

## National Improvement and Efficiency Strategy



# foreword

People want to live in places with good services, a safe environment, accessible transport links, a strong sense of community and opportunities for all. Central and local government share the commitment to making this happen.

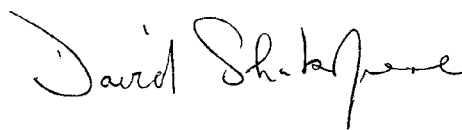
But this requires strong leadership, which is a role and responsibility for local government, led by democratically elected councillors and working with other providers of local services.

In meeting this challenge, local government and its partners face a rapidly changing world, with demographic, social, environmental and economic trends set to have a major impact on the public services of the future. Having already come a long way in increasing efficiency, councils now need support to transform and improve services and to build the local leadership capacity needed to create the sort of places people want to live.

We believe that the way to do this is for local government to lead the delivery of our joint shared priorities, with resources devolved from central government to help them do this. This National Improvement and Efficiency Strategy, agreed by central and local government, and backed by over £380 million available over the next three years, helps make that happen. We want both central and local government to seize the opportunity the strategy provides. We want to make it easier for councils and their partners to get the right support at the right time and we want local government to take increasing responsibility for moving all councils beyond competence to excellence.



John Healey  
Minister for Local Government



David Shakespeare  
Chair, LGA Improvement Board

# introduction

The new local performance framework is about two things: improving the quality of life in places and better public services.

Through local area agreements (LAAs), the framework brings together national standards and priorities set by Government with local priorities informed by the vision developed by the local authority and its partners.

As a planned and shared commitment between central government and local authorities, and their partners, LAAs provide a basis to take the next steps in the improvement of public services - in crime, fire, healthcare and well being, education, children's services, economic development, the environment and beyond. They will reflect real prioritisation and greater coordination at a local level, together with targeted impact in disadvantaged communities.

LAAs provide a powerful framework for reform. The longer term ambitions for a place will require strong local leadership. Elected members have a particular role in building a strong, shared vision for the area and ownership of the difficult choices that will necessarily be made in addressing future challenges.

Delivering these improvements in the face of considerable environmental, economic and social challenges, rising public expectations and slowed growth in public spending, will require new levels of efficiency, innovation and improvement. It will require effective and transparent performance management and monitoring, so that everyone knows how they are doing on delivering their priorities, so that they learn from each other and can raise the bar of ambition. It will also require a new relationship between central and local government, and a change in the way Whitehall has traditionally done business, as we recognise that responding to complex challenges is generally best done locally.

Central and local government have committed to developing a new, joint approach to supporting excellent performance which is owned and driven forward by local authorities and their partners. Through the National Improvement and Efficiency Strategy we will increasingly jointly agree priorities for improvement and development in councils and local partnerships. We will focus central and local resources on those priorities as we streamline and devolve the combined resource of central and local government to support value for money and improvement. As we change the arrangements for supporting improvement we expect local government and partners to take on increasing responsibility across a range of improvement issues. The dual challenge of streamlining and devolving resource and supporting councils and partners to take on increased responsibility for a range of improvement issues will put regional

improvement and efficiency partnerships (RIEPs), made up of local authorities and other key partners in the region, at the heart of local arrangements for support, enabling them to take a stronger lead on performance and improvement.

This is the first of two documents that central and local government intend to produce by early Spring 2008. This document describes the ambition for improvement that is led by councils working in partnership with other local service providers, the principles and key objectives of the strategy and the steps to be taken over the CSR period to deliver these objectives. It also outlines the resources available from Communities and Local Government and local government to support improvement and efficiency. The second document will be a prospectus that draws together further proposals for simplifying support, sets out the shared priorities, and provides further information on the resources available and how they will be used to drive improvement and value for money. More specifically it will set out:

- the priorities agreed at a regional and local level, and the level of resource allocated towards meeting those needs, which will be informed by the Value for Money Delivery Plan, and Service Transformation Agreement published alongside the CSR settlement and the Local Government Workforce Strategy;
- by department, what steps each will take to simplify delivery support arrangements and how they will work with RIEPs and other local government led improvement bodies. This will include details of the level of improvement and efficiency resource they expect to make available;
- across the LGA's central bodies, what steps local government will take to improve and streamline delivery support arrangements; and
- governance arrangements that bring together the LGA, government departments and the Chief Executives' Task Group to form a strategic approach to supporting improvement.

# section 1: a shared vision for improvement and efficiency support

## Ambition

Central and local government share a vision for better, more efficient, more responsive public services that ensure greater local prosperity and environmental sustainability.

We want to work together to help realise that vision, by creating a strong framework for supporting improvement and efficiency which government and the LGA are committed to, and is owned and driven forward by local government with its strategic partners.

This strategy identifies the principles and specific actions for change that will be taken to deliver on this ambition through the CSR period. It also outlines how we will measure success against these significant commitments.

## Context

Local government working with the NHS, police, third sector and other partners have a strong record in improving front line services. The latest Comprehensive Performance Assessment (CPA) results (February 2007) under the harder test show further increases in performance with 77% of single tier and county councils improving well or strongly (up from 70%) and 79% with 3 or 4 stars (up from 66%) and for the first time since CPA began in 2002, no upper tier councils are in the bottom CPA category. Equally, four times as many district councils are now rated good/excellent as those rated poor/weak.

Despite this strong record of improvement, it is important not to underestimate the scale of the social, economic, and environmental challenges in moving forward. This document addresses the improvement and efficiency challenges faced by local authorities and partners in an environment in which:

- there are rising customer expectations for better quality services along with demands for more involvement in service planning and delivery. This is made more challenging by the fact that despite significant improvements in efficiency, performance and specific services, public satisfaction with councils has not improved;
- improved outcomes will need to be delivered in a tighter financial climate. A target of 3% annual efficiency gains has been set across the public sector, and Government has allocated £150 million of additional resources for efficiency to support local government delivery. (Details of the tools and techniques to support this are explained in the Value for Money Efficiency Delivery Plan);
- pay pressures mean that councils and partners will need to continue to strengthen workforce planning and remodelling, and greater flexibility to facilitate the health and well-being, productivity, and movement of staff. The tools to help achieve this will be set out in the reshaped Local Government Workforce Strategy; and
- there is a need to understand better and address areas of under-performance, where this still persists.

## Principles

Addressing the challenges of improving the quality of life in places and delivering better value for money and public services under CSR 07 will require a new approach to:

- delivery, that sees councils continuing to lead their communities by effective partnership working, increasingly working across boundaries in collaboration with other councils and partnerships to deliver better, more efficient services;
- devolution and co-ordination of improvement and efficiency support, that sees resources used in the most effective and efficient way to support key priorities agreed through the LAA; and
- performance assessment and inspection, through the new Comprehensive Area Assessment, currently being developed jointly by the inspectorates, which is intended to be area-based, outcomes-focused, put the views of local people at the centre and reduce the overall burden of inspection and regulation on localities thereby creating more space for councils and partners to develop innovative solutions to local challenges

Accordingly, the principles that guide this strategy are that, in line with the new performance framework set out in the Local Government White Paper and the Local Government and Public Involvement in Health Act 2007:

1. improvement of local public services is led by councils working in partnership with local communities and other public service providers;
2. improvement will be made more effective by devolving more central resources as close to the front line as possible and creating space for greater local decision making by councils together with their partners;
3. strategic planning of improvement needs to become stronger, through greater joint decision making on the resources available to support local improvement, innovation, and efficiency; and
4. the arrangements for offering improvement and efficiency support from both central and local government need to be effective, simplified and rationalised.

# section 2: strategic priorities

This strategy is ultimately about supporting councils, as leaders of place, working with their local partners to deliver better outcomes, improve the quality of life in places and provide better public services.

We can make more effective use of resources to support improvement if we are clear on our collective priorities. For Government, a set of 30 public service agreements (PSAs) were published as part of the CSR07 announcement, setting out the key priority outcomes government wishes to see in the next spending period. Locally, the process of developing sustainable community strategies requires authorities and their partners, working with their local communities, to consider their own priorities and vision for place. LAAs will provide the mechanism for bringing together and delivering these often shared priorities and therefore LAAs will define the priorities for improvement.

Support for delivering excellent and ambitious LAAs in practice will focus on equipping local authorities and partners with the capacity and skills (such as partnership working, leadership, and strategic commissioning) needed to lead local partnerships and deliver effective efficient services that deliver shared priorities.

In supporting the delivery of LAA priorities there are four underpinning themes which this strategy must take into account:

**improving value for money to meet the 3% efficiency target.** The Value for Money Delivery Plan identifies the key areas where these efficiencies are expected to be delivered and RIEPs will need to ensure sufficient resources support actions and projects that will deliver real change in these areas.

**increasing innovative capacity** to respond to the future challenges outlined in section 1 is central to improved local performance. Measures to support innovation (including the Innovation Forum, Beacons and enabling measures) are currently being reviewed to support a single integrated approach, which will help councils and their partners to find new ways of doing more for less, and improve outcomes, with recommendations coming forward by April 2008.



**community empowerment** giving communities a strong voice enabling them to play a role in reforming services so that they genuinely respond to local peoples needs.

**improving economic and neighbourhood renewal leadership capacity locally.** The Review of Sub-National Economic Development and Regeneration set out the substantial extra responsibilities being placed on local authorities to improve local economic growth. This is a key part of their place shaping role as outlined in the Lyons Inquiry.

# section 3: delivering support

## 1. Local ownership of improvement

Local authorities and their partners are responsible for driving their own improvement. They will lead the identification of local improvement priorities, the drive to secure continuous improvement across local public services and the achievement of ambitious LAA outcomes.

This strategy will support localities to drive improvement by

- a. placing RIEPs at the heart of delivery support arrangements; and building the capacity and capability of RIEPs to support councils and partners to take increased responsibility for a range of improvement issues;
- b. leading locally the co-ordinated support of councils in difficulty and tackling poor performance where it persists through:
  - i. tailored and coordinated support from the RIEPs, working in partnership with Government Offices (GOs), inspectorates and other government departments where concerns arise
  - ii. peer support and challenge by IDeA
  - iii. political challenge by the LGA Improvement Board lead members, where councils are not utilising the support available and where it exists political blockages to improvement
- c. putting in place strong accountability arrangements to ensure that improvement support is correctly targeted to the right areas and priorities.

### **a. Developing the capacity of Regional Improvement and Efficiency Partnerships**

Regional Improvement and Efficiency Partnerships are at the heart of a more devolved approach to supporting improvement and efficiency. They will have a central role in setting the strategic ambition for improvement and efficiency, using robust evidence and providing strong support for localities through the commissioning and co-ordinating of support. They will also have a key role in identifying where resources should be spent and using their resources to obtain the help that may be needed to assist councils and partners in difficulty, and support to drive LAA outcomes. This marks a significant shift in the emphasis away from the central allocation of resources.

To fulfil this role in full, these newly-formed bodies (which have evolved differently to reflect the different needs and make up of each region) will need to build capacity and capability to support councils and partners to deal with an increasing range of improvement issues. As this local leadership strengthens, funds for improvement and efficiency support will be increasingly devolved to RIEPs: more detail on this is set out in section 3.2.

#### **b. Better co-ordination of support**

(i) Government Offices, working with inspectorates and strategic health authorities, have a key role in providing assurance to Ministers that LAAs are on track for delivery. The strong relationship between GOs and local places – necessary for the agreement of LAAs – will enable GOs to have a good understanding of the performance challenge faced by authorities and the steps which are being taken to ensure that the challenge is met. GOs will maintain strong links with RIEPs and with inspectorates, sharing intelligence, and working in partnership with the RIEP to ensure an agreed, coordinated and appropriate support package is provided. The choice of where support comes from will reflect the local context and performance, as well as where the most efficient and effective sources of support are located.

(ii) Local government and partners recognise that they must take increasing responsibility for eliminating poor performance, where it remains, and the need to move beyond competence. This will require much stronger improvement arrangements led by councils working with other local service providers. This architecture and the capacity of the different bodies to respond to a wider range of performance challenges will take time and investment to develop.

The LGA is committed to establishing a coordinated framework for support to ensure that local authorities and partners in difficulty are given the support they need. This will involve strengthening existing mechanisms and improvement architecture and providing tougher political challenge to the leaders of underperforming councils where there is a political blockage to improvement.

RIEPs will need to play a critical role in supporting authorities in difficulty. Where authorities are facing improvement challenges, the RIEP will be actively involved, both at the officer and member level, in providing, brokering and coordinating support to meet LAA targets and tackle any areas of underperformance. To do this effectively it will need to lead a strong coordinated local approach, including IDeA regional associates, government office, inspectorates, and individual authorities, which is seen to provide useful support to authorities and not stand in judgment. Over time RIEPs will develop capacity to deal with an increasing range of performance challenges and provide comprehensive support, reducing the need for action by central government.

(iii) The LGA will establish and maintain processes to keep in close touch with local authority improvement and performance issues and, where appropriate, mobilise national political pressure on authorities where councils are not accepting the mechanisms available to drive improvement (eg. mentoring, peer support and challenge from IDeA). This can be effective in removing particular blockages to improvement.

Central government improvement support will still be needed in some service areas where local government and partners need to build capability and capacity. Central government departments are committed to working with RIEPs to support councils and partners to identify and tackle areas where support is required and to providing increasing space and resources for locally led improvement action. The prospectus we will publish in early Spring 2008 will set out plans for how departments will devolve responsibility and resources, and co-ordinate the delivery of support, over the CSR07 period.

Government will retain its powers to intervene where there is critical or sustained under performance. In these instances, GOs have a role in prompting action. They will work in partnership with RIEPs, local authorities and partners involved in improvement support at a regional level to agree appropriate action. In extreme cases where underperformance is critical or persists, central government retains its powers to intervene. Interventions will follow agreed steps ranging from improvement notices to statutory action, though the sequencing of these will vary depending on the situation. A common language of intervention will be used across different institutions and actions by different government departments co-ordinated through consultation with GOs.

### **c. Accountability**

It is critical that the regional strategies are responsive to the needs of councils and partnerships in their region, supporting them to continue to deliver value for money and improved outcomes. There must be clear accountability to councils and partnerships, and government, to ensure support is correctly targeted to the right areas and priorities, and that resources are spent effectively and efficiently. Members have an important role in ensuring accountability, both in leading partnerships and at individual council level in scrutinising LAAs.

Accountability should not equal prescription or standardisation. RIEPs have evolved differently to reflect the different needs and make-up of each region, and often work at the sub-regional level to reflect this. This difference should be recognised and celebrated, for it can support innovation and responsiveness to need. Accountability should mean that councils and partnerships know what to expect from their RIEP, so that they can influence priorities, and hold the RIEP to account for delivery against those. For this to be effective, the Chief Executives' Task Group (CEXTG), representing each RIEP, has committed the RIEPs to a set of minimum standards. RIEPs will:

- commit to supporting councils and partnerships in difficulty, ensuring resources are devoted to prevention and support;
- focus resources on supporting innovation and efficiency as a means of delivering excellent LAAs;
- establish strong governance arrangements that ensure strong member leadership of and engagement in the RIEP and ownership of the strategy by all members in the region;
- base their regional improvement and efficiency strategy (RIES) on a robust analysis of need across the region, using both data and consultation to develop the strategy; and
- report annually to councils and partnerships in the region and the LGA/ Government/CEXTG governance structure, accounting for the distribution and use of funding and progress against priorities, and providing reassurance that these minimum standards are being met.

Government expects to see these commitments reflected in the regional strategies and annual report, to provide accountability to Ministers. In addition, government will want ongoing reassurance that issues of poor performance are being dealt with, through close partnership between the Government Office and the RIEP.

Like the RIEPs, the central bodies must also be accountable to councils for the resources they 'topslice' from council grant. In line with the recommendations in the Best report, the LGA is committed to establishing a more joined-up business planning process, with the individual business plans of the central bodies increasingly based on the sector's priorities. This will be achieved through close consultation with the CEXTG, as the key sector advisory body to the LGA Improvement Board, and in discussion with Communities and Local Government on best use of improvement resource.

## 2. Devolving a greater proportion of central and local government improvement resources

This strategy commits to the development of strong regional partnerships which are able together to plan and commission central support where that is the most efficient and effective way of supporting councils and partnerships to meet improvement needs.

On publication of this document RIEPs will be commissioned to develop regional strategies for the CSR period. Regional strategies will be expected to articulate key ambitions for the region, by setting out core improvement and efficiency objectives to support councils to achieve their strategic vision for their locality which will be accompanied by an annual delivery plan.

RIEPs will prepare three-year strategies for improvement and efficiency to ensure an ambitious programme of transformation is mapped out, and report on progress on an annual basis. Plans will be developed on the basis of three-year allocations, with the first year firm and years two and three indicative. A formula to allocate resources to support the delivery of regional strategies will be agreed by government ministers, taking account of the views of LGA lead members, in consultation with the CEXTG. The three-year strategies will be signed off by ministers and LGA members through the Central Local Partnership (CLP).

Whilst this reporting of progress is important to ensure accountability to councils, the LGA and Government, the CEXTG, the LGA and Communities and Local Government will work together to provide challenge and support in developing the strategies, to ensure they are sufficiently ambitious and reflect the commitment to minimum standards.

- the CEXTG will play a role in identifying shared support needs and act as a means for sharing good practice between the RIEPs;
- the LGA Improvement Board, should play a critical role in agreeing the national strategy, endorsing regional strategies and in ongoing challenge;
- The Innovation, Capacity, Efficiency (ICE) Programme Board (one of a number of programme boards overseeing the implementation of the new performance framework) will be used as a means of co-ordinating government department comments and endorsement to the regional strategies and monitoring the implementation of the strategy. Government will have a specific role in specifying the outcomes to be achieved in return for resources committed to the delivery of the strategy.

The 2008 prospectus will then set out specific actions over the CSR07 period around devolving and coordinating resources:

- The level of resource to be devolved from Government to RIEPs
- How existing Government-led support (eg. field forces and other in-house experts) will work with empowered RIEPs. Section 3.4 gives more detail on this.
- How existing national improvement bodies and programmes will coordinate and pool resources with RIEPs; regional associates have a key role in joining up national and regional improvement activities.

This approach will be phased over time and will provide greater space for stronger local decision making on the allocation of support to local authorities and partners.

### 3. Stronger strategic planning of improvement needs

As part of CSR07, Government announced that £384 million, comprising revenue support grant (RSG) top-slice and Communities and Local Government support, would be available to help deliver this strategy in the period 2008-2011. This consists of approximately £114 million of proposed RSG top-slice, and £270 million to support improvement and meet the ambitious efficiency challenges.

To ensure a more collaborative, strategic approach to supporting improvement over time we want to move to an arrangement which sees central and local government make more joint decisions over the priorities for improvement and the allocation of combined improvement and efficiency resources. This will support increasing devolution, ensure LGA and government department central bodies are more responsive to the needs identified by local authorities and outlined in RIES, and reduce the potential for overlap and duplication in the commissioning of support. An indicative allocation of £185 million of capacity building and efficiency resources will be available to RIEPs through the strategy, with the scale of resource devolved subject to joint governance from 2009-2010.

The 2008 prospectus will set out:

- effective joint governance arrangements for allocating combined resources from 2009-2010, bringing together CEXTG, the LGA, and central government to support stronger more strategic commissioning, based on the needs of the sector and partnerships; and
- arrangements for moving to this model over the CSR period.

### 4. Simplifying the current improvement and efficiency architecture

There is evidence that the current number of funding streams, improvement products and institutions offering support has caused confusion and through duplication has not always offered the best value for money.

In directing resources towards improvement priorities in the future, central and local government will work together to simplify the current delivery support arrangements, in particular to reduce the number of improvement bodies to improve co-ordination and ensure greater impact.

This strategy sets out an overarching commitment that no new central or local improvement support bodies or new programmes will be created without prior consultation through central and local partnerships.

The first steps are being taken already through the merger of Regional Centres of Excellence (RCEs) and Regional Improvement Partnerships (RIPs) to create single Regional Improvement and Efficiency Partnerships (RIEPs). To take this further, this strategy makes commitments to a different approach in two related ways:

- (i) an overall change to improvement support, through changes to the LGA and central bodies' business planning and commissioning process; and changes in the way in which Government departments deploy their resources; and
- (ii) a genuine reduction in the actual number of improvement bodies to remove duplication and overlap

Taking these in turn:

**(i) Four specific changes in approach:**

- the LGA will take the steps outlined in its July 2007 response to the Best review, to simplify and make more coherent the sector's national architecture, developing a coherent business planning process based on local government's priorities and work towards a central commissioning process for April 2009. This will be achieved in close consultation with CEXTG, and in discussion with Communities and Local Government on the best use of improvement resource
- given the increasing focus on partnership support and service transformation, government and the LGA will only commission national programmes where there is common need, evidence of market failure and good reasons for such action. Such decisions will be taken with the benefit of advice from the RIEP CEXTG
- this will provide increasing flexibility to, over time, ensure LGA and government central bodies are established around clear priorities, based on their 'niche' skills, duplication is removed and there is a stronger focus on the priorities identified in the NIES, in particular innovation and efficiency
- to reduce costs to councils and improve standards, IDeA will explore benefits to local government and partners from a national approach to the accreditation of suppliers

As set out in section 3.2, Government departments will consider how best to streamline and align their existing improvement and intervention bodies, field forces and programmes with RIEP activity and set out specific actions in the 2008 prospectus in order to drive both improvement and efficiency within their own organisations and to better support the sector. This is already happening in some areas:



- any subsidies for places on existing nationally-funded support training programmes to be directed to RIEPs rather than centrally allocated;
- resources for wardens and neighbourhood activity will come together through RIEPs from April 2009 (with the caveat that RIEPs provide appropriate delivery support for neighbourhood and warden activity as part of their strategies);
- The DCSF Field Forces protocol will co-ordinate decisions between GOs, RIEPs, and field force staff on the deployment of support for children's services;
- the Planning Advisory Service will retain a national role in collecting and sharing good practice, but over time will evolve a stronger regional role with RIEPs brokering support with specific authorities;
- adult social care joint improvement partnerships are already working well with RIEPs in several regions to tackle shared regional social care issues;
- the Department of Health's Care Services Efficiency Delivery Programme (CSED) will extend the collaborative model of support it has developed with the South West Regional Centre of Excellence to all RIEPs; and
- the Cabinet Office is working with IDeA to set up the Local Government Delivery Council to support the emphasis on service transformation

**(ii) This strategy also sets out four specific commitments now, to merge or discontinue existing bodies or practices:**

- the Academy for Sustainable Communities will be integrated into new Homes and Communities Agency immediately on its introduction;
- the Innovation Forum will be wound-up by April 2008 following the review of innovation set out earlier;
- the LGA and the Leadership Centre will make proposals enabling the activities of the latter to be co-ordinated with those of IDeA, through bringing together the Leadership Centre within the LGA's performance partnership and completing a business review of support by April 2008; and
- the Communities and Local Government-led good practice website, renewal.net, will be merged with IDeA Knowledge to create a single portal for good practice on LAA delivery.

# section 4: measuring success and governance arrangements

The aim of the National Improvement and Efficiency Strategy is to support councils, working with local partners, to deliver improved outcomes for local people. There is no single measure of success. The extent to which this has been achieved can be assessed in a number of ways:

- at a local level through self-assessment and evidence of improvement through CPA/CAA, which will assess value for money and delivery of LAA targets;
- at a regional level through review of the extent to which RIEPs have achieved the outcomes established in their improvement and efficiency strategies agreed with Government and LGA; and
- at a national level with regard to the
  - ability of places to deliver improved outcomes as articulated in the national indicator set
  - ability of places to meet demanding efficiency targets
  - progress made in simplifying support arrangements and reducing overlap and duplication (measured against commitments set out in the prospectus); and in particular whether it feels less burdensome from a practitioner's standpoint
  - better value for money on local service improvement spend

The 2008 prospectus will provide detail of specific metrics for success.



**Local Government Association**

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