



# *Inspection Reform: The Future of Local Services Inspection*

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An Analysis of Consultation Responses  
and Summary of Policy Decisions

October 2006

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and Summary of Policy Decisions

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On 5th May 2006 the responsibilities of the Office of the Deputy Prime Minister (ODPM) transferred to the Department for Communities and Local Government

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## Introduction

This synopsis reflects the comments and views received in response to the questions posed in the consultation document *Inspection Reform: The Future of Local Services Inspection*<sup>1</sup> and subsequent policy decisions reflected in *Strong and Prosperous Communities: The Local Government White Paper*.<sup>2</sup>

## Background and Objectives

This consultation was launched on 28th November 2005 and was completed on 3rd March 2006, and built on the aims of the joint ODPM/HM Treasury discussion document *Securing better outcomes: developing a new performance framework*<sup>3</sup> in seeking to develop a performance framework to support and drive further improvement in local services through deregulation, devolution and a clear role for external challenge. The consultation has influenced the policy decisions that have been set out in *Strong and Prosperous Communities: The Local Government White Paper* and will be reflected in the work to merge the Audit Commission and Benefit Fraud Inspectorate to form the local services inspectorate which will retain the name and brand of the Audit Commission.

## Content

The consultation document was divided into two sections:

- Section 1: Explored issues relating to the future role of assessment and inspection in a new performance framework.
- Section 2: Focused on proposals for the establishment and role of the Audit Commission and its functions in relation to the new performance framework and associated funding options.

This synopsis is divided into two sections, reflecting the format of the consultation document.

## Profile of Respondents

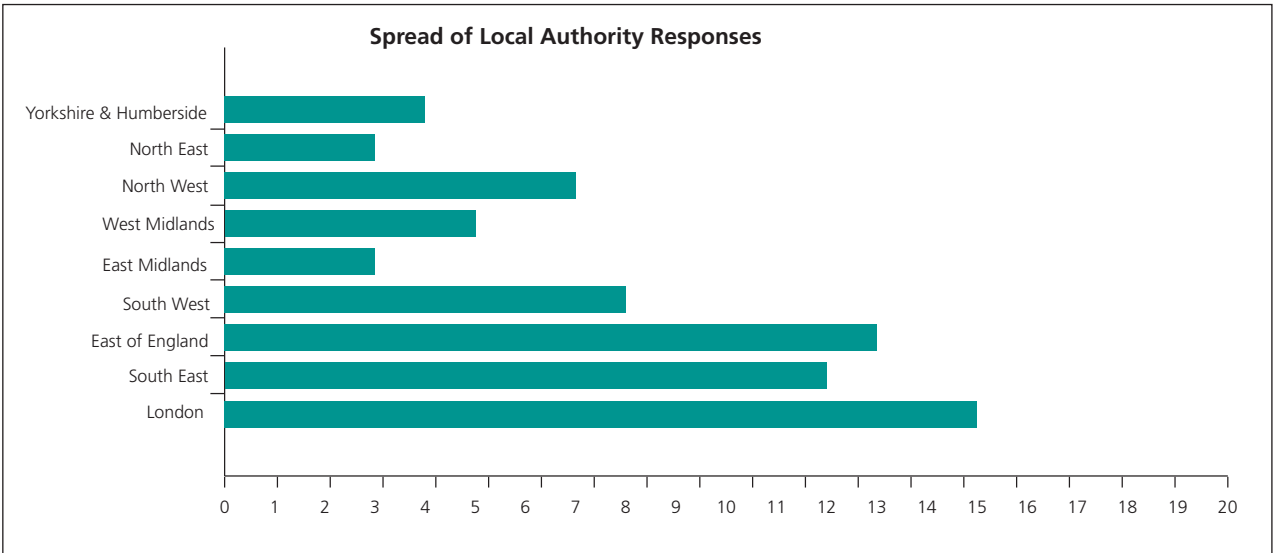
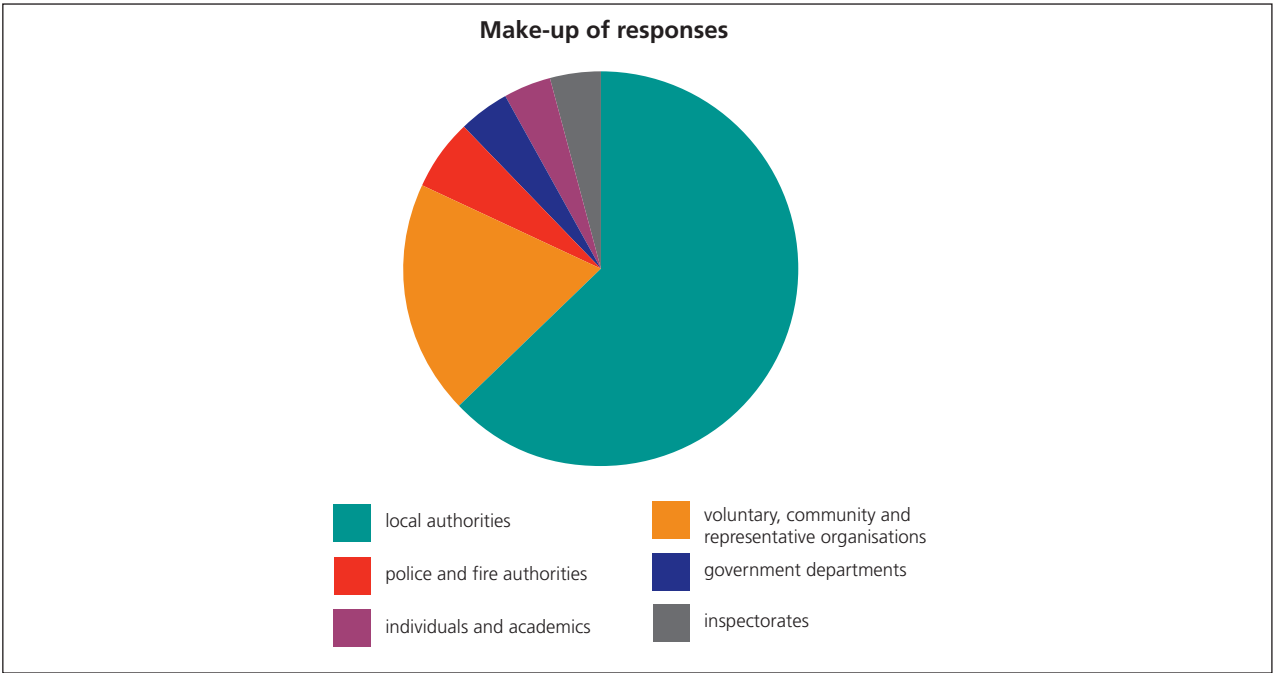
A total of 113 responses were received, a number of which were accepted shortly after the closing date. Responses came from a range of stakeholders:

- local authorities: 62%
- voluntary, community and representative organisations: 19%
- police and fire authorities: 6%
- government departments: 4%
- individuals and academics: 4%
- inspectorates: 4%

<sup>1</sup> *Inspection Reform: The Future of Local Services Inspection, Consultation Paper*, ODPM, November 2005

<sup>2</sup> *Strong and Prosperous Communities: The Local Government White Paper*, CM6939, Communities and Local Government, October 2006

<sup>3</sup> *Securing Better Outcomes: Developing a New Performance Framework*, ODPM & HM Treasury, March 2005



Fifty-six per cent of local authority responses were from councils based in the east and south-east of England and London.

## Report Structure

Responses have been analysed question-by-question for ease of comparison and reflection. A summary is provided under each question highlighting the key messages that have emerged and verbatim examples from responses are included to illustrate issues raised. The responses have been used to inform the new performance framework policy and the roles and functions of the Audit Commission, as set out in *Strong and Prosperous Communities: The Local Government White Paper*. A brief summary of these policy decisions is reflected at the end of each section.

## Interpretation of Data

Responses are reflected as percentages based on the total number of responses received in respect of each question and the number of respondents sharing the same or similar view.

# Section 1

## Responses to questions posed on the future of inspection

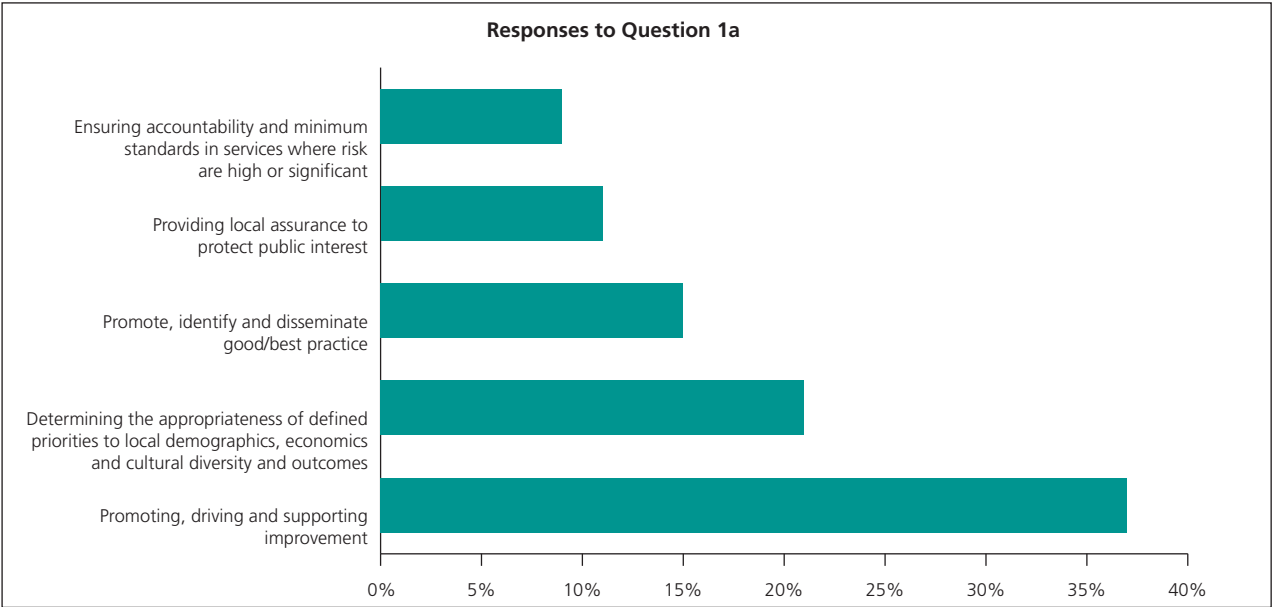
Question 1(a)

What should be the principal purposes of the future inspection regime for local services?

Total number of responses to this question: 97

Thirty-seven per cent of respondents identified the use of inspection in driving and supporting improvement as the principal purpose of inspection. Another proposed key purpose was to establish the appropriateness of the priorities identified by local government as an accurate and responsive reflection of needs and expectations of local people and communities in accordance with local demographics, economics and cultural diversity. Inspection was also identified as useful to support the promotion, identification and dissemination of best practice.

Alternatively, it was suggested by some, that the aims of inspection could be largely secured by other means eg. audit and the annual audit letter, or customer satisfaction measures. Some felt that inspection conducted to develop a league table of the performance of local authorities should be scrapped in favour of an approach which is more focused on assessing the performance of a local authority in relation to its own unique circumstances.



### Supporting Comments

*“Inspection should be a mechanism that supports the development and implementation of services that address locally-defined needs”.*

Local authority, London

*"To confirm to the three client groups (the public, local managers, and the Government) that systems are in place that will deliver quality services that meet the needs of the public. It should identify strengths, but also weaknesses where improvements are needed, and bottlenecks and problems to be overcome."*

**Representative body, academic**

*"Inspection should drive and encourage improvement, identify and disseminate best practice and seek to reward good performance."*

**District Council, South East**

*"The focus of inspection should essentially be on providing assurance and undertaken where on-site fieldwork and face to face interviews are the best option, particularly where outcomes are complex, demonstration of improvement is difficult and where the impact of any failure is high, so that a degree of assurance and specialist challenge is required."*

**Representative body**

*"The principal purpose of inspection should be to analyse failing or poorly performing services, with a view to supporting improvement by making real improvement recommendations, and by identifying and putting the service provider in touch with best practice. Inspection should take full account of local circumstances, and improvement recommendations should reflect those circumstances."*

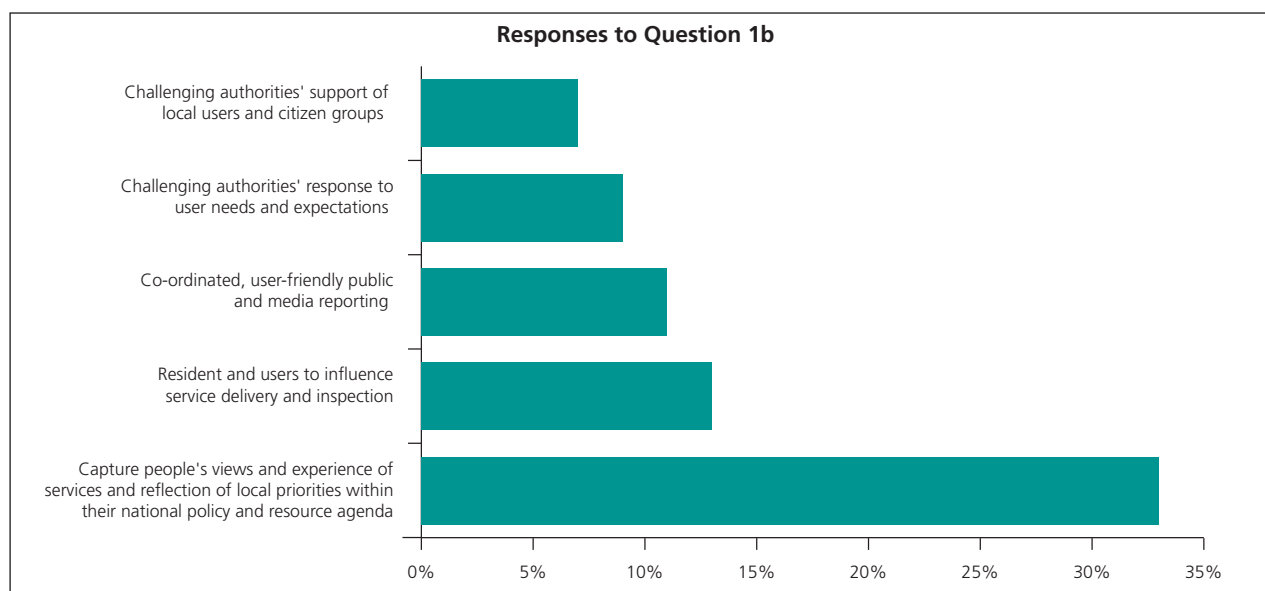
**County Council, North West**

### Question 1(b)

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

Total number of responses to this question: 88

Thirty-three per cent of respondents said that inspection could support accountability by capturing the views and experiences of those for whom the service is provided. Respondents commented that there is a wealth of information gathered on user and citizen views which inspection can draw on. It was felt that where authorities can show that they have a good record in carrying out regular consultation with a range of groups, including hard to reach groups, the inspectorates' job should not be to replicate this, but to verify and challenge it. Another key role inspection can play is ensuring that local people and service users are informed of service delivery within their locality through clear reporting mechanisms and provided with opportunities to influence the delivery of services.



## Supporting Comments

*"Inspection can support accountability by ensuring there is adequate information available to local people on who provides the service, why, to what standards and costs, and user and residents views. It should ensure the outcomes from inspections are made available to local people, including information on the actions taken, changes made and improvements."*

**District council, East Midlands**

*"There is a wealth of information gathered by local authorities to gain information and feedback from citizens and service users, residents' panels, workshops, complaints, and surveys etc. The role of the inspector could be to check the validity and robustness of this data. Using an inspection framework which considers outcomes from a user's perspective could provide further external validation of the quality of services and evidence the extent to which services have improved for users."*

**County council, South East**

*"The critical focus should be on peoples' experience of services. Their views are an essential part of building this picture, but an inspectorate must also assess service users' experience from observation and from the input of other concerned individuals. A central element of accountability to people who use services is acting on the views they express, and feeding back to let them know that action has been taken. So the function of challenging authorities on how they respond to user input is an important one."*

**Inspectorate**

*"We believe that for inspection regimes to be helpful and supportive in driving forward improvements in service delivery for local residents, those regimes should act as an external challenge to the ways that an authority and its partnership groups capture and utilise information about its customers."*

**Local authority, London**



Question 2(a)

What is the most appropriate balance to be struck in terms of future inspection of:

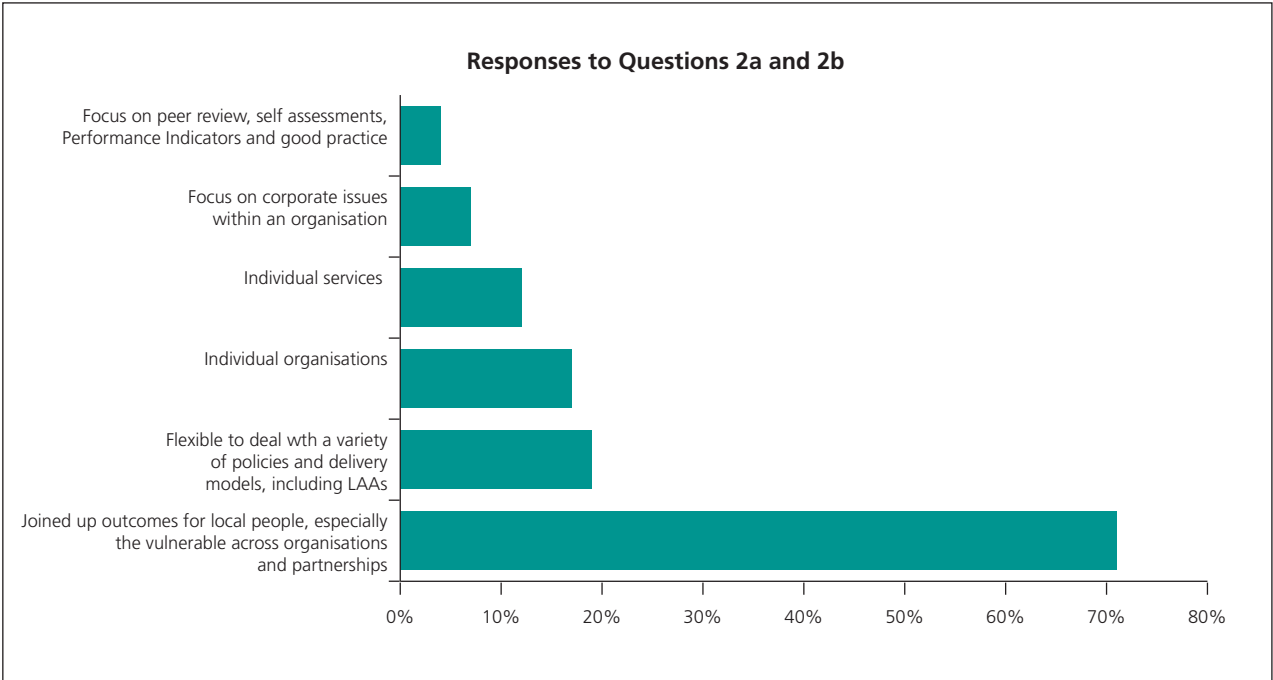
- individual services?
- individual organisations?
- joined-up outcomes (across organisations)?
- partnerships?

Question 2(b)

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

Total number of responses to questions 2(a) and 2(b): 90

By far the greatest support (71%) was for the inspection of joined-up outcomes across organisations and partnerships, focused on the outcomes for local people, especially the vulnerable, or where there is serious concern. There was limited support for the inspection of individual services or organisations (17% favoured organisational inspection, 12% the inspection of services). It was suggested that inspection could be structured around the LAA blocks and the local priorities set within that framework, many felt that the challenges of achieving joined-up outcomes through partnerships are the most complex and should therefore be the primary focus for future inspections, supported by peer review to address individual services and organisations.



## Supporting Comments

*"This Authority feels that joined up outcomes or organisational inspection is the most appropriate. Due to our local context individual service inspection is very time-consuming and can detract from service delivery."*

**Unitary authority, South West**

*"Inspection of individual services is less useful as all services are integrated in some way with others. Service inspections where they occur, need to focus on community outcomes. Inspection on joined up outcomes for the community would be better, as they are more community focused, less internally focused. Inspection of organisations needs to be linked with external partners, as many services are delivered in partnership, especially at district and borough level."*

**District council, South East**

*"Outcomes from the point of view of the customer and their experience are often the culmination of a number of agencies' involvement. The joined-up outcome would therefore be the best option to reflect that experience. If the customer is the focus, then the inspection should cover the whole of the adaptations process. This will cause some administrative issues as inspection themes cross boundaries of inspecting bodies, but this is where the 'gatekeeping' role described in Section 2 comes in."*

**Representative body, housing**

*"We believe that this will best be done by focussing on outcomes and service delivery. The balance should be towards joined up outcomes in order to ensure greater accountability to users. However, individual services, organisations and partnerships still need to be inspected to help ensure good governance and accountability."*

**Police authority**

### Question 3(a)

Should we move away from a general presumption about programmes of inspection that cover all organisations over a period of time – except in a few specified areas – and move towards inspection triggered by specific evidence of risks and/or poor performance?

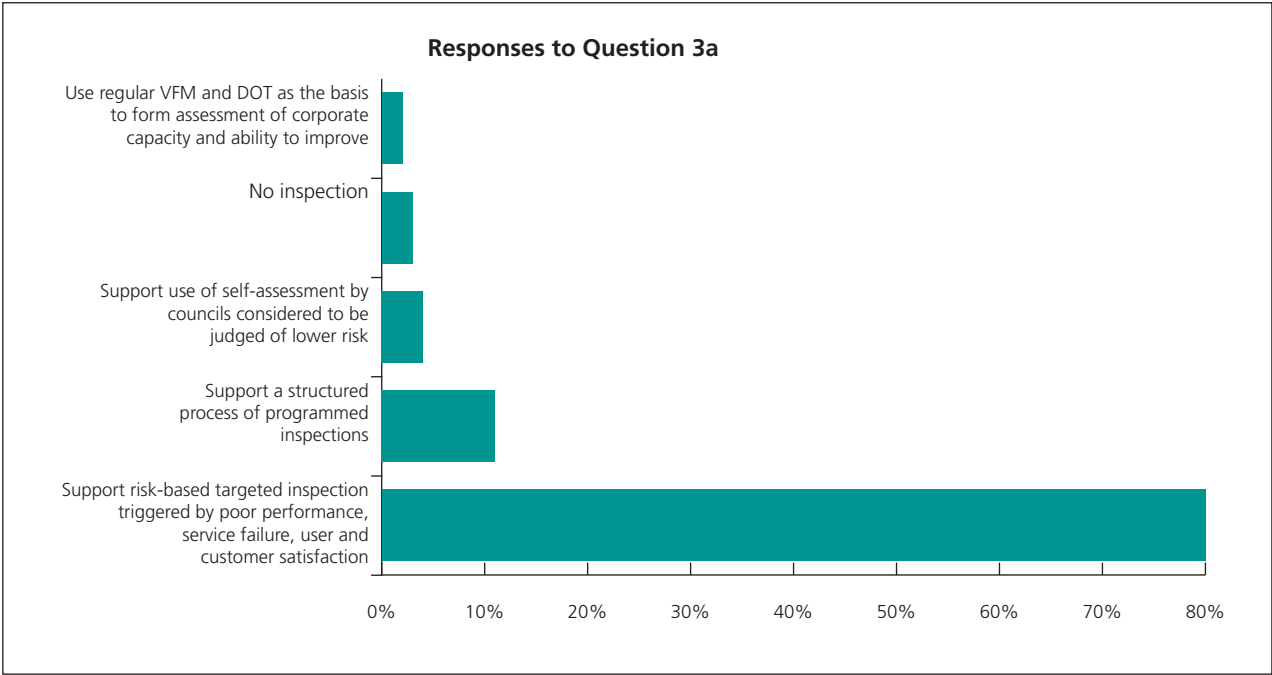
Total number of responses to this question: 94

Eighty per cent of respondents supported a move towards more triggered inspection. The range of triggers suggested was wide and diverse, ranging from poor performance against targets and indicators, service failure, and users/customer satisfaction.

It was recognised that there is a danger for councils to 'coast' and not aim for high performance. There may therefore be a need to consider inspections if challenging targets for improvement are not being set. A move away from programmes covering all

organisations would require a sufficiently robust and transparent risk assessment process to be in place and the findings of this would need to be published.

The programme of inspections could usefully be constructed from a mix of: ‘intelligence-led’ inspections (e.g. driven performance indicators or other data) and programmed inspections reflecting national priorities (agreed with stakeholders). Where general inspections do take place, they should focus on outcomes, on whether systems are in place and made use of, and less on the detail of performance.



Supporting Comments

*“Inspection should be based on risk and direction of travel.”*

**District Council, SW**

*“We believe that there should be a move away from blanket programmes of inspection, to an arrangement where inspection takes place regularly in areas of high risk and impact and is triggered in other areas by evidence of risks. For poor performance, we believe initial challenge and support should come from within the sector itself.”*

**Representative group**

*“We support the introduction of an inspection model which is triggered by under-performance against minimum standards and outcomes. The process may also be triggered where the audit process highlights poor value for money either within an individual service, an organisation or across a partnership.”*

**County Council, East of England**

*"We recognise that there are some areas where the public demand some form of universal inspection, for example where vulnerable groups are involved, e.g. care homes for children, older people and people with learning difficulties. For all other services, we would strongly advocate triggered inspection where there is evidence that services are not meeting, or are at strong risk of not meeting, 'adequate' standards."*

**Local authority, London**

*"A move toward risk-based inspection is to be welcomed. We also believe that the use of VFM and Direction of Travel assessments on a regular basis can already form the basis of reasonable assessments of corporate capacity and ability to improve."*

**District Council, East of England**

*"Top down inspection and regulation should be the exception rather than the norm. Inspection should be targeted mainly on poor performance against key national outputs."*

**Local authority, London**

### Question 3(b)

What part can a programme of randomly sampled, unannounced inspection play in driving up standards or performance across organisations?

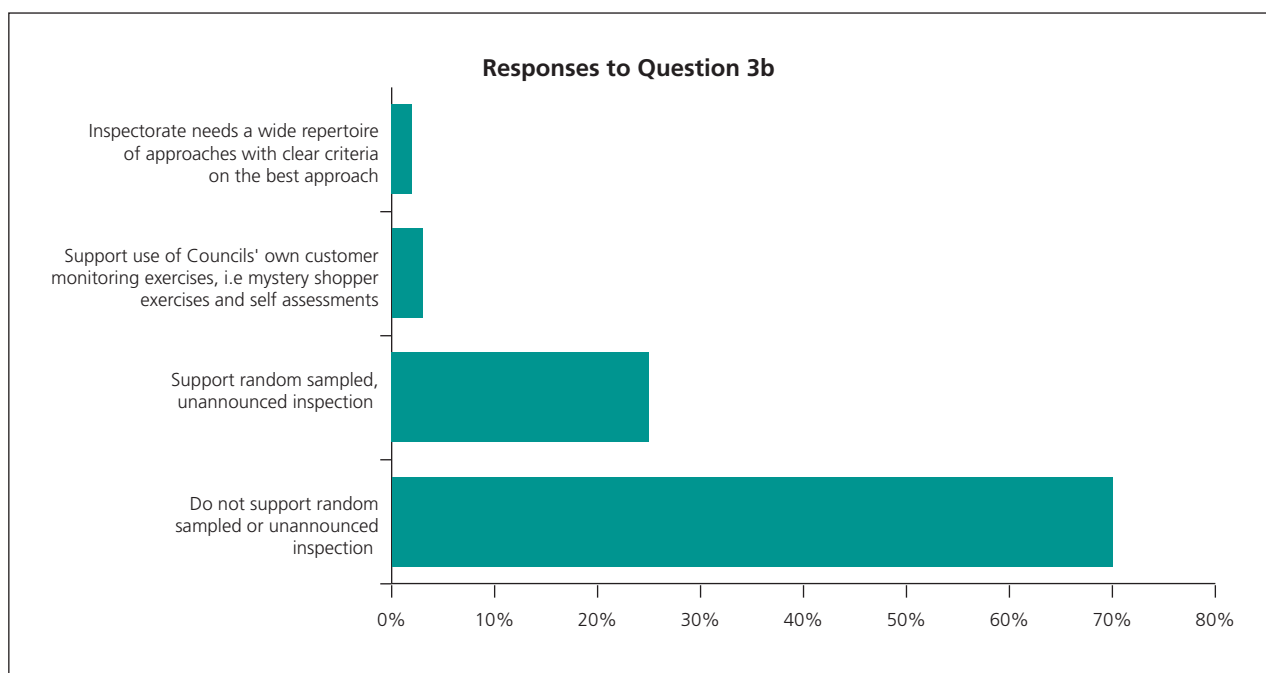
Total number of responses to this question: 80

Seventy per cent of respondents felt that random or unannounced inspection offered little benefit within a framework where bottom-up pressures play an increasing part. Concern was expressed at the potential disruptive nature of unannounced inspection which would outweigh any potential benefits which may arise, and some felt that within councils resources to accommodate unannounced inspections would not be available without impacting on service delivery and diversion of resources.

Twenty-five per cent of responses commented on the potential of randomly sampled unannounced inspection for driving up standards where there are no realistic alternative sources of information, particularly where there are associated risks or public concern is high.

The use of unannounced inspections was considered to be most appropriate in regulated services for vulnerable children and adults and in schools. Used elsewhere there was a tendency for this type of inspection to be counterproductive. If used appropriately, random inspections could be a useful form of external challenge and the lack of prior notice could reduce the amount of resource that goes into preparation. However, it would be important that the random inspection was scoped appropriately.

There was a small amount of support for some degree of randomly sampled, unannounced inspection to enable review of the 'normal' level of service provided by organisations rather than through pre-announced inspection.



## Supporting Comments

*"Unannounced inspections should only take place in poorly performing organisations, triggered by risk or citizen concerns. There is a concern that unannounced inspection could be counter productive unless carefully managed, especially for organisations with acceptable levels of performance."*

**District Council, East of England**

*"Random and unannounced inspection can play very little part if the inspection is focussed on achievement of outcomes, is triggered by specific evidence of risks and/or poor performance and the delivery is being driven by stakeholder pressure."*

**Local authority, London**

*"Random inspections can serve a purpose, however in order to be fair and equitable may just replace pre-programmed inspections but not be announced. Most organisations that perform poorly will be "found out" under the normal inspection process."*

**Fire & Rescue Authority**

*"Service inspection in its current form is resource hungry and requires time to plan and arrange. The council would find this very difficult and on occasions impossible to accommodate on an unannounced basis. We believe a new approach needs to be developed for unannounced inspection."*

**Local authority, West Midlands**

## SUMMARY OF POLICY DECISIONS

*[Extract from Strong and Prosperous Communities: The Local Government White Paper, Chapter 6]*

46. The Comprehensive Performance Assessment (CPA) has been a powerful driver of improvement in recent years. However, we recognise that in the light of these improvements and of the range of other pressures in the new performance framework a new approach to assessment and inspection is needed in future. From April 2009, we will build on CPA with a system based on a combination of risk assessment, largely risk-triggered inspection, and audit. The new regime will be known as the "Comprehensive Area Assessment". Children's Services Joint Area Reviews and Annual Performance Assessments, and social care star ratings will not continue beyond March 2009.
47. The need for clear information - for citizens, local authorities, partners and Government - about delivery in an area, including comparability with performance in other areas remains critical. Alongside annual publication of the performance of all areas against all the measures in the national indicator set, there will be the following published judgements of performance and capacity in an area:
- an annual risk judgement, covering risks related to outcomes, services and organisations in the area, and the extent to which these risks are being effectively managed;
  - scored Direction of Travel judgement for each local authority, assessing the pace of improvement and the likelihood that this improvement will continue;
  - a scored Use of Resources judgement for every local authority, primary care trust and police authority, assessing organisational effectiveness and how well they use resources to support priorities and service improvements;
  - judgements from any inspection activity flowing from the risk assessment.
48. We will ask the Audit Commission to ensure that audit and inspection have a greater focus on citizen experience and perspectives, and that the results of audit, assessment and inspection become more publicly accessible.

\* \* \*

55. There will be few programmes of automatic rolling inspection in future. Any such programme that is agreed will incorporate proportionality in individual inspections. Such programmes might be needed in situations where the protection of particularly vulnerable groups, such as children in care, cannot be assured without some regular on-the-ground review, or where the inspection is a means of driving a system-change.

## Section 2

### Responses on the roles and functions of the local services inspectorate

#### Question 4

Views were sought on the scope of the local services inspectorate's responsibility for delivering inspection judgements, which it was proposed would cover:

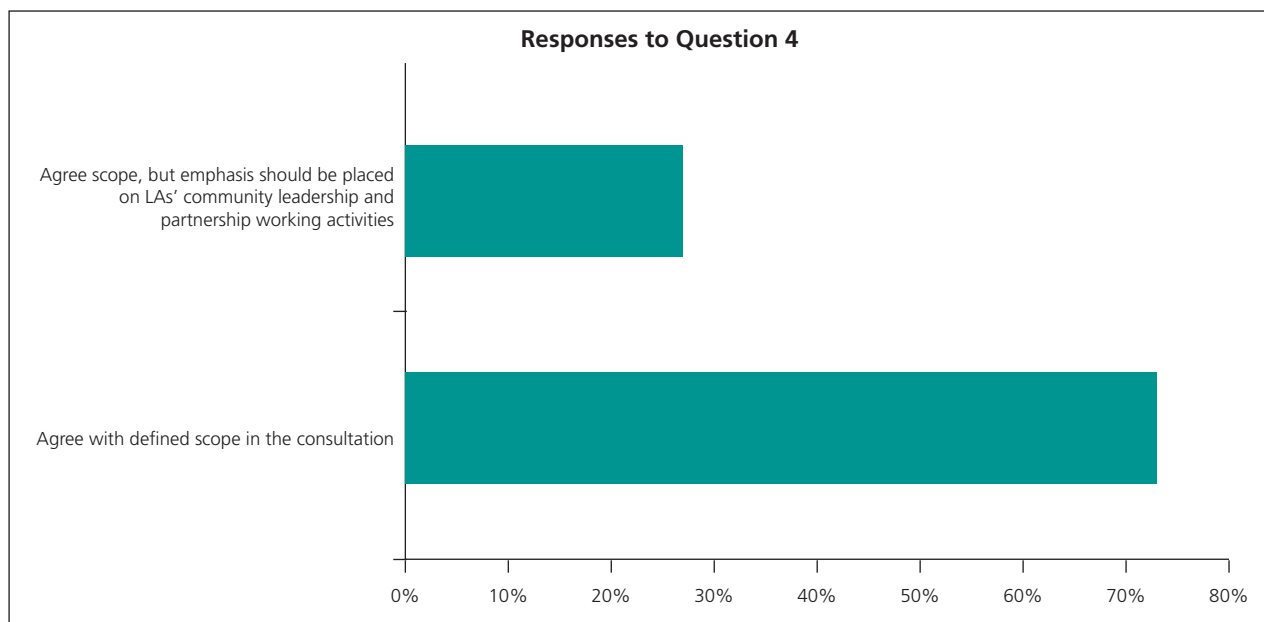
- Local authorities' corporate capacity and performance;
- all services and functions commissioned or delivered by local authorities except children's services and adult social care;
- local authorities' community leadership and partnership working;
- fire and rescue authorities;
- police authorities;
- all other Best Value authorities;
- housing associations and registered social landlords; and
- area-based cross-cutting outcomes delivered through local partnerships.

Total number of responses received on this question: 84

Seventy-three per cent of the respondents agreed with the proposed scope of the Audit Commission's future responsibilities for delivering inspection judgements as set out in the consultation document.

Twenty-seven per cent, while agreeing with the proposed scope, thought it important to place more emphasis on cross-cutting and partnership inspection rather than on individual service inspection. Some raised concerns about the potential for duplication between the different inspectorates, highlighting that this would be particularly important in relation to local authorities' community leadership and partnership working roles.

Providing meaningful solutions was seen as a positive aspect of an inspection process and assists with setting direction. It was suggested that judgement on improvement should be through mutually agreed targets or triggers confirmed before any inspection, although joined-up thinking in planning the various strands of the inspectorate's activity would be required to avoid unnecessary burden/duplication on associations active in their neighbourhoods. There was also support for the introduction of joint decision-making processes.



## Supporting Comments

*"We agree with the proposed scope of the local services inspectorate as it reflects the changing face of local government and will facilitate an integrated inspection programme."*

**District Council, East of England**

*"Generally agree with the proposals as outlined. An increased focus on partnership working and community leadership could be a benefit where these are not well developed or where the value of partnerships is uncertain."*

**District Council, South East England**

*"We believe that the scope proposed in the consultation paper is appropriate."*

**Inspectorate**

*"The defined scope of responsibility for the Inspectorate, including local authority corporate capacity, services delivered by the local authority, community leadership, partnerships, fire and rescue and housing association seems appropriate."*

**County Council, South East England**



## SUMMARY OF POLICY DECISIONS

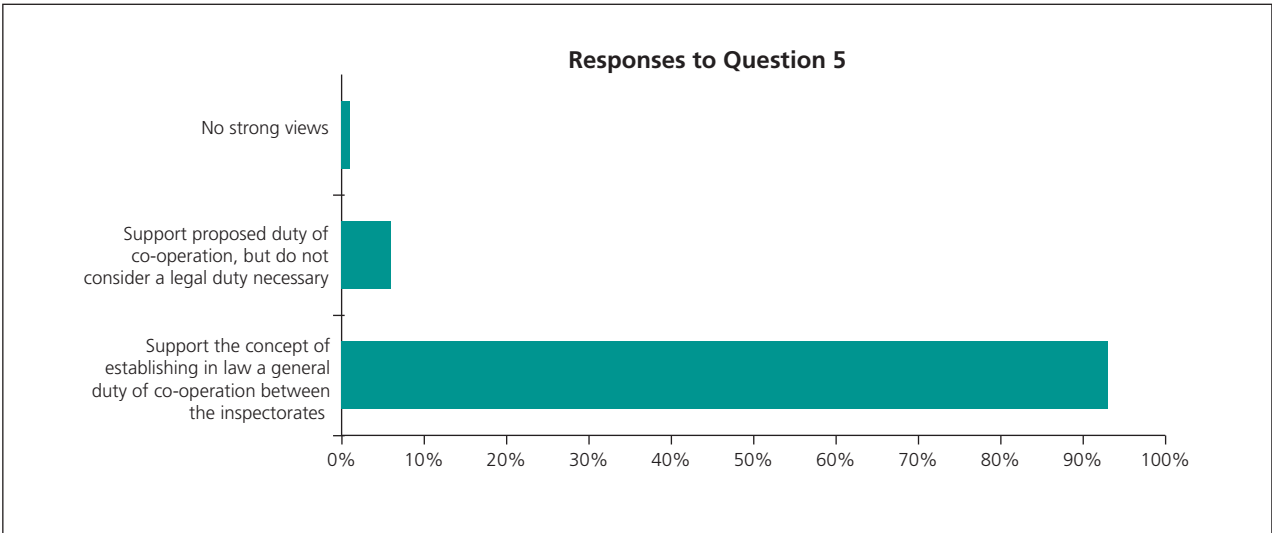
The scope of the Audit Commission’s functions, as it takes on the role of local services inspectorate and is merged with the Benefit Fraud Inspectorate, will reflect the current responsibilities of these two bodies. This reflects the proposed scope set out in the consultation document. For cross-cutting issues and those delivered through partnerships, we will continue to discuss with the Commission, other inspectorates and other Government Departments the right approach to ensure the policy objective of joined up inspection.

### Question 5

Views were sought on whether the local services inspectorate – in common with other inspectorates – should have a general duty in law to co-operate as described in the consultation document.

Total number of responses received to this question: 86

Ninety four per cent of respondents supported the introduction of a general duty to co-operate. Many of them indicated strong support for such a proposal. Of those respondents supporting the introduction of a duty to co-operate, 5% did not consider it necessary to enshrine this duty in law. Two per cent of the 86 respondents indicated no strong views on the introduction of such a duty or considered that the inspection of partnerships and the joint-working requirement this would generate would secure necessary co-operation.



## Supporting Comments

*“The council believes that it is crucial that there is a duty to co-operate.”*

**County Council, East of England**

*"The Council strongly supports the concept of establishing a general duty in law for co-operation between the inspectorates. Any move to more comprehensive, locality based inspections is also likely to require a higher degree of co-ordination between inspectorates than currently appears to be the case."*

**Local authority, West Midlands**

*"Without such a duty there is a risk that the benefits of rationalisation will be lost and organisations may be under/over inspected as a result. This will be to the detriment of inspected bodies and the communities they serve."*

**District Council, South East England**

*"We consider that the proposed duty to cooperate is a significantly positive step which will enable sensible planning/coordination of activities and sharing of information/data, and introduce comfort for the sector in respect of their concerns around multiple/conflicting regulation."*

**Representative Group, Housing**

## SUMMARY OF POLICY DECISIONS

We will legislate shortly to place a duty on the Audit Commission to co-operate with the other public service inspectorates in the carrying out its inspection functions. The Audit Commission will be required to work together with the other inspectorates where the local service inspectorate's decisions or actions could potentially impact on the other inspectorate's activities. This duty will not apply in relation to the local service inspectorate's audit role.

The Audit Commission will also be required to put in place mechanisms to prioritise and reduce the volume of programmed inspection, particularly that which impacts on front-line institutions in their own service sector and their partners.

### Question 6

Views were sought on the gatekeeper role proposal and whether the local services inspectorate should be the gatekeeper for local authorities, fire and rescue authorities, housing associations and registered social landlords, and local partnerships where appropriate?

Total number of responses to this question: 88

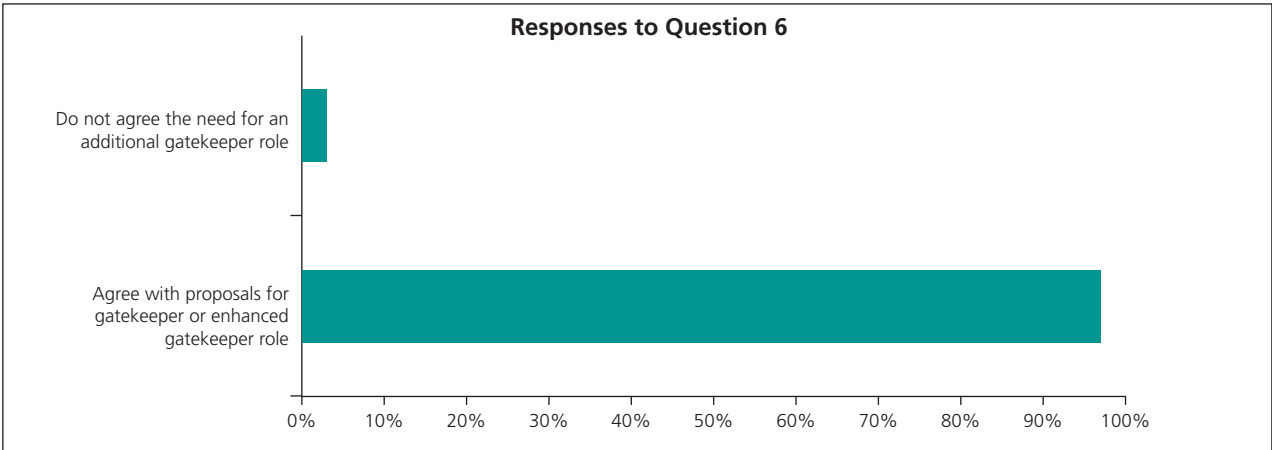
Ninety-seven per cent of respondents agreed with the proposed gatekeeper role and that the Audit Commission should be the gatekeeper for those bodies defined in the consultation document as set out above.

Three per cent of respondents sought a gatekeeper role that goes far wider than just inspection programmes to encompass wider aspects of performance monitoring.

There were concerns expressed at the proposals for each inspectorate to have a gatekeeping role which it was considered could unduly complicate what should be a relatively simple and powerful process. It was considered by some respondents that the duty to cooperate would be sufficient, and that the additional gatekeeper role proposed in the consultation paper is misconceived.

It was suggested by a few respondents, that the parameters for gatekeeping were considered too restrictive, for example with regard to preparation before the inspection and any contact with those being inspected. Some communication is required if customising and tailoring of inspection is to be possible. The gatekeeper should not override key concerns of another inspectorate through seeking to secure a degree of uniformity of approach for its own sake, without regard to the specifics of the services inspected.

The linkage between the inspectorates on evaluating partnership arrangements in children’s services needs to be addressed more clearly. There was broad support for the principle of shared responsibility between inspectorates as joined up inspection that addresses how the different components of services and partnership arrangements in local authorities work together. But there will need to be clear protocols so this does not add to the burden of inspection.



Supporting Comments

*“The gatekeeper role is critical particularly with regard to information sharing reducing the likelihood of duplication and the burden on authorities to fulfil information requests.”*

**Unitary authority, SW England**

*“We agree with the proposal for the gatekeeper role, and in particular its main elements: coordination of the forward planning in relation to the institutions and bodies affected; and information brokering, including open two way communication of understanding and knowledge between inspectorates and the inspected bodies.”*

**Local authority, Yorkshire & Humberside**

*"We strongly agree with the proposals regarding the gatekeeper role. We would emphasise that one of the roles of the local services inspectorate is to prevent unnecessary inspection activity of council services."*

**Local authority, London**

*"The gatekeeper role is an important and necessary one, particularly with regard to information brokering. We particularly welcome the suggested role of the gatekeeper in sharing best practice and will be helpful in developing methodologies and approaches."*

**Inspectorate**

## SUMMARY OF POLICY DECISIONS

We will legislate shortly to give the Audit Commission a gatekeeper role and will specify in secondary legislation that this will cover all inspection affecting local authorities, fire and rescue authorities, housing associations and registered social landlords. This will follow the models set out in the Police and Justice Bill 2006 and Education and Inspection Bill 2006. The need for any additional gatekeeping in relation to local partnerships will be considered and determined in the secondary legislation.

### Question 7

Views were sought on our proposals that the local services inspectorate should have all the Audit Commission's current powers to carry out financial and vfm audit of all local government and non-local government bodies:

- joint authorities
- health authorities (by invitation)
- port health authorities
- the Broads Authority
- national park authorities
- police authorities
- fire and rescue authorities
- licensing planning committees
- local probation boards
- internal drainage boards

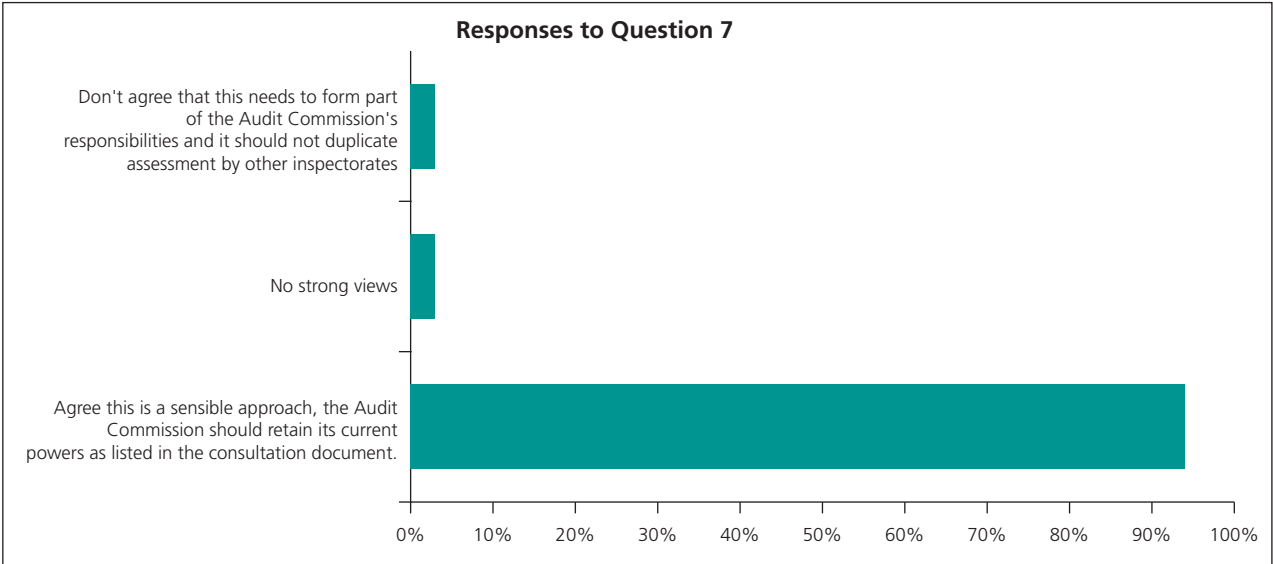
and a variety of other small bodies and committees.

Total number of responses received to this question: 87

Ninety-four per cent of respondents agreed that the Audit Commission should retain its current powers to carry out financial and value for money (vfm) audit of all local government and non-local government bodies as listed above.

Six per cent did not agree, as they felt that the Audit Commission’s role should not overlap with that of other inspectorates. It was also suggested that value for money ‘audit’ could look at the overall organisational effectiveness.

In addition to the proposed role, a few felt that the Audit Commission’s role could be extended to enable them to refer reports to the Public Accounts Committee, or other parliamentary select committees, and that it could also have statutory rights and responsibilities in relation to the presentation of reports of local inspections to the local authority Overview and Scrutiny Committees. It was also suggested that the Audit Commission might also take over some powers and responsibilities presently held by the NAO, in the health field, in relation to agencies such as Regional Development Agencies, Local Learning and Skills Councils, the Environment Agency, and agencies of the National Lottery.



Supporting Comments

*“There are considerable benefits to be gained from maintaining audit and VFM responsibilities within a single body. The VFM judgements are so inherently tied to service judgements; and the VFM judgements themselves so inherently informed by audit work that the three workstreams must have, as far as possible, a single point of co-ordination.”*

**Local authority, West Midlands**

*“Financial and VFM audits are accepted as good practice. The proposed new inspectorate should not dilute the skill bases, experience and professional standards previously applied within the Audit Commission.”*

**Fire Authority**

*"The local services inspectorate should retain the Audit Commission responsibilities for both financial and value for money audits to provide consistency of standards and avoiding duplication of effort. They should form part of the inspection regime which helps determine the risk and proportionality of the proposed inspection programme."*

**District council, East of England**

*"The council would support this approach. It is important that the 'Use of resources' assessments in the CPA is carried out by Audit Commission professionals who have a national picture and are able to maintain quality assurance. We would particularly not want to see a financial or VFM audit carried out by other inspectorates in the areas of adult or children's social care."*

**Local authority, London**

*"We can not foresee any particular difficulties with the local services inspectorate assuming the Audit Commission's powers as these were originally intended prior to the expansion into inspection responsibilities. We would however expect clear statements about the division of these responsibilities, and the extent of the powers accorded to each inspection body should these proposals be implemented."*

**Local authority, London**

## SUMMARY OF POLICY DECISIONS

The Audit Commission will retain its current audit powers and functions.

### Question 8

Comments were sought on whether the local services inspectorate should:

- (a) retain the Audit Commission's powers to undertake national studies in the same way as at present; ie. to continue to undertake national studies in local public services, where these will deliver useful outcomes;
  - (b) only have powers to undertake national studies that impact on non-local government sectors subject to the agreement of the inspectorate for that sector;
- or
- (c) whether in respect of non-local government bodies the local services inspectorate's powers should exclude comment on Government policy, in line with current powers in relation to health.

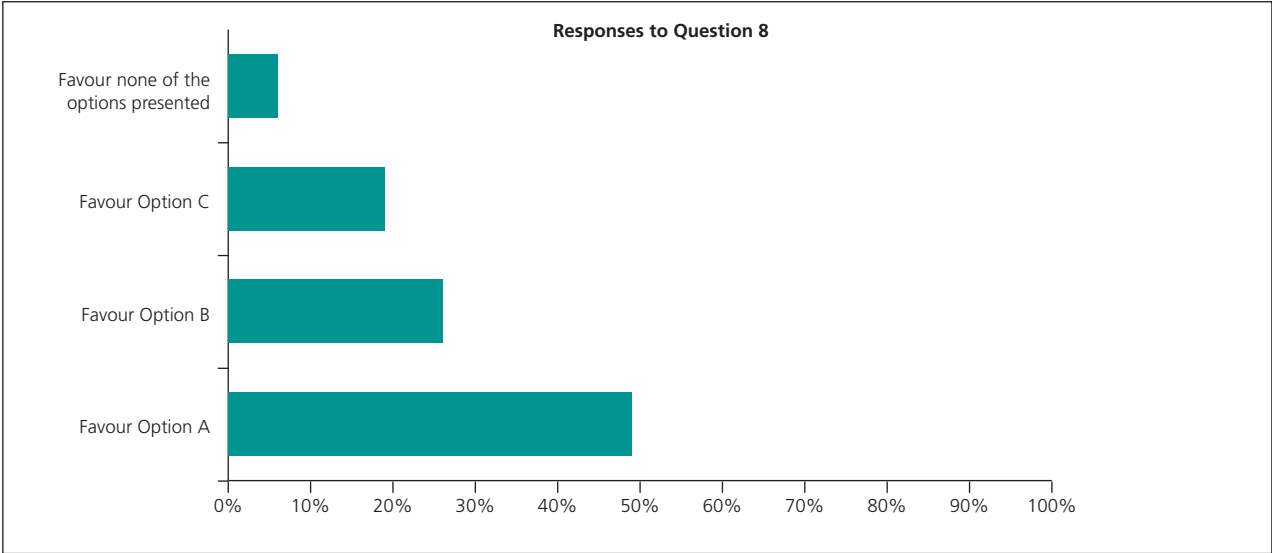
Total number of responses to this question: 95

Forty-nine per cent of respondents supported approach (a) whereby the Audit Commission would retain its powers to undertake national studies in line with their current powers following consultation, where those studies will deliver an independent view, useful outcomes and identify good practice.

Twenty-six per cent of total respondents supported Option (b) which, strengthened the consultation requirement to a requirement to seek agreement from the relevant inspectorates before the Audit Commission could undertake any national studies work outside its own local government sector. Eighty per cent of responses supported retaining the Audit Commission’s ability to comment on Government policy, except in relation to health which is already exempt.

There was an expectation that in planning its national studies work, the Audit Commission would consider whether the study could be more effectively carried out through joint working or by others in their respective sectors, even if there was not a formal requirement for them to seek the other bodies’ agreement. To avoid any duplication it was suggested that the Audit Commission does not undertake any national studies outside its own sector, unless it is asked to contribute, in a secondary role, to other sector inspectorates if specifically requested to do so. This would allow equivalent studies powers to be adopted by other inspectorates for their sectoral interests.

Just over five per cent of respondents did not support any of the options proposed. They commented that although the Audit Commission is well placed to conduct research of financial issues and governance arrangements it should remain focused on its audit and inspection functions. If it identifies areas it believes would benefit from in-depth study as a way of driving up performance nationally it should seek to negotiate, commission and/or lobby other specialist research bodies to undertake such a study. Depending on the issues examined, such work should be funded through academic research institutes.



## Supporting Comments

*"The power of the Audit Commission to undertake national studies, in line with their audit powers and following consultation, where these will deliver useful outcomes, is an important one. We would not support the removal or limitation of this ability. We would not want to see the local service inspectorate's powers in respect of non-local government bodies curtailed by excluding its ability to comment on Government policy, in line with current powers in relation to health."*

**Representative body**

*"Yes to option (a), if the proposals can be shown to be likely to add value in each case prior to the study being started."*

**Local authority, London**

*"The local services inspectorate should retain the Audit Commission's powers to undertake national studies provided that they do in fact deliver useful outcomes that can be applied by local organisations to increase the value of what they deliver to local people."*

**District Council, SE England**

*"We suggest that in carrying out national studies the Audit Commission's focus should be on the bodies for which it is lead regulator. We do not think that these studies should address matters of policy – either Government policy or the policy of the organisation being inspected – because the focus should be on the delivery of policy objectives, not on the formulation of policy. 'National studies' should be clearly distinguished from the 'consultancy' role considered in the following question".*

**Housing Representative**

## SUMMARY OF POLICY DECISIONS

The Audit Commission will retain its current powers to undertake national studies, but we will introduce a statutory requirement on the Commission to consult the Secretary of State. This approach varies slightly to the proposals in the consultation paper but will reinforce the Audit Commission's good practice of consultation and will ensure the views of those consulted are appropriately reflected. Provision will also be made for the Audit Commission to delegate its national studies powers to any of the other public service inspectorates.

### Question 9

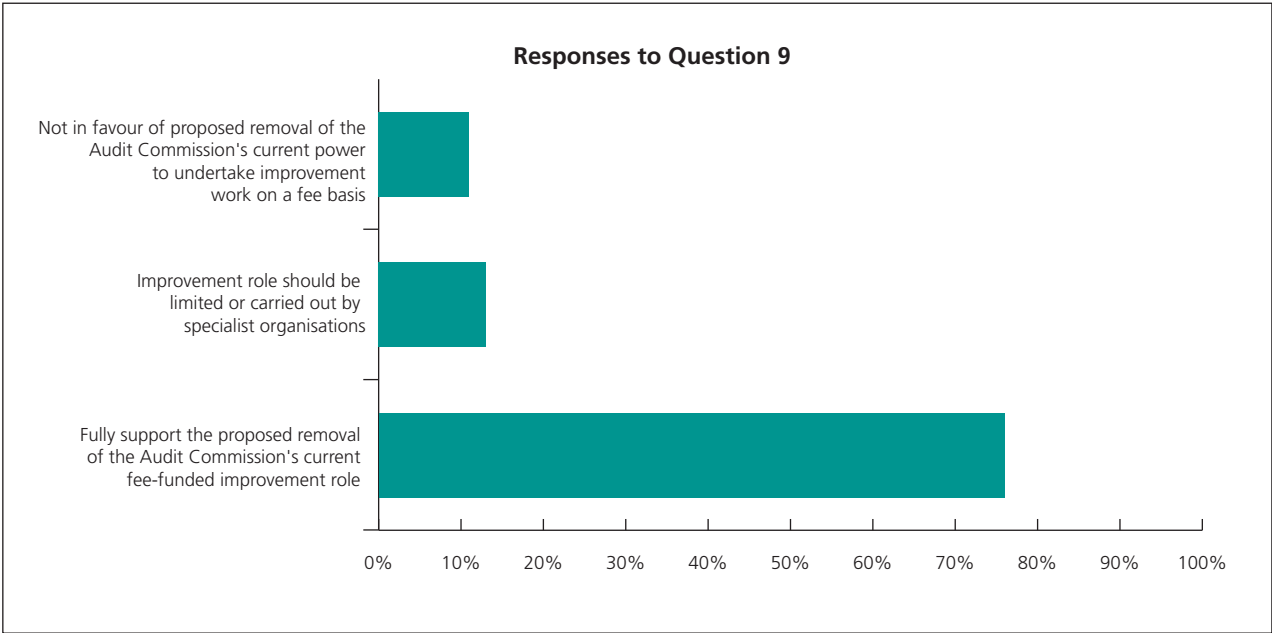
Views were sought on the proposed improvement role for the local services inspectorate – and its limitations.

Total number of responses to this question: 87



Seventy-six per cent of respondents fully supported the proposal that the Audit Commission should have a clearer role in improvement work and that the Audit Commission’s current power to undertake more improvement work on a fee basis should be removed. Thirteen per cent made specific comments on the focus of improvement or undertaking of improvement work by the Commission or other providers. Eleven per cent expressed no strong view on the Audit Commission’s improvement role. There was broad recognition of the current potential for conflict of interest and duplication. If retention of an improvement role for the Audit Commission was considered appropriate it was suggested that there should be a clear, defined role separating the consultancy arm from the inspection arm of the inspectorate.

It was suggested that the role of improvement support was best undertaken by other specialist bodies, including the IDeA and that the Audit Commission’s role should be limited to making recommendations for improvement in its inspection judgements, signposting best practice and challenging implementation plans. Some felt that the ongoing challenge on delivery plans is the optimum role for the inspection service and a good way of adding value, but that this should not extend to the design or implementations of plans or solutions. This was supported by the view that improvement should come from within any organisations and that the local authority must lead the change for improvement.



## Supporting Comments

*"There are too many voices telling local service providers how to improve. This often provides general guidance that does not readily translate into action and can overwhelm service providers, deflect them from listening to local communities and service users and effectively drown out the voice of local people. Future proposals for increased bottom-up accountability and greater engagement with neighbourhoods should ensure a shift in the balance of control from the inspectors and central improvement agencies to the local community."*

**Borough council, SE England**

*"There may be scope for Audit Commission expertise and ideas to feed into LGA or I&DeA or similar, who could then offer consultancy or peer support. Our view is that the inspectorate should in essence review rather than do."*

**District council, East of England**

*"The inspectorate should have a clearer, more focused role of improvement work and that the removal of the Audit Commission's current power to undertake consultancy work on a fee basis should be removed given the accessibility of various other means of improvement support activity and funding it receives through the top-slicing of revenue support grant."*

**Greater London Representative body**

*"We agree with the suggestion that inspection and improvement work should be kept separate, so that those undertaking inspection have not previously been engaged in any related improvement work. The five tasks listed in para 4.35 of the consultation document should compromise the role of the inspectorate in supporting improvement and be funded as part of its inspection activity. We support the related proposal set out in para 4.36 to remove the AC's power to undertake fee based consultancy-style work."*

**District council, East Midlands**

*"There should be a clear role of inspection for inspectorates with less direct improvement work. The various bodies should specialise and not duplicate. This would mean a clear role of inspection for inspectorates with less direct improvement work. Learning by the inspectorates should be shared with improvement bodies that in turn should rationalise and specialise to be a resource for local authorities."*

**District council, SE England**

## SUMMARY OF POLICY DECISIONS

We will remove the Audit Commission's powers to undertake improvement work on a fee basis. The Commission will however continue to use the information it gathers to help drive up performance through making recommendations, spreading best practice, providing feedback and challenging improvement plans. But this should be done as part of its inspection role. These changes will be taken forward in legislation.

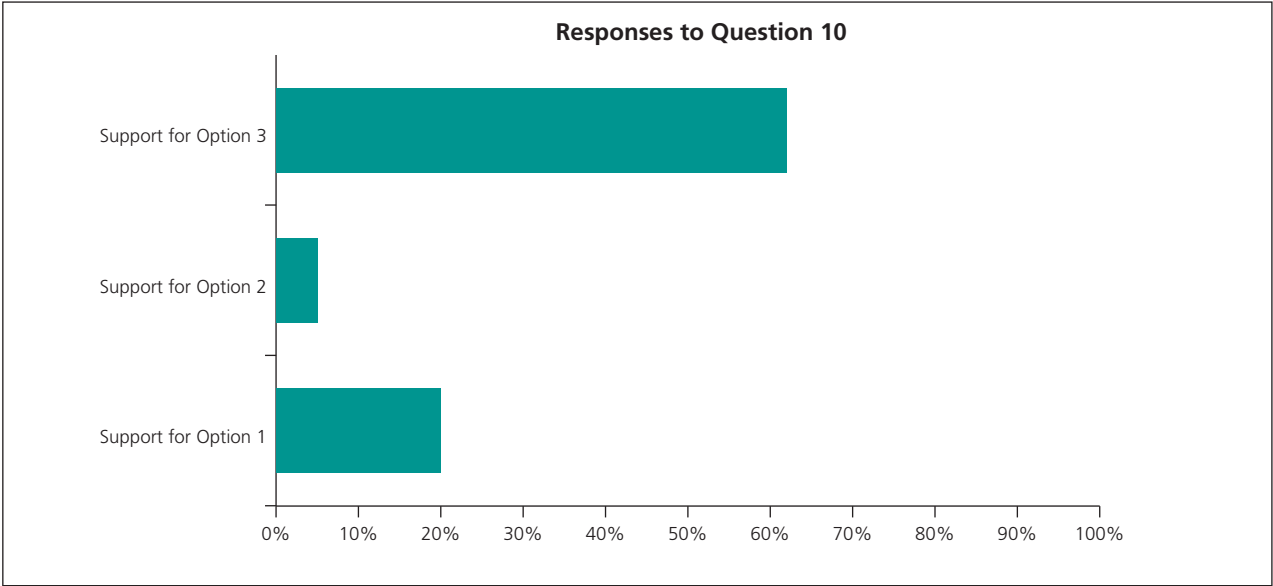
Question 10

Views were sought on future funding arrangements.

- Option 1: Keep the current funding arrangements
- Option 2: All inspection and audit work to be fee funded
- Option 3: All inspection to be grant funded, audit work to remain fee funded.

Total number of responses received to this question: 84

Sixty-two per cent of respondents favoured Option 3. These views reflected different perspectives: some were concerned that under options 1 and 2, if inspection was to be triggered by poor performance, there would be a financial burden on already struggling services; others felt that charging good performers would not be well received, as the inspection will only provide assurance of performance that is already known and understood. Authorities' incentive to improve would come from the benefits of having reduced or nil inspection activity, rather than from reduced direct costs. Whatever option is adopted, some were keen to see consistency of approach across inspectorates.



## Supporting Comments

*"Option 3 appears to be the most equitable, as it does not involve harsh financial penalties to those subject to most inspection. However, it does reduce a financial incentive to be a top performer and receive less inspection."*

**Police authority**

*"Option 3 (all funded centrally) may avoid the peaks and troughs of costs (eg for years when inspection falls) so may be the best option."*

**County council, SW England**

*"We believe that all inspection work should be directly grant-funded by central government because it removes any incentives for the inspectorate to raise income by increasing the volume/cost of inspection activity and the anomalies of fee arrangements for councils where they provide exactly the same services and receive fewer/smaller inspections. We do not believe that the financial incentive for authorities under the fee arrangements exists in reality."*

**Local authority, London**

*"As far as funding is concerned, there would be most to be gained if inspection was grant-funded, while audit remained fee-funded (Option 3). Given that almost all local authorities receive exchequer grant, this would be largely revenue neutral."*

**Representative body, academic**

*"All inspection work to be grant funded and audit work fee based. The issue of a disproportionate cost to poor performing councils, under option 1, is probably not the issue – more the burden of inspection that is likely to push up performance than its cost. If all inspection work is fee funded and the greater emphasis in the future is on 'partnership outcomes', the transparency of who pays is lost."*

**District council, NW England**

## SUMMARY OF POLICY DECISIONS

We have noted the responses and are considering the practical and financial implications of that. This issue will be resolved as part of the work to bring together inspection functions of the Audit Commission and the Benefit Fraud Inspectorate.