

Public Services Productivity Panel

Role of External Review in Improving Performance: Supporting Document 6

Notes on Performance Management of Inspectorates

Summary

This note sets out for HM Inspectorate of Constabulary, the Social Services Inspectorate, Ofsted and the Audit Commission, initial information gathered on status, funding, remit, accountability, objectives and performance indicators.

A general conclusion is that there is considerable variety. Some of this stems from the differing status of the review bodies. Ofsted is a non-ministerial government department, and hence is the only one to have a Service Delivery Agreement. The Audit Commission is a Non-Departmental Public Body, and is therefore subject to quinquennial review.

All recognise improvement of public services as part of their function to some degree:

Review Body	Statement	Source
HM Inspectorate of Constabulary	“to measure how forces are performing against Ministerial priorities and national standards, to encourage high quality, significant improvement ” “to improve police performance in the area of crime reduction and to encourage the spread and development of good practice through the use thematic inspections”	Objectives
Social Services Inspectorate	“ to assist local government, voluntary organisations and private agencies in the planning and delivery of effective and efficient social care services ” “The SSI in all its processes of inspection, evaluation and review is prepared to help councils to improve. ”	Objectives Annual Report
Ofsted	“To improve standards of achievement and quality of education through regular independent advice”	Service Delivery Agreement
Audit Commission	“The Commission aims to be a driving force in the improvement of public services ” “Promoting improvement of public services ” (Best Value Inspection Service strategic theme)	Mission statement Business Plan

However, the status of this interest in improved performance is not clear among the various other objectives, priorities, aims and statements that exist. Nor is the role external review is intended to play relative to other parts of the system explained in the context of objectives.

In general, looking at performance indicators of inspectorates, there is a lack of information about how well inspectorates do in improving performance of the public services. Ofsted do, however, have a “draft indicator” on the number of schools where performance has improved since the previous inspection, while the Audit Commission acknowledge the need for indicators of effectiveness and impact of inspection.

Her Majesty's Inspectors of Constabulary.

Status

HMIC is an independent Inspectorate, located outside the tripartite structure (of the Home Secretary, police authorities and forces). However, it works closely with the three parties.

Funding

The costs of the Inspectorate are funded directly by central government and provided through the Policing and Crime Reduction Group of the Home Office. Each year, HMIC receives income from two separate allocations. Their day-to-day running costs are subject to a specific funding allocation whilst income and capital spending are accounted for separately. Expenditure is controlled by government accounting rules.

Relevant Legislation

- ✦ Local Government Act 1999 – relates to Best Value and had widened the power of the HMIC to include the inspection of police authorities.
- ✦ Police Act 1994 and 1996 – clearly defines the role of the Inspectorate, allowing it to report to the Home Secretary on the effectiveness and efficiency of the 43 forces in England and Wales.
- ✦ Police Act 1964 (section 38)

Accountability

HMIC is financially accountable to the Policing and Crime Reduction Group, Home Office.

HMIC produces annual reports and must produce any other reports when requested.

Objectives

- ✦ to measure how forces are performing against Ministerial priorities and national standards, to encourage high quality, significant improvement and to identify good and poor performance at an early stage through inspections that are robust, co-ordinated and added value to the delivery of Police services.
- ✦ to ensure police training is effective and efficient through the establishment of a police training Inspectorate (August 2000).
- ✦ to give advice to Ministers, Home Office and police authorities.
- ✦ to improve police performance in the area of crime reduction and to encourage the spread and development of good practice through the use thematic inspections (carried out in collaboration with the Audit Commission, Home Office and regional

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Government Representatives, the Local Government Association, the SSI, HMIP and Ofsted).

➤ to work in partnerships with other agencies, which have an interest in the delivery of police services to avoid unnecessary duplication and over burdening forces and police authorities with inspection

Performance Indicators

Existing indicators concern retention and recruitment of inspectors, the response of forces to recommendations, quality of inspections, quality of publications and response to complaints.

Appointment

HM Inspectors of Constabulary are appointed by the Crown on the recommendation of the Secretary of State and until recently, selection was made exclusively from the ranks of the most senior officers serving in the provincial forces and the Metropolitan Police.

Remit /Mandate

HMIC is responsible for examining the efficiency and effectiveness of the police service in England and Wales to ensure, it is contributing to the ministerial objectives for policing

In addition, HMIC contributes to policing by:

- providing professional advice to the Home Secretary, Ministers, Police Authorities and their Association and individual forces;
- providing good practice
- advising on the appointment of Officers to Chief Officer rank.

To fit in the increased focus on local policing, including the publication of crime statistics showing Basic Command Unit (BCU) performance, HMIC will be developing a new inspection protocol to inspect BCUs and to introduce a comprehensive programme of BCU inspections from April 2001.

Besides inspections of forces, thematic inspections are also carried out. These focus on key aspects of policing important to the government's aims and objectives and those identified by police forces and other key stake holders as in need of improvement. Thematic inspections are an effective way of identifying and spreading good practice.

Social Services Inspectorate

Status

The SSI is part of the Social Care Group in the Department of Health. The SSI assists Ministers in carrying out their responsibilities for personal social services and exercise powers on behalf of the Secretary of State for Health. The SSI comprises of an Inspection division and the Social Care Regions. Their inspections are independent.

Funding

The Department of Health is responsible for the running costs of the SSI.

Relevant Legislation

✦ Care Standards Act – provides the framework for new regulation and inspection arrangements in Social Care. It established the General Social Care Council, with powers to regulate social workers and other care workers for the first time.

Accountability

The Chief Social Services Inspector is joint head of the Social Care Group within the Department of Health and reports to the Permanent Secretary.

Objectives

- ✦ to provide professional advice to Ministers and Central Government departments on all matters relating to the personal social services;
- ✦ to assist local government, voluntary organisations and private agencies in the planning and delivery of effective and efficient social care services;
- ✦ to run a national programme of inspection, evaluating the quality of services experienced by users and carers; and
- ✦ to monitor the implementation of Government policy for the personal social services

Performance Indicators

Existing indicators are steered towards the speed of response to complaints about SSI standards.

Appointment

Done according to normal procedures of appointments in the Department of Health.

Joint Review Team

The Joint Review team brings together the expertise of SSI and the Audit Commission to review the performance of all local councils' social services responsibilities. It is a fully integrated team led by the Review Director on behalf of both organisations. Joint reviews consider how well a council:

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- ✦ Meets individual needs
- ✦ Shapes services
- ✦ Manages performance
- ✦ Manages resources

Then they form a judgement about how well the council services their citizens and how well placed they are to improve their services.

Remit /Mandate

The SSI exercises powers on behalf of the Secretary of State for Health.

It provides professional advice to Ministers and Central Government Departments on all matters relating to the personal social services. It runs a national programme of inspection, evaluating the quality of services experienced by users and carers.

It monitors the implementation of Government policy for the personal social service.

Office for Standards in Education

Status

A non-ministerial government department, independent from the Department of Education and Employment, headed by Her Majesty's Chief Inspector of Schools.

Funding

Parliament makes finance available to Ofsted.

Relevant Legislation

- ✦ Education (schools) act 1992 – giving the right to carry out inspections on all the 24,000 schools in England
- ✦ School Inspection Act 1996 – a principal duty of HMCI is to establish and maintain the system for the regular inspection by independent inspectors of all state-funded schools in England
- ✦ Education Act 1997 – giving the right to inspect Local Education Authorities (LEAs). The inspection may be conducted with the assistance of the Audit Commission
- ✦ Teaching and Higher Education Act 1998 – has the remit of inspecting and advising upon providers of publicly-funded initial and in-service training for teachers and specialist teaching assistants.

Accountability

Her Majesty's Chief Inspector (HMIC) is accountable to the Secretary of State. He advises and also publishes reports, on matters covered by Ofsted's functions. Under the School Inspections Act, he is also required:

- ✦ to present an Annual Report on the state of education in England
- ✦ to provide other reports as requested by the Secretary of State
- ✦ to carry out inspections and other duties as may be specified by the Secretary of State

Objectives

- ✦ to provide high quality advice to the Secretary of State for Education and Employment to assist in the formulation and evaluation of Government policies concerning education for early years childcare and education and young people age 5 to 19 in schools and colleges.

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✦ to deliver high quality inspections of schools, further education for students up to 19, LEAs and Teachers' Training; and to establish and ensure high quality regulation of child minders and day care providers, including the delivery of high quality inspections of childcare and funded nursery education.

Performance indicators

Current indicators concern speed of response to service, provider complaints about inspectors and inspection reports, response to correspondence from the public, quality of inspections, standard and quantity of high quality initial teacher training inspections, quality of published reports, extent of target achievement in relation to prompt payment, sickness absence and publication of school inspection reports on Ofsted's website. The Service Delivery Agreement includes a "draft indicator" on the % of schools which have improved since their last inspection. There are also targets on training of purchasing staff, use of e-procurement and ratio of running cost to programme cost.

Remit /Mandate

To improve standards of achievement and quality of education through regular independent advice. Ofsted's principal task is the management of the system of school inspection defined originally by the Education (Schools) Act 1992. This provides for the regular inspection of all 24,000 schools in England, which are wholly or mainly state-funded.

Audit Commission

Status:

An executive Non-Departmental Public Body sponsored by the Department of the Environment, Transport and the Regions with the Department of Health and the Welsh Office.

Funding

The Commission has been self-financing; its income derives largely from fees charged to local authority and NHS bodies for audit work and it receives no government subsidy. However, with the introduction of Best Value inspections, the Audit Commission now receives grant in aid from central government. The Government intends that the level of grant contribution should recognise both the Commission's independent status and the extent to which best value, in particular inspections, need to reflect national policies.

Relevant legislation

(Best Value Inspection, audit of Best Value Performance Plans) Local Government Act 1999 – right to carry out inspection of compliance with Act

Audit Commission Act 1998

Accountability

The Commission is financially accountable to the Comptroller and Auditor General and its accounts are audited by the National Audit Office.

As a DETR part-sponsored Non-Departmental Public Body, with Commissioners appointed by the Secretary of State, the Audit Commission is accountable to Parliament through Ministers.

The Commission produces annual reports and is subject to quinquennial reviews by the DETR. The most recent was completed in June 2000.

In June 1994 the Government and the Commission agreed a Joint Statement of Responsibility and Accountability, "Accounting for Independent Audit". This sets out the relationships within the statutory framework between Parliament, the Secretary of State, Government Departments, and the Commission, identifying the roles and responsibilities of each in relation to the Commission and its functions. This Statement provides the accountability framework for the Commission. It is, however, out of date (making no reference to more recent legislation, for example). Work is in hand to update it.

Financial and management controls

As for all NDPBs the responsible Departmental Accounting Officer must be satisfied with the financial and other management controls applied by the Departments in relation to the Commission, and more generally, that those applied by the Commission conform with the requirements both of propriety and good financial management. In practice

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oversight of the Commission's financial management arrangements is undertaken by the Accounting Officer of DETR on behalf of the three sponsoring Departments. He has appointed the Commission's Controller of Audit as the Commission's Accounting Officer, who is answerable to Parliament for ensuring that the resources available to the Commission are used properly and give good value for money.

The Audit Commission submits its corporate plan to sponsoring departments for comment.

Mission

The Commission aims to be a driving force in the improvement of public services by promoting proper stewardship of public resources and by helping local authorities and the NHS deliver economic, efficient and effective public services (Corporate Plan 200-2003).

Objectives

Audit supply: The Commission's overarching strategic objective for the supply of local audits is to maintain its low-cost, high-quality audit regime, based on a mixed market of private sector and public sector suppliers. (The only objective given in the Annual Report).

The Corporate Plan lists strategic themes (over a three year horizon) and key priorities (over one year). The strategic themes are:

- Sharpening the focus of audit
- Making a reality of inspection
- Promoting improvement of public services
- Using information effectively
- Responding to constitutional change

The Best Value Inspection Business Plan identifies 21 objectives for 2000/01. Objectives for 1999/2000 are given as:

- Best Value and the Audit Commission;
- Vision for inspection service and strategies for realising it;
- To clarify and communicate the scope of Best Value inspection and a methodology for undertaking it;
- Establish a structure for the new directorate and recruit the people required;
- Establish quality support services for everyone in the directorate;
- Programme of inspections of Best Value Reviews for 2000/01.

Performance Indicators

Existing indicators concern quantity of reports published, fee increase related to rise in financial sector pay, central costs as a % of gross income, speed of response to letters, sickness absence, staff turnover and % of staff from ethnic minorities.

The ten key performance indicators identified in the Corporate Plan are:

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Key Business Area	Key Indicator	Measure
Assurance	Compliance with audit code of practice	% of audits assessed as compliant with the code
Assurance	Audited body satisfaction rating	Via audited body questionnaire
Improving Public Services	Prompt publication of inspection reports	% completed within one month of being on site
Improving Public Services	Satisfaction with inspection service	% of customers who rated their inspections as good or better
Improving Public Services	Research portfolio - product delivery	No of reports published
Improving Public Services	Research portfolio - product delivery	No of audits produced
Improving Public Services	Library of local performance indicators	No of local performance indicators defined and made available in library
Financial and Service indicators	Fees	Expressed as a % of audited/inspected bodies' expenditure
Financial and Service indicators	Central costs as a % of total income	Costs for: value for money, audit appointment, auditor support, performance indicators, corporate management and overheads
Internal management	No key indicators	
Corporate health	Payments to creditors	% of undisputed invoices paid within 30 days

Work was in hand (1999) to develop indicators of: improvement in public services, assurance (i.e. timeliness and compliance with audit code of practice), financial and service indicators and corporate health. The Corporate Plan 200-2003 (November 2000) notes that work on indicators of effectiveness and impact is still at a developmental stage.

The Best Value Inspection Service Business Plan gives a set of external and internal performance indicators.

External indicators:

Inspections published as a proportion of the programme

% of customers rating their inspections good or better

Number of areas of good practice identified and formally acknowledged as such in reports

Average length of inspection

% of communications responded to within target times

% of external transactions being capable of being dealt with electronically

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Number of formal complaints following inspection

Internal indicators:

% of reports available prior to QC2.

% of QC2s where inspection score remains unchanged

% of trained inspectors in field within one month of arrival

% of invoices paid within 28 days

% of supplier invoices paid within 28 days

% of staff who rate/consider their job “good” or better

average number of sickness days per staff member

average cost per inspection day

proportion of total budget consumed by Best Value Inspection Service overheads

proportion of total budget consumed by Audit Commission overheads

Appointment

Appointments to the Commission are made by the Secretary of State. In practice, the Secretary of State for the Environment, Transport and the Regions traditionally takes the lead, sharing responsibility jointly with the Secretaries of State for Health and Wales. The Commission appoints its chief executive who is known as the Controller of Audit. This appointment requires the approval of the Secretary of State

Intervention

The Audit Commission statute provides for the Secretary of State to give the Commission directions as to the discharge of its functions. The Secretary of State has never used these powers of direction.

Mandate

The Commission also has a power to undertake or promote comparative studies designed to enable it to make recommendations for improving economy, efficiency and effectiveness in the provision of local authority services and for improving financial and other management of bodies subject to audit.

Appointed auditors will audit the annual published Best Value Performance Plans of all best value authorities. Auditors must check plans have been prepared in accordance with published guidance, recommend how they should be amended to reflect any requirements on such bodies, recommend any procedures to be followed by an authority in relation to the plan and recommend to the Commission whether it should carry out an inspection in accordance with the provisions of the 1999 Act. The auditor will also be able to recommend to the Secretary of State that they should take action in accordance with their powers under the 1999 Act to require an authority to prepare or amend a plan, to follow any special procedures in relation to a plan, to carry out any review of specified functions. This could lead to the Secretary of State issuing a direction against an authority.