assessment (including one for PCTs, the police fire services, and other bodies), and an area assessment. For both elements, the key source of evidence was performance reported against a National Indicator Set. Inspections were carried out by seven inspectorates, supposedly working together, and overseen by the Audit Commission.

Figure 10 The CAA framework



71 Audit Commission, *CAA Framework*, (2010)

Area assessment

Area Assessments used the priorities agreed in LAAs and Community Strategic Partnerships as a starting point. These usually comprised 35 indicators agreed upon by local and central government, and against which local authorities would be judged. Attention would still be paid to other indicators, although these would carry less weight. In addition, softer measures were also used, such as long-term prospects for improvements, and the ability of local authorities to assess and act upon their citizens' needs. All these would be used to form a "narrative", and the only form of "rating" would be in the form of Red or Green Flags, denoting concern or success in a particular area.

The three main questions used to form a judgment were: "How well do local priorities express community needs and aspirations?" "How well are outcomes and improvements needed being delivered?" "What are the prospects for future improvement?" These three questions were underpinned by four "themes": sustainability, inequality, people whose circumstances make them vulnerable, and value for money.

Results were then published on the OnePlace website, which allowed the user to access the judgment of the Audit Commission regarding a specific area.

Organisational assessments

Each organisation within a local authority was to be assessed by their respective inspectorates. The contribution of each organisation to improving outcomes in the area was to be reflected in its organisational assessment, in order to focus efforts on improving outcomes, rather than outputs.

The organisational assessment for councils comprised two themes. The first one, "Use of Resources", concerned itself with how local authorities managed resources, including staff and assets, how it governed itself and used commissioning, and how the organisation used finances to deliver value-for-money. The second one, "Managing performance", related to how well the organisation delivered the priority services, outcomes and improvements that were important to local people. Each of these questions was scored on a scale of 1-4, with a final aggregated score at the end. Similar provisions applied to the health services, the police, schools, and fire services.⁷²

⁷² Audit Commission, *CAA Framework*, (2010)

CAA delivery against the guidelines set-out above

Comprehensive or risk-based

Although it was committed to reducing the burden of inspection, evidence on the ground found that the burden still remained high. The daily cost of the regulation of local authorities has increased by over 100 per cent since 2004.⁷³ A study in Leicestershire conducted by Deloitte in 2009⁷⁴ found that over 3,000 performance datasets, reports and evaluation were processed and reported each year. Collectively, public sector agencies were subjected to 83 inspections per year. 90 full-time employees were reported to be employed purely to deal with performance reporting or evaluation regimes. However, it could be argued that, having been in existence for only one year, CAA could not be expected to substantially reduce the burden created by CPA.

The annualised costs of CAA was calculated at £39 million for all English Local Authorities, based on scaling up estimated data provided by sample authorities.⁷⁵ While the same study points to an overall reduction in costs from CPA to CAA across local authorities, CAA ended up being more expensive for District Councils than CPA had been. Furthermore, while CAA was accompanied by a reduction in the number of indicators, and did reduce the overall burden on most local authorities, the CPA baseline was extremely high to start off with.

One explanation for this comprehensiveness of inspection is that CAA might simply have tried to do too many things. It could not use the CPA scores as baselines for area assessment, since CAA started afresh in assessing the effectiveness of partnerships in areas. This prevented inspectors from focusing inspection on the bodies or areas which most needed it. The organisational assessment was supposed to be lighter-touch for councils that had performed well under CPA, but it is questionable whether this was carried out fully.

Notwithstanding some of the inherent complexities with which CAA was faced, there is greater scope to focus on a risk-based model of assessment

⁷³ LGA, *Delivering More for Less*, (2009)

⁷⁴ Deloitte, *Measuring the Workload: Public Sector Performance Reporting and Inspection regimes in Leicestershire*, (2009)

⁷⁵ Office for Public Management, *Establishing the cost of CAA*, (2010)

and inspection. Attention should instead focus on those areas or bodies which achieved poor scores under previous regimes. Whilst this was done to a small extent by OFSTED and CQC,⁷⁶ there is scope for extending this much more broadly.

Furthermore, the very structure of CAA reflected a top-down, comprehensive approach which attempted to do too many things.

The Use of Resources was in fact expanded and broadened out after CPA to include managing finances, managing resources, and governing the business. This cumbersome and comprehensive reporting was criticised as being *“very heavy-duty, very information-hungry”* (by the CAA lead of a unitary authority) and *“The Use of Resources and Managing Performance are ineffective, counter-productive, they take too much time... They don’t achieve anything... except to make us compliant with systems which are not really suitable”* (Director of Performance in a Metropolitan Council). Hammersmith and Fulham Council estimated that the Use of Resources alone cost £100,000 in annual auditing fees.⁷⁷

The focus of CAA was perhaps simply too wide. As noted by a respondent to an NLGN interview: *“The scale on which CAA inspects is far too broad. Norfolk has 800,000 people, it’s a huge area, 7 councils, and 1 relationship manager... it’s just too large scale for it to be meaningful... I guess the focus, the geographical focus must be narrowed, or the thematic focus must be narrowed, but otherwise it’s just impossible”* (Head of Policy and Performance, District Council)

Vertical or horizontal

There is little doubt that public services are undergoing important transformations. The previous Government’s attempts to put councils at the heart of their local public services are taking root, leading to a horizontalisation of services through concepts such as ‘Total Place’. The new Coalition Government is now leading radically on the decentralisation agenda, with a call to *‘promote the radical devolution of power and greater financial*

⁷⁶ <http://www.cqc.org.uk/guidanceforprofessionals/independenthealthcare/ourrolesasregulator/risk-basedinspection.cfm>

⁷⁷ Hammersmith and Fulham Council, *Unnecessary burdens on Local Government arising from statutory duties, and Central Government and Audit Commission regulation*, (2010)

autonomy to local government and community groups' and to give councils General power of Competence.⁷⁸ The top-down, parent/child relationship between the centre and the local should be a thing of the past.

CAA clearly had the right idea when it came to Area Assessments. The concept was an accurate reflection of the emerging state of public services, and the questions asked are relevant. It recognised the importance of partnerships and joined working, and attempted to assess those. In practice, however, things were less simple. Assessing outcomes across an area resulting from partnerships was an arduous task, and some respondents to NLGN interviews felt that CAA had come up short in this respect: *“CAA was set-up to try and get a sense of how an area, how much an area is aware of local needs and effective it is at delivering against those needs, in terms of priority. However, as its been implemented here, and possibly nationally, unfortunately, it's failed to do that to a large extent, primarily because it's almost inevitably focused on hard data, and therefore having a backwards-looking view of things.”*

A report on the evaluation of the first year of CAA also found that the concept of 'place' within two tier areas was also problematic.

This failure was partly due to the silo approach that still persisted within the inspectorate framework, and the vertical nature of central-local relationship. Despite its best intentions, CAA was still a reflection of this.

Certainty of institutional structure and relationships, coupled with clarity about what exactly is being assessed in an area, are *sine qua non* conditions of establishing a consistent and accurate picture of what an area looks like, and how it performs in making the most of taxpayer money.

National standards and local solutions to local problems

In principle, CAA was supposed to both ensure that national standards were enforced by providing *'an independent evidence base for central government on progress with national priorities'*, and to allow for local solutions to local problems. The reality was mixed, at best. While CAA was felt to be an improvement on previous regimes, *“The CAA process felt like a locally-*

⁷⁸ *The Coalition: our Programme for Government*, (2010)

driven process. It was more about driving performance in what the people in (the county) want than was the case in CPA. CAA is better than CPA, it was far from perfect.

The problems were felt to be both structural: *“there were also concerns expressed in some of the case studies about how ‘local’ some of the outcomes for children and young people could be, given the focus on statutory national indicators”*⁷⁹ and cultural *“the main concern was the time it took for CAALs and other inspectors to understand the local context, particularly if they had not had contact with the area previously”*.

Respondents to NLGN interviews also felt that the process was not locally-driven: *“It’s too bloated, over-engineered, too rigid... there isn’t enough room for local variations, in responding to local needs.”*

Some mitigating factors were present: CAA has only been in place for a year, too short a time to fundamentally change the structural and cultural outlook of assessment. However, despite being slimmer than CPA, CAA still suffered from trying to do too much, too quickly, for too many stakeholders. Furthermore, the use of National Indicators and top-down targets inherently prevented the use of local solutions to local problems, and stifled innovation.

Focus on improving outcomes for citizens

An assessment of CAA, a study conducted by Shared Intelligence, Cardiff Business School and IPSOS MORI⁸⁰ on the effectiveness of CAA, paints a mixed picture on how far CAA managed to deliver on its promise to assess outcomes rather than outputs. Even amongst the inspectorates, there was doubt as to whether outcomes were the primary focus: *“half of the staff surveyed agreed that the joint assessment has a stronger focus on outcomes for local people (60%). However, there were big differences by inspectorates, with over three quarters (78%) of respondents from the Audit Commission agreeing with the statement, compared to 39% of CQC staff and 24% of Ofsted staff.”*

Attention must also be paid to the different aspects of CAA: the area assessment was seen to be better at focusing on outcomes than the

⁷⁹ Shared Intelligence, *Evaluation of CAA*, (2010)

⁸⁰ Shared Intelligence, *Evaluation of CAA*, (2010)

Organisational Assessment, which was seen as throwback to CPA: *“Use of Resources still driven by a tick box mentality, processes and procedures carried more weight than outcomes, there seemed to be no exercise in commonsense.”*⁸¹

While there seems little doubt that the intentions of CAA were correct, at least with regards to Area Assessments, it ran into many practical difficulties along the way. Certain indicators still felt more like processes, or outputs, than outcomes. Or, to put it another way, outcomes were composed of outputs. To take a practical example, the outcome of increasing achievement amongst children and young people (PSA 10), was composed of indicators such as “Achievements of at least 78 points across the Early Years Foundation Stage with at least 6 in each of the scales in Personal, Social and Emotional Development and Communication, Language and Literacy” (NIS 72) and “Achievement of a Level 2 qualification by the age of 19” (NIS 82).

Finally, CAA has been criticised for being too backwards-looking. Once again, it seems the principles of CAA were somewhat at odds with the practice. *“CAA was supposed to have a forward-looking view of things, asking ‘Ok, have you got a clear view and vision and do you have plans to deliver that, what are the potentials to make a difference going forward’. Inspection, historically, has been a part of backwards looking, ‘here is a target, did you hit it, yes or no?’ and too much of CAA still retains, partly because it’s the same people and organisations doing it”*

Improvement and targets

Just as some improvements in CPA scores were due to a combination of gaming, increased skill in responding to assessment, as well as actual improvements, there are reasons to believe CAA could have led to the same situation. As CAA was only in place for a year, it is problematic to assess its capacity to improve. However, the underlying conditions and perspectives of those involved provides some indication.

This is confirmed by a survey of assessed bodies which noted that only *“15% assessed of bodies agreed that the first year of CAA had led to some*

81 Shared Intelligence, *Evaluation of CAA*, (2010)

improvement in outcomes for local people”⁸², whilst finding that “46% said that while CAA hadn’t led to improved outcomes for local people yet, they thought it was likely to in future” against “just under a third of respondents (31%) that didn’t think CAA would ever lead to improvements in outcomes for local people”. Furthermore, only a third of respondents thought that CAA was more likely to drive change than its predecessors, CPA and BVA.

Nonetheless, local authorities that received a Flag in their report were more likely to respond that they thought CAA would drive improvement. This can be due to various factors, such as being made aware of failings of which they were unaware. Conversely, authorities who were criticised publicly through the use of Red Flags were more likely to say that they intended to improve than those who were not publicly scolded for poor performance.

Furthermore, it has been argued that assessment processes were not only failing to deliver real improvements in services, but were in fact diverting resources from services to the assessment process: *“But in our particular case, if we didn’t have the infrastructure of inspection, we would run services that are at least as good if not better, because we wouldn’t be circumscribed by having to work to artificial targets”* Councillor, London Borough.

Improvement must be “owned” by those who are trying to improve

NLGN interviews were consistent in finding that for improvement to thrive, it must come through the input of individuals or bodies which have practical experience of the realities of local government, as well as an understanding of the local circumstances. *“I spent 25 years in local government, and a lot of the real bad stuff is not there anymore, it has been sorted, because of inspection but also because of IDeA and RIEPs, and Capital Ambition... That’s the way forward.”* (Head of Policy and Performance, London Borough)

CAA failed to give a sufficient role to peer mentoring. Inspections were wholly conducted by independent bodies such as the Audit Commission and CQC. Their relationship with local authorities was less cooperative than adversarial. As one Head of Performance and Policy in a District Council responded when asked how CAA could be made more effective, *“To have*

⁸² Shared Intelligence, *Evaluation of CAA*, (2010)

a more mature relationship with the inspecting bodies, and for them to have a more mature relationship with the area. They have an “auditing” relationship, rather than a mature, adult, equal relationship. We need to build confidence on both sides that they can trust each other, and talk to each other like respectful adults.”

Judgments and the role of citizens

The OnePlace website, where the final edicts of inspectorates about areas were posted, has been a relative success. The website received over a million hits in its first month of existence. The media were quick to pick up on some of the issues, albeit with limited understanding of the new principles of CAA.⁸³

The website itself contains a valuable mix of narrative and comprehensive statistical analysis of indicator results and how these fare compared to other “areas”. While studies cast doubt on how much interest citizens have in this kind of data⁸⁴, CAA at least was able to provide both kinds of information.

However, wider and deeper citizen involvement was limited. The formal methods used to gather their views were inadequate (Place Survey, Housing Survey, Community Strategies) and had their limitations: Place Surveys were only postal, housing surveys were targeted, and Community Strategies do not always have sufficient community input: *“We should ensure that Communities Strategies have community participation written large across it. In reality, Community Strategies are written before they’re taken to the citizens. Citizens are presented with a glossy dossier, and they just have a glance through it and then accept it, but that’s not community participation”.* (Councillor in a District Council). Furthermore, hard-to-reach citizens had little means of making their voices heard.

⁸³ Rob Whiteman presentation: *First year of CAA*, (2010)

⁸⁴ IPSOS MORI, *Mind the Gap: Frontiers of Performance in Local Government*, (2010)

6 *Designing a new assessment framework*

Assessment regimes do not operate in a vacuum. They are subject to certain imperatives, such as the current financial crisis. They are shaped by ideals and historical circumstances, and reflect both the state of constitutional arrangements and of public services. They are the result of a careful balancing act between control and autonomy, between risk and trust, between ideals and realities.

Having identified the purposes of an assessment regime, analysed the current nature of public services, balanced the tensions inherent to such regime, and understood the urgency of focusing diminishing resources on the services citizens want and need, we are now in a position to issue recommendations and guidelines for an assessment regime which focuses on accountability and on improving citizen outcomes in an area.

Accountability

Trust is an important cornerstone of local engagement and democracy. Citizens must be reassured that the system is honest and robust, and must be provided with the opportunity to know how their taxes are being spent by local authorities. Financial trails should be clear and transparent, and members and officers beyond reproach. Recent events have shown how easily and quickly public trust can be damaged when financial scandals emerge.

Audit and E-transparency

As taxpayers, citizens have a right to know how their money is being spent. *The Audit Commission should therefore focus on its financial auditing work, and follow the financial trail from central departments to local authorities and its partners.* It should publish these accounts in a detailed and intelligible manner. In these difficult financial times, it should focus its efforts on making sure the money is spent efficiently and productively, and should look out for irregular financial patterns, as an early warning system of possible deficiencies.

Local authorities should remain free to choose whether they want to be audited by the Audit Commission, or by an accredited auditing firm. In such cases, there is no need for duplication.

Similarly, *local authorities should be transparent in their financial dealings*. The trust between citizens and political institutions must be restored and be allowed to mature, and it is only through an honest and mature discussion that this will be achieved. It is important for citizens to understand the financial realities in which local authorities operate, the difficult spending decisions that must be made, and the constraints they operate under due to ring-fenced grants. *Local authorities should therefore publish intelligible revenue and expenditure information* to enable concerned citizens to understand the realities they face. *E-transparency should become a normal accountancy procedure for local authorities and their partners and ensure that information on all the public money flowing into a local area is easily accessible.*

Other public authorities should also publish the data they collect in an accessible and intelligent manner. Police authorities, for example, should engage in crime-mapping, publishing regular, detailed information about crime levels in neighbourhoods. By combining such data with information found in the Census, interest groups can offer important insights into local crime problems. These techniques could be developed and transplanted to other services, and act as *de facto* assessment systems, either by government, or by citizens themselves through user-generated websites. Websites such as NHSChoices, for example, use NHS data to help patients choose the best place to go for a specific treatment, thereby intensifying competition between NHS hospitals in England.

In addition, *members and chief executives should be transparent in the salaries they receive and expenses they submit. Local authorities should publish the basic financial information relating to commissioning contracts and partnership work*, in order to demonstrate value for money. Northamptonshire has started publishing the job description, salaries, and expenses of the Chief Executive and Directors.⁸⁵

Citizen groups and non-for-profit organisations will be empowered to make use of this information to hold local authorities to account, and to generate public debate.

This transparency will also serve to foster a more mature debate around the realities of public services, and possibly weaken some of the media-generated

⁸⁵ <http://www.northamptonshire.gov.uk/en/councilservices/council/leadership/pages/cmt.aspx>

myths that surround the provision of public services by councils. It will also help reduce corruption, waste, and highlight best practice. It places citizens and civil society at the heart of the process, and creates a more informed discussion around the current and future state of public services.

While it is likely that the process of putting all this information online will incur some IT costs in the short-term, they should also bring forth long-term financial benefits, and short-term reputational ones.

Good governance and ethical standards

Good governance and ethical standards are also key components in restoring some of the trust between citizens and the elected members. Citizens must know that their politicians behave in an ethical manner and can be held accountable and that democratic processes are robust and fair. Mechanisms must exist for citizens to make their concerns heard should patterns of unethical behaviour or corruption emerge, and for such behaviour to be investigated and punished. While councils do have internal mechanisms for dealing with complaints against elected members, citizens do not always know what standards of behaviour to expect.

Following the abolishing of the Standards Board regime, a new Code of Conduct must be established detailing the ethical and behavioural standards expected of public officials and officers.

This Code of Conduct should cover the general obligations of members and officers, such as treating others with respect, proper use of resources, and complying with all legislation, personal and prejudicial interests, and special categories of interests such as gifts and hospitality.

This process should be universal and transparent, so that citizens can be informed of the behaviour expected of officials. Politicians cannot be seen to operate in a legal or ethical bubble, shielded from independent and transparent oversight. Ensuring good governance and leadership is a vital component in minimising the risk of failure. A council's internal scrutiny and constitutional mechanisms should provide sufficient accountability in the vast majority of cases. Elections will be another mechanism whereby citizens can express their views of the way elected officials have behaved.

This would provide citizens with external reassurance that authorities' codes of conduct are thorough, and that the procedures to deal with breaches are robust.

What we recommend:

- *A redefined role for the Audit Commission as auditor of local government finances.*
- *Increased e-transparency through the publication of elected member salaries and expenses.*
- *Increased e-transparency through publication of local authority revenue, spending, and value for money of commercial contracts and commissioning, in a clear and intelligible format.*
- *A new charter detailing the Code of Conduct of elected officials should be established.*

This would:

- *Ensure financial probity through e-transparency*
- *Help restore trust between citizens and elected officials*
- *Inform and educate citizens as to the financial realities of public services, especially in a time of cuts and tough political decisions*
- *Inform and foster realistic debates about the realities of public services*
- *Provide a transparent and clear system informing citizens of the conduct expected from their elected officials*

Citizen Outcomes and Improvement in an Area

Citizens should be at the heart of the assessment process, both as drivers of priorities and as recipients of services. They are the primary stakeholders in the provision of public services and the ultimate arbiters as to the quality of the services they receive.

The burden of trust

The first step to focusing on citizen outcomes is to “reverse the burden of trust”: instead of assuming that all local authorities need to be under constant central inspection to make sure they fulfil their duties, we should trust that they will do so most of the time, and only use inspection when this is clearly not the case. *As legitimate, democratically elected entities, local authorities should not be under a constant suspicion that the service they provide is inadequate.* They are accountable first and foremost to their electorate, and it is in their fundamental interest to provide good services.

This vision of local government is supported by the stated aims and goals of central government as laid out in the new Coalition’s *Programme for Government*,⁸⁶ which are that local authorities should be freed and empowered to respond to local needs and their electorate. This cannot be achieved under the tight leash of comprehensive inspection nor through a multitude of target-driven objectives. *Citizens and their elected members must instead drive the process.*

A council such as Westminster Council, for example, which was in the top rating of CPA for 7 years, scored 4 in Organisational Assessment, 3 in use of resources, 4 in managing for performance, received no red flags, 2 green flags, performed well in Children’s services and excellently in Adult Social Care, should not have all its services assessed or inspected every year.

Prioritising citizen input

Underpinning all performance assessment must be clarity on the priorities of a local area as agreed through negotiation between national and local government. *Sustainable Community Strategies, negotiated between citizens, local authorities, and their partners, should be the sole guiding performance framework for local authorities, and the benchmark against which to assess an area’s performance. These, in turn, should feed into and inform a reformed and streamlined LAA.*

The influence of citizen’s views in LAAs and SCSs should be proportionally increased as the input of central government decreases. LAAs and SCSs

⁸⁶ *The Coalition: Our Programme for Government*, (2010)

should be the result on of an *area* agreement. Government should only intervene in such agreements if critical services are not found to be adequately cared for. The number of agreed outcomes should be reduced to between 5 and 10, and should accurately and demonstratively reflect the needs and priorities of citizens.

The Coalition Government should continue its work to reduce regulation and national targets. Those that remain could be redesigned to make them reflect broad outcomes that national government wishes to achieve. Local authorities should be free to design their own local indicators to be included in SCSs and LAAs. This theory was supported in NLGN interviews: “*The ideal system locally is one where you choose indicators which are locally appropriate*” Policy Analyst, County Council.

More effort should be made to gather the views of citizens using more sophisticated methods, including online communities, citizens’ forum and panels, town hall meetings, polling tools such as regular and locally-designed surveys, or innovative local schemes such as the “Community Communicator Programme” in a London Borough. All can serve to gather a more representative and accurate picture of citizen views. The interval at which these views are gathered should also be increased, as they can change rapidly: in just a couple of months, an issue can go from being relatively important to absolutely critical.⁸⁷ When such views clash with results from indicators, citizens’ judgements should take priority. Citizen involvement in the design and delivery of services, and their experience of such services, should be the key measure of success.

Citizens can even be directly involved in the self-assessment process. With adequate support from Voluntary Sector Organisations, and as part of the Big Society framework, citizens could be trained up to be part of the review of the council, as a ‘bare foot’ inspector. Such schemes have been trialled in Coventry, with considerable success.

⁸⁷ Ipsos MORI Issues Index, in response to the question “What would you say is the most important issue facing Britain today?” (early April and mid May 2010).

Increasing citizen input in Coventry

When Coventry Council wanted to give prominence to the ‘bottom-up’ aspirations and feelings of local people, it created a project involving collaboration between Coventry and Warwick Universities, the Coventry Partnership (LSP), the Community Empowerment Network (a network of local community groups), and the Area Co-ordination.

Together, they examined the official statistics, such as the 2001 Census of population and those published periodically by partner agencies, in order to gather data. Using this data, they then conducted a household Survey of more than 13,000 residents. Finally, Qualitative research was carried out by *trained local residents*, with other residents and front-line workers, in order to uncover and ‘amplify’ the messages coming from ‘below’, as well as picking up on issues emerging from the survey data.

Training local residents to become community researchers is an effective bottom-up approach to finding what citizens and service-users think about particular aspects of specific services.

There is a wide spectrum of citizen involvement. It ranges from the shallow, such as creating more user-friendly interface in services, to the deep and involved, such as participation in Neighbourhood Watch schemes. The opinion of citizens of service-users should be sought and applied at all points of the spectrum. This would help build the trust necessary to underpin practical applications to the ‘Big Society’.

Technology can play an important part in such a process, enabling the gathering of voices and opinions which would not be possible in the physical realm. A scheme such as Birmingham’s BeHeard consultation database is but one example of the many ways available to councils.⁸⁸ Web 2.0 can enable citizens and communities to share information, discuss services, or identify failings in real time, and service providers to monitor this information. The “semantic web” can help citizens navigate between different information providers.

⁸⁸ <https://www.birminghambeheard.org.uk/>

Advances in web technology has facilitated the “mashing-up” of data by web users, who use different data streams, from government, private organisations, or citizens, and bring them together to create new and innovative ways to interact with, and assess, public services. For this to develop further, government needs to engage with users and operators of user-generated sites, supply them with the public sector information they need, and help excluded groups take advantage of these methods. Examples of such innovative schemes include PatientOpinion⁸⁹, which encourages users to rate their experience in hospitals, but also provides official information relating to the NHS. User feedback on this site is then used by the NHS to improve its services. These methods can have some drawbacks, as the example of RateMyTeacher has shown. Nonetheless, they are becoming an important tool for both service-users and service providers, and government must make sure they engage with such online communities in order to encourage such interactions.

While local government has been relatively quick to get online, more efforts could be made to improve the virtual journey customers are experiencing. A recent report found that 4.4 million individuals, or 42% of those surveyed, reported that they are not finding, or only partly finding, the information they are looking for on a council website.⁹⁰

Citizens or third sector organisations could also be trained by councils to become de facto inspectors of specific services, as part of the ‘Big Society’ framework. While this approach might be limited for critical services, it could certainly be applied for services such as waste collection, street cleanliness, or recycling. It would provide a bottom-up approach, revolving around the needs of citizens, and furthering their engagement in the democratic process. Furthermore polling data consistently shows that the majority of citizens want to be informed about the services they use, in a manner which is accessible to them.⁹¹

Area self-assessments

Local authorities should measure themselves against their local priorities by collecting relevant data and performing self-assessment. It should measure its progress against the local circumstances, the financial climate, and the area’s

⁸⁹ www.patientopinion.org.uk

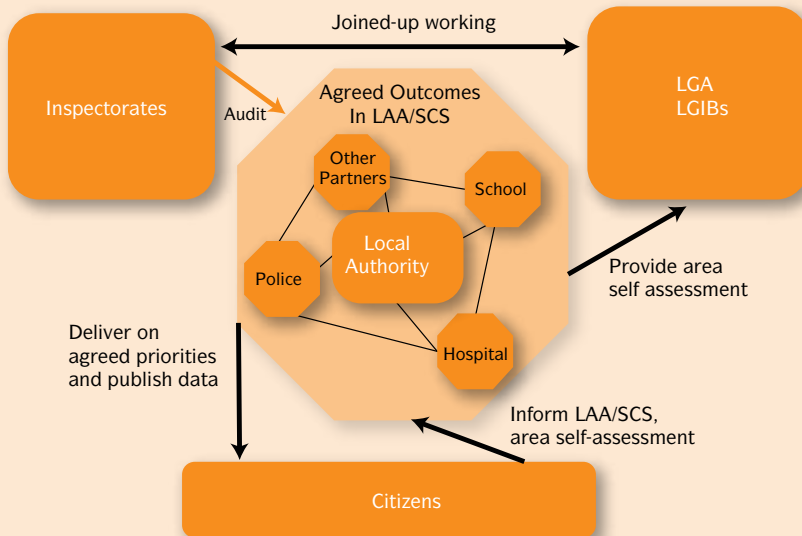
⁹⁰ Socitm, *Better Connected 2010: a snapshot of local authority websites*, (2010)

⁹¹ 2020 Public Trust, *What do people want, need and expect from public services*, (2010)

starting place. It should spell out clearly the strategies for improvement, and the timetables for such measures. It should also explain what it expects from its partners, since such broad outcomes cannot be achieved solely by local authorities. Partners should work with Local Authorities in completing their self-assessment. In doing so it would contribute to a common purpose among local public bodies in shaping their services to meet local needs. Partnerships need to be fully integrated into the assessment process, with clear lines of responsibility and accountability, in a manner which is much more transparent than it was under CAA. This assessment would be informed by local evidence, financial audits, and citizen views. It would involve partners, a sector peer representative, and community representatives, to ensure that it is robust and reflective of local realities.

This would, in essence, resemble an area self-assessment, focused solely on the specific priorities agreed to in the LAA and SCS. These would be overseen and validated by the LGA.

Figure 11 Assessment mechanisms in well-performing authorities



Studies show that 63% of the public would like an assessment report that sums up how well local services are working together to serve a community. The council should then publish this information clearly and transparently. The publication of this information would give citizens an intelligible narrative as to the state and evolution of its area, thereby further increasing trust and accountability.

The inherent problems with process targets are clear. Emphasis should therefore be placed on the experiences of citizens and service-users, who should play a key part in an area's self-assessment process.

The role of the LGA and Local Government Improvement Bodies

The whole framework of assessment should be enabled, supported and overseen by the Local Government Family, through the Local Government Association (LGA), with improvement support from Local Government Improvement Bodies (LGIB) such as the IDeA, and Regional Improvement and Efficiency Partnerships.

The LGA possesses the necessary democratic mandate and legitimacy. It and the improvement bodies possess practical experience, knowledge, advice, best-practice and ideas to disseminate. The LGA should support, organise, and facilitate the process, while improvement agencies should design flexible improvement tools, designed around the localities, services, and citizens' needs they would be applied to. The LGA has stated that it is ready to handle such responsibilities, and would welcome them.⁹²

Using the existing available data, these bodies should create risk-based, peer-review assessment, pairing up councils with similar circumstances, or who have overcome similar problems. This process should be proportionate, risk-based, and targeted. Very few areas would need to be peer-reviewed every year.

The LGA should coordinate such peer-reviews, collate the relevant data, and propose targeted methods for improvement. In adopting this role, the constitutional position of the LGA should be considered. Peer-reviews would be led by other local government professionals and politicians, who could

⁹² LGA, *Freedom to Lead, Trust to Deliver*, (2010)

quickly understand the local difficulties and circumstances. This process would be an enriching learning experience for both the reviewee and the reviewer. The solutions on offer would come from realistic and experienced practitioners, who could refer back to local improvement agencies for help in putting them into action. Mentoring schemes could also offer more long-term support for improving specific services or overcoming specific problems.

This would mean far fewer, more targeted assessments. These measures would free councils from the shackles of targets and their distorting effects, from remote national inspectors and from the diktats of central government. It would foster innovation, promote a spirit of localism, and drive forward the agendas of decentralisation and empowering communities. This would lead to a vibrant and dynamic cycle of improvement, focused on citizens, and led by their representatives.

Peer reviews would be published by the LGA and be designed to provide accessible information for citizens and clear practical steps for improvement.

Should the LGA identify serious failings in a council, it should be allowed to intervene forcefully and decisively. Should central government have concerns with critical aspects of public provision, it should ask the LGA to investigate and report on it. In addition, the LGA and LGIBs should ask specific inspectorates to produce independent inspection reports on specific services in a specific area, should independent verification be thought to be necessary.

Improvement must also be understood in relation to the environment in which local authorities operate. In times of drastic budget cuts, it is unrealistic to expect real, absolute improvements in all sectors. “Relative improvement” should be the benchmark. Efficiency and productivity must be important factors to consider and analyse, within specific historical and financial contexts.

The LGA could use a weighted system for risk-based peer assessments, using existing benchmarks to decide how often and which services of a council should be subjected to peer-review. Membership of the LGA should entail some minimum compulsory peer-review and participation in the improvement process, in order not to let councils fall through the nets. The participation of the LGA and LGIBs should not act as another layer of bureaucracy, but rather

as facilitators, coordinators, and guarantors of the process. In other words, they should own the process, but the practical application of it would be left to participants from local authorities.

Citizens should similarly be encouraged to take matters to the LGA if their concerns were not taken into account by their local authority. The LGA and LGIBs would then use the existing evidence to decide whether and how to investigate the matter further.

Finally, Central government should only be allowed to intervene as a last resort, when the efforts of the LGA and the LGIBs have been shown to be insufficient.

This shift in responsibilities would mark a profound change in the way local government regulates itself, and the responsibilities it would carry. Nonetheless, this would be consistent with the vision expressed by the new Coalition Government: *“We need to take control away from central government, where bureaucrats and ministers are in charge, and give it to local government, people and communities.”*⁹³

Because the process would be risk-based and targeted, the burden on councils and their partners would be reduced dramatically. The data collection burden would only apply in the services or outcomes decided upon in the SCS and LAAs, and in a few critical services. Most councils and services, most years, would not be subjected to peer-review. Participation in schemes such as best-practice sharing, or Community of Interests would be predominantly online, and would involve only marginal costs.

What we recommend:

- *Reversing the burden of trust*
- *Improving the input of citizens as drivers of both priorities and improvement.*
- *Enabling the Local Government family to own, design and conduct the risk-based assessment process, which would focus on area self-assessments, peer-review, mentoring, and best-practice sharing.*
- *Freeing local authorities by scrapping the vast majority of centrally-imposed indicators, process measurement, and data gathering requirements.*
- *Allowing citizens to flag up deficient services to the Local Government Family in order to put them forward for peer-review.*

This would:

- *Significantly reduce the inspection burden on local authorities*
- *Create a more horizontal framework, reflective of the current structure of public services, and owned by local government.*
- *Empower citizens and encourage their involvement in public services.*
- *Drive improvement by providing peer support, advice, and intelligence sharing, and making best use of the vast amounts of experience local government officials and politicians possess.*
- *Provide a more responsive, adaptive, and nimble framework, suited to needs and priorities of citizens and local authorities*

Vulnerable individuals and minimum standards

Citizens expect universal minimum standards in certain services, and protection for vulnerable citizens who may not be able to represent

themselves fully.⁹⁴ Considering the cuts that local authorities will suffer in the next few years, it is crucial to ensure that the most vulnerable members of society are being cared for, and that those most at risk receive due attention.

Schools, older people's residential care homes, hospitals, social care for children, and other such institutions should be subject to a risk-based, targeted, proportional inspection regime, working in conjunction with the LGA. CQC, OFSTED and HMIs should operate a form of weighted random system, whereby the probability of inspection for each service is determined by its recent performance, the risk it poses, its engagement in LGA/LGIBs assessment process, and the elapsed period since its previous inspection. We believe that these services present special circumstances because of the critical nature of the services they provide, and because of the expectations citizens have of them. Meanwhile, specific technical expertise is needed to inspect certain aspects of these services.

Random weighted inspections are usually used when it is not necessary to inspect the whole dataset (this is clearly the case for "excellent" or "good services"), when it is too expensive to do so (this is clearly the case in the current financial context), or when the resource-usage or time-spent on inspection is disproportionate, (which is also the case at present). It is used in many different fields, from drug-testing of athletes, to inspection of nuclear material, via customs inspecting cargo entering the country. Usually, inspectorates and testers perform a controlled experiment in which the sample of objects that are inspected represents a random experimental group. The randomness factor diminishes the potential for gaming and removes the element of predictability, enabling the inspection to take place in a more realistic and natural setting.

However, a purely random inspection would not be appropriate since this would not be risk-based. Integrating a strong weighting element, that is to say, adding additional criteria which would influence the likelihood of being inspected, would enable a more risk-based and intelligent system.

"Excellent" or four-star services could be exempt from inspection for a period of 2 years, following which they would be given a low probability of inspection. Good services would be unlikely to be inspected. Conversely, average-performing services would be more likely to be inspected, whilst poorly-performing services would be under regular supervision and support.

94 Ipsos MORI Issues Index, 63% of respondents agreeing that standards of public services should be the same everywhere in Britain, (2010)

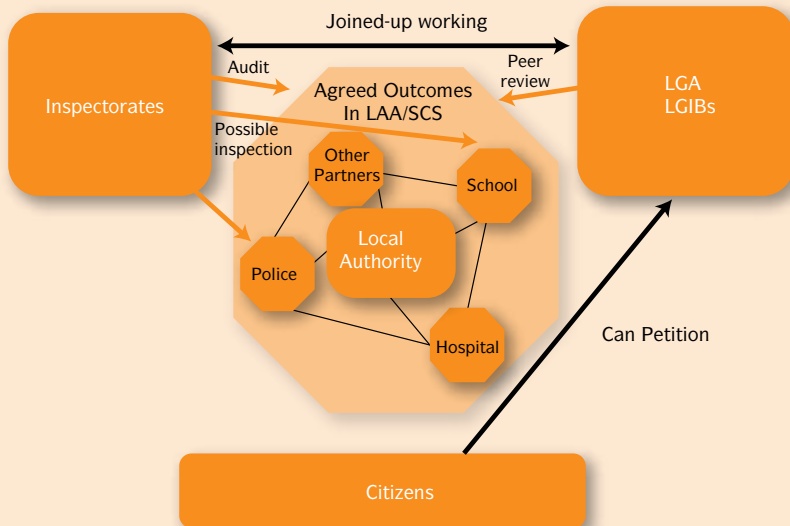
In addition, these services should work with the council or the LGA in order to feed into their area self-assessment. The aims of such inspection would be two-fold: to make sure that systems are robust enough to protect vulnerable individuals against the risk of failure, and that these services deliver effectively against agreed local outcomes.

This would dramatically cut the costs associated with inspection, without removing the threat of it, and the accompanying improvement in standards and behaviour that it can create.

The purpose of such inspection must shift from an adversarial and competitive league system designed to shame services into improvement, into a support system designed to identify, manage, and minimise risk. They would act as a safety net for vulnerable individuals in critical services.

Citizens should also participate in the process, by being allowed to petition the LGA bodies if they feel certain key services are deficient, and if their complaints to local authorities or public bodies (such as the IPCC) yielded no outcome.

Figure 12 Assessment mechanism in poorly performing authorities



What we recommend:

- *A risk-based approach to the inspection of services for vulnerable individuals such as schools, care homes and hospitals, through a system of random weighted inspections*
- *A mechanism allowing citizens to petition for external inspection to flag up poorly performing services in these areas*
- *Increased focus of inspection and peer-support for poorly performing services dealing with vulnerable individuals*

This would:

- *Significantly reduce the burden of inspection in the vast majority of services.*
- *Ensure minimum standards in key services which are not controlled by local authorities.*
- *Protect vulnerable individuals being cared for by the state*
- *Reassure the public that critical services are overseen, and that their input as service-users is acted upon.*
- *Encourage joined-up working, and the participation of these services in delivering locally agreed outcomes.*

Inspectorates

Under our proposal, the Audit Commission would see its role change substantially, and its workload greatly reduced. It would focus on its financial auditing functions, and on being a gate-keeper for other inspectorates. Inspectorates, such as OFSTED and CQC, would inspect far less, and focus their inspection on systems and agreed local priorities.

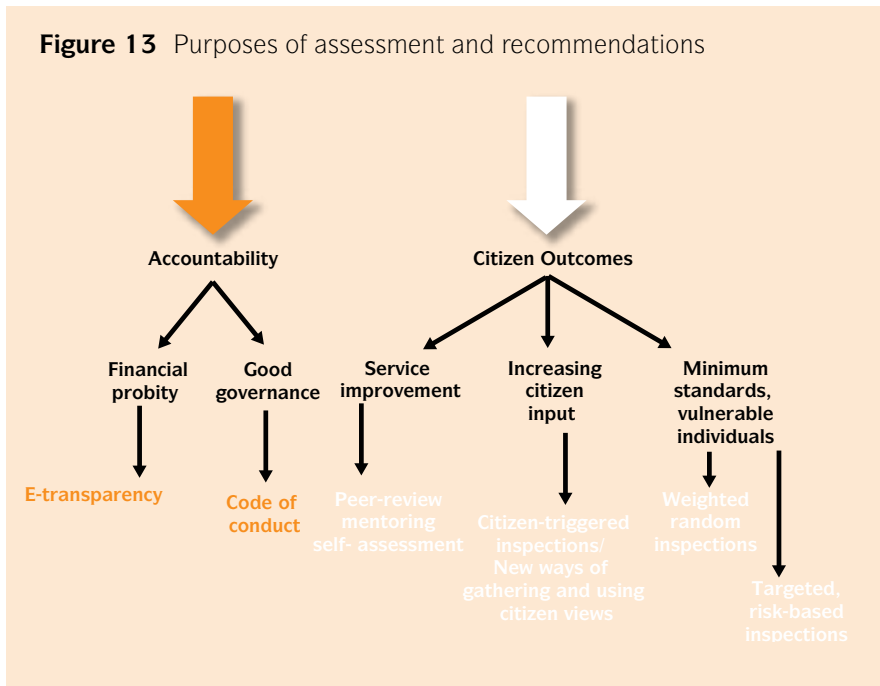
There is a strong argument for changing the structure of inspectorates in order to make them more joined-up and coordinated. Simply merging them into one giant body called “Audit UK”, comprising of the National Audit Office, the Audit Commission, OFSTED, CQC, and the HMIs, would have long-term financial and operational benefits, although the short-term process

would be costly and cumbersome. While this is hardly ideal in a period of financial turmoil, there is no doubt that long-term savings would emerge from such an amalgamation. The recent merger of CQC with its predecessor bodies did lead to a 30% reduction of the previous budgets. While the efficiency savings could be realised within 2 years, the functional benefits of a merger would take slightly longer to realise themselves.

It is possible, however, that such a process would simply increase bureaucracy without remedying any of the existing problems: each section of the new inspectorate would still have to retain its expertise and experience in specific fields. As a Director from an inspectorate explained: *“The main lesson is that it takes time to realise the benefits of the merge, in terms of culture, but also in terms of savings and efficiencies.”*

We therefore recommend, for the time being, changing the functions of the Audit Commission without fundamentally altering the structure under which inspectorates operate. They would still be under the tutelage of the Audit Commission, and would have to work closely with the LGA and LGIBs in designing their inspection frameworks.

Figure 13 Purposes of assessment and recommendations



How the recommendations proposed in this report fit within the objectives and tensions of assessment regimes.

	Risk-Based	Area-focused	National Standards and local solutions	Focused on citizen outcomes	Improvement	Cooperative	Subjective and objective
E-Transparency		✓		✓	✓		
Appeal mechanism for citizens		✓		✓	✓		
Weighted Random Inspection of critical services	✓		✓	✓	✓		✓
LGA/LGIB Ownership of assessment process	✓	✓	✓	✓	✓	✓	✓
New metrics for Citizen input		✓	✓	✓	✓	✓	✓
Area Self-Assessment		✓	✓	✓	✓	✓	✓

7 Conclusions

While previous Governments relied heavily on centralised, target-driven, top-down inspection regimes, the current Government is determined to put citizens at the heart of this process, and to create a more organic, democratic, and localist system.

NLGN agrees with this broad vision, and argues for a series of reforms that can reinforce democratic processes, localism and a focus on the citizen, whilst reducing bureaucratic processes and 'red-tape'. The system proposed marries the need to reduce significantly the costs of assessment with the need to protect vulnerable individuals and drive improvements and productivity in local public services.

- **Transparent:** Transparency is the most efficient, democratic, and organic way to make elected officials accountable. NLGN advocates for the publishing online of salaries and expenses of elected officials, but also of the financial revenue and expenditure local authorities are operating in, in order to provide citizens with the tools needed to make democratic decisions.
- **Centred on the Citizen:** Assessment should become a bottom-up process, with citizens defining priorities for areas, and measuring the progress made by local authorities against those priorities. They should act as *de facto* assessors, and should have a wide variety of options for expressing their views, journeys, and experiences of local services.
- **Owned by local government:** Local Government possesses the democratic mandate and legitimacy, the desire, and the knowledge to organise and oversee self-assessment processes, peer-reviews, mentoring schemes, and best-practice sharing.
- **Designed to protect vulnerable individuals:** In difficult financial times, attention must be paid to the most vulnerable sections of society: children in care and vulnerable adults dependent on critical services. This must be achieved through a risk-based, proportional, and efficient system of weighted random inspections for specific services, designed to reassure citizens that vulnerable individuals are being properly cared for.

These measures would free councils from the target-driven and resource-hungry regimes installed by previous governments. They would place citizens at the heart of the process. They would provide adequate safeguards for vulnerable individuals. They would dramatically reduce the costs associated with previous inspection regimes. Finally, they would foster community empowerment and local democratic engagement by transferring previously centralised power back down to the citizens.

Designed in such a way, assessment would be a driver for decentralisation and for the transfer of power.

Finally, assessment regimes are a reflection of the institutional and constitutional arrangements of a country. Both the assessment frameworks themselves the centralised structure of funding and accountability have undermined the focus of public services in the past. Citizens require clarity about the role of local democracy. Councils require sufficient accountability and leverage over other public bodies in order to lead the delivery of public services in their areas, to avoid responsibility without power. Underpinning these reforms must be radical changes to the structure of funding and financing so that councils can direct the public money that goes into an area and raise greater revenue themselves.

Appendix I *Methodology*

The research sought to establish the views and experiences of assessment practitioners and stakeholders, both with regards to CAA and to assessment regimes in general. The research also attempted to reality-check some of the ideas, recommendations, and conclusions listed in this project.

The research approached these subjects using a range of research methodologies.

Literature Review

An analysis of the existing literature regarding assessment regimes, both in the UK and abroad, risk-management, citizen participation, and local government practices. This included journals, articles, council reports, studies, and publications.

Interviews

23 interviews with key stakeholders in the assessment process: performance officers, councillors, chief executives, CAA Leads, Government Department Staffs, polling company staff, non-departmental public body staff and inspectorate staff. The interviews were qualitative, semi-structured, and focused on the purposes of assessment, the role of citizens in that process, the individuals' experience of CAA, and potential reforms of the system.

Case-Studies

Calls for case studies were put out to NLGN's Innovation Network and Network of Corporate Partners. Case-studies were analysed for evidence of the practical effects of the assessment processes, and to identify effective practices.

Research Seminars

Two research Seminars were held with attendees from local authorities, polling companies, academia, and other public bodies. The first attempted to identify the problems and complexities associated with assessment regimes. The second one was used to present our recommendations and conclusions, and analyse the responses to these recommendations.

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The South West Improvement and Efficiency Partnership

The South West Improvement and Efficiency Partnership (SW IEP) was set up by local authorities as a 'hub' to drive innovation and progress against regional priorities and share information and knowledge in conjunction with other public sector bodies and partners. It is part of the secretariat which supports South West Councils, a voluntary grouping bringing together 41 local authorities to address issues of common concern.

The SW IEP is supporting the priorities identified by authorities and partner agencies across the South West. Its work is overseen by elected Members from councils across the South West, advised by a chief executive management group and with delivery through local government led programme boards. It will invest a total of £23 million of funding between 2008/09 and 2010/11, subject to performance.

The SW IEP is organised into 5 workstreams, each incorporating a number of themed programmes.

- Corporate Capacity
- Driving Value for Money
- Social Care
- Sustainable Economy
- Fire and Rescue

Because of the strong sector-led nature of the SW IEP, it is able to respond quickly to changing circumstances. In particular, the South West has re-focused activity in response to the economic downturn and to seize the opportunity presented by the Total Place approach.

In the final year of the Programme, the emphasis is on increasing the take up of the range of tools and services available, continuing to promote innovative sector led improvement and efficiency support, and guaranteeing the legacy of key SW IEP projects. Taken together, this will put the SW IEP on track to deliver at least £153m of efficiency savings, over a 4 year time frame.

For more information, please visit www.southwestiep.gov.uk/



Improvement and Efficiency West Midlands

Improvement and Efficiency West Midlands (IEWM) is one of nine Regional Improvement and Efficiency Partnerships which were created to harness the expertise of councils and to add new capacity to local government to accelerate the drive for greater improvement and efficiency.

IEWM provides a key vehicle through which to deliver the sector led approach; bringing local authorities and partners together through a range of exciting programmes and initiatives to not only support improvement and efficiency activities but to also build skills and capacity through collaboration and shared learning.

Within its programme, IEWM has placed a very strong focus upon efficiency and has supported authorities to deliver over £40m of efficiency savings since April 2008. Our aim is to support the achievement of £175m savings over a five year period.

This will be achieved through a number of focuses including for example Better Procurement; Collaborative action on Highways, Construction & Waste; Transforming and supporting Shared Services, improved Commissioning of Adults and Children's Services and our groundbreaking work on Asset Management which has highlighted the potential to yield £640m efficiency savings in the West Midlands over the next ten years.

For more information, please visit www.westmidlandsiep.gov.uk



Standards for England

Standards for England (SfE) was established by the Local Government Act 2000 and works with local authorities, their monitoring officers and standards committees to promote high standards of conduct in local government.

Through its Ethical Standards Officers (ESOs), it investigates potential breaches of the Local Authorities (Model Code of Conduct) Order 2007 (the Code), which members and councillors must abide by.

SfE also provide support and guidance on the Code and monitor the performance of local authorities in their assessment of complaints.



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Every year, local authorities spend around £150 billion of public money. How that money is spent has a profound impact on the lives of citizens living in an area. With a financial storm hitting public finances, the scrapping of the Comprehensive Area Assessment and a change in the nature of public services, there is a pressing need to reconsider how we go about assessing public services.

This report takes a fundamental look at what we are assessing, why we are assessing it, and how we could improve services without the burdensome and costly inspection regimes that have evolved over the past decade. In doing so, we set out a list of recommendations aiming to make the assessment process less burdensome and expensive, better focused on citizen outcomes in each locality, on protecting vulnerable individuals, on driving improvement and value for money, and on ensuring good governance.