

Wales Programme for Improvement

Guidance for Local Authorities, 2005

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1. Introduction

Statutory background

The Local Government Act 1999 requires local authorities to:

- secure continuous improvement in the way in which they exercise their functions having regard to a combination of economy, efficiency and effectiveness;
- consult widely on how to do so, and report publicly on the outcome;
- conduct reviews of their functions;
- prepare a performance plan (which this guidance refers to as an improvement plan) for each financial year.

In 2002, the Welsh Assembly Government issued Circular 18/2002, which established the Wales Programme for Improvement (WPI) as a means of fulfilling these duties. That supplanted the previous guidance on best value for Welsh local authorities.

This new guidance in turn replaces that issued in 2002, which ceases to have effect. It is issued by the Welsh Assembly Government using the Assembly's powers in sections 3, 5 and 6 of the 1999 Act, as delegated to the Minister for Finance, Local Government and Public Services, and applies to county and county borough councils, and National Park authorities, in Wales. The Assembly Government will issue guidance to fire and rescue authorities in Wales separately.

Improvement in context

While the WPI meets a specific set of statutory needs, it must do so in a way which reflects and furthers the shared vision of public service improvement and local and national accountability for it.

The Assembly Government's agenda for public service improvement – *Making the Connections* – describes this wider context in the round. This guidance expressly addresses the outcomes that *Making the Connections* aims to achieve at the appropriate points, but in principle this means that the WPI needs to embrace:

- a common commitment on the part of the Assembly, local authorities and regulators to delivering a consistently high and improving standard of public services as efficiently as possible;
- the vital importance of actively establishing, reflecting and meeting needs and priorities of communities and citizens, and doing so in a way which mainstreams equality and social justice considerations;
- a willing acceptance of the need to work across geographic and organisational boundaries in pursuit of shared aims;
- a focus on delivery of outcomes, rather than compliance with processes.

That points to a revised WPI which delivers all of the above and which effectively joins together the other components of the accountability and improvement framework. Those include:

- a heavily reduced (and community-focused) statutory planning framework that minimises burdens and maximises flexibility, responsiveness and accountability;
- a greatly enhanced performance measurement system which:

- captures authorities' contributions to national objectives while minimising the data collection burden of doing so;
- generates balanced and comparable management information to inform improvement and decision-making;
- improves authorities' ability to engage with citizens and partners on their performance and their priorities in an objective and consistent way;
- helps to identify scope for collaboration and learning from others;
- integrates effectively with authorities' existing information systems and practices;
- supports targeted improvement in services and delivery of national and local priorities via policy agreements.
- a value-added approach to regulation and inspection which:
- provides an authoritative and objective external assessment of performance;
- identifies and spreads solutions and best practice rather than just validating what's already known;
- focuses on the effectiveness of delivery from a user's perspective, and respects policy decisions taken by elected members;
- is proportionate to risk, burden and potential value added, and is co-ordinated between regulation and inspection bodies in the interests of this.

The aim of this revised guidance is to provide a single system for using all of these components to deliver the objectives described above.

What's new since 2002

The revised WPI as set out in this guidance addresses all of these developments. The main differences from the original WPI are as follows:

- local authorities have gained significant experience of using the WPI to drive improvement, and the changes from the old Best Value regime have largely bedded down. There will thus be no statutory duty to repeat the whole authority analysis, although local authorities are free to do so if they consider it would be beneficial;
- the process of reviewing functions and processes is now more flexible. Authorities should conduct reviews where and to the extent that the other elements of the improvement and accountability framework identify a need for them. This allows authorities to reflect the particular contexts in which they operate and to review services more directly in line with the pressures on them and the needs of users;
- the process for improvement planning, delivery and reporting has been simplified and clarified – and is explicitly more cyclical in nature, with one year's outcomes informing local authority corporate and budget planning, in turn reflected in the following year's improvement plan;
- improvement plans, and the process of compiling them, should not be purely internal. Whatever their role as internal planning and monitoring documents, improvement plans should also be tools for explaining and accounting for performance, and engaging with users and partners on priority-setting and decision-making. They will acquire greater robustness by being published later in the year, supported by validated data and informed by corporate and financial planning decisions, and by a summary of regulators' and inspectors' conclusions;

- this guidance makes clear that risk means more than a narrow sense of potential process failure or financial loss. Failure to improve, and/or to meet identified needs and priorities, is fundamentally the most serious risk an authority can face. The joint risk assessment needs to be construed similarly: it is the means by which an authority and its regulators assess the key areas for improvement in light of the authority's priorities and those of the citizens and communities that it serves.

Some of these developments will require legislative changes – for instance, lifting the requirement to prepare a whole authority analysis and changing the date for the publication of improvement plans. The Assembly Government will invite the National Assembly for Wales to make the appropriate order during 2005/6.

Flexibility

This guidance has statutory force and authorities are thus obliged to have regard to it. However, it is as far as possible deliberately flexible and non-prescriptive, and authorities are encouraged to apply it in a way which best fits their existing arrangements for business and corporate planning, and best supports their ability to deliver local needs. The Assembly Government and regulators will not, other than in exceptional circumstances, seek to direct the detailed approaches that authorities take to improvement planning provided that they remain within the spirit and purpose of this guidance.

The Improvement Board will keep this guidance under review, in light of actual practice within local authorities and their regulators.

Coverage

This guidance applies in full to county and county borough councils in Wales. It also applies to National Park authorities in a way commensurate with the structure, scale and breadth of their operations: for instance, while such authorities lack scrutiny committees, they will nonetheless need to ensure that adequate performance management and scrutiny arrangements are in place.

The improvement framework for Welsh fire and rescue authorities became the responsibility of the Assembly under the Fire and Rescue Services Act 2004. However, the markedly different nature of such authorities' functions, structure and performance measurement framework means that a distinct approach to improvement is necessary, and this guidance does not apply to them. The Assembly Government will thus issue WPI guidance for Welsh fire and rescue authorities separately.

For the avoidance of doubt, the term "[local] authority" in the rest of this guidance should be construed in accordance with the above.

2. The improvement cycle

Improvement defined

There are many ways in which a local authority and its services may improve. At its heart they are concerned with an authority's basic purposes of providing services which meet the needs of the citizens and communities it serves, and improving their quality of life. Improvement embraces any actions which support, facilitate or demonstrate progress towards that. It may, for instance, include:

- meeting or exceeding targets which support an authority's long-term objectives;
- quantifiable increases in the standard and availability of services, both in absolute and benchmarked terms;
- maintaining a high standard of services and service availability, especially in the face of greater pressure on them (eg increasing demand or expectations, funding pressures and changes to the legislative context);
- improving the efficiency of an authority's operations, ie reducing the unit cost of a given output and/or providing more or better outputs for the same cost;
- developing the authority's capacity to identify, respond to and meet needs, in innovative ways where appropriate.

Improvement in all its forms, and the capacity of an authority to manage and deliver it, is at its heart a continuous activity. It demands concerted action within each authority, and between authorities, partner organisations and the citizens they serve, to:

- develop a longer-term strategic outlook and a set of broad priorities for action, built around the community strategy and the high-level strategic plans that remain as statutory requirements;
- review and assess performance, capacity and risk, whether on a regular or ad hoc basis, and identify where further or corrective action is needed;
- monitor delivery of planned actions and improvements, and subject them to external regulation and inspection;
- report publicly and account for performance and planned actions to improve it, and fully to reflect the responses to that;
- feed the results of monitoring and review back into the strategic planning and annual assessment processes.

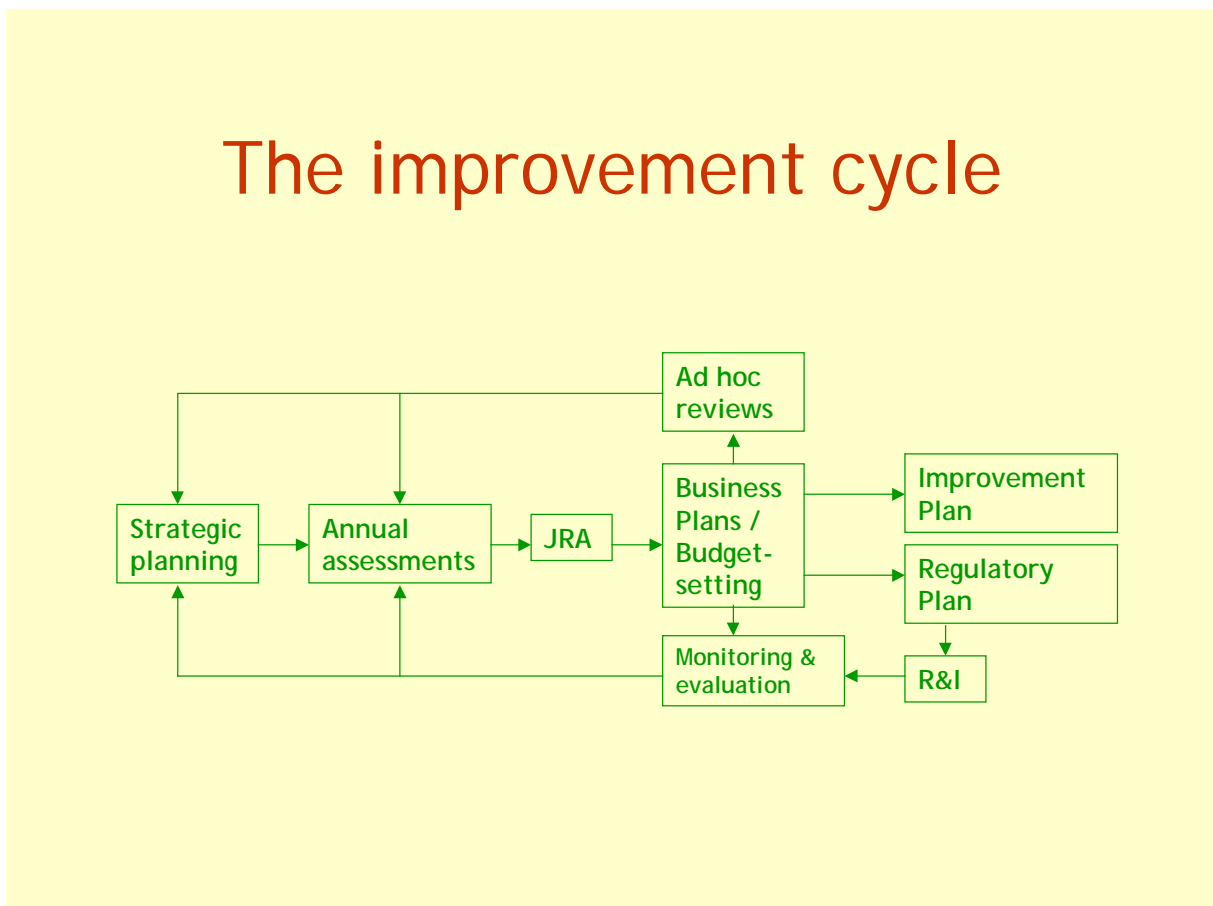
These processes also need to mesh fully with an authority's existing systems for business, operational and budget planning: the WPI provides a broad context within which local authorities should operate, rather than an extra set of processes which operate in isolation. Indeed, the above processes of strategic planning, assessment, review, monitoring and feedback should feature in any prudent system of corporate governance already.

Components of improvement

The WPI process thus comprises the following components:

- annual **assessments** of services and functions, and of their equalities and sustainability impact, to establish conformity with the authority's longer-term strategic aims, fitness for purpose and capacity to improve;
- an annual **joint risk assessment** to identify priorities for improvement in the coming year and to confirm progress against those highlighted in the preceding year;
- feeding the results of the above into the authority's **corporate and budget planning** processes;
- more fundamental **reviews** of services and functions where the assessment and planning processes have identified continuing difficulties, new pressures or significant changes of direction;
- an **improvement plan** which reports on progress in the previous year and set out planned improvements in the coming one (see Chapter 4);
- a **regulatory plan** which sets out the detailed role and planned activities of regulators and inspectors to support improvement in the coming year (see Chapter 5);
- **monitoring and evaluation** of actions identified in the above processes, and feedback into strategic planning and future years' assessments.

The diagram below illustrates the relationship between these components.



Note: "JRA" – Joint Risk Assessment. See chapter 4.
 "R&I" – Regulation and inspection. See chapter 8.

3. Annual assessments

The raw material for each improvement cycle is an annual programme of assessments of the authority and the services it provides, and the capacity for these to improve in the short to medium term. In some cases, it will also be necessary to undertake a more fundamental review of a service or function. There are many possible ways in which an authority can approach these tasks across the full range of its functions and services, and this guidance simply sets out the broad structure of assessing and reviewing performance, and some of the options available.

Annual performance assessments

Authorities should carry out annual self-assessments of their services, functions and processes in a way which is capable of informing and supporting the authority's planning and budgeting processes effectively.

Assessments should cover the full range of an authority's services, functions and processes, including its corporate governance and central support functions. Authorities are free to structure their assessment programmes in any appropriate way, provided that the coverage is comprehensive and that they address the following aspects in each case:

- **Aims.** The assessment should confirm the aims and objectives of the service(s) or function(s) in question, how far they contribute to the authority's longer-term strategic vision, and how well that vision has been translated into shorter-term business and operational planning.
- **Needs.** The assessment should identify clearly the citizens, communities, partner organisations and/or internal customers who use the service(s) in question, the nature and extent of their needs and the level of demand. It should assess the extent of any possible changes to these, how the authority could best respond to those.
- **Delivery.** The assessment should review performance using reliable and comparable data (see chapter 6). It should consider the extent to which agreed aims, objectives and targets have been met, resetting them where they have, and considering causes for sub-optimal performance and means of addressing it where they have not.
- **Efficiency.** The assessment should also review the efficiency of the service(s) in question, again using reliable and comparable performance and unit cost data. It should consider the potential for realising efficiency savings, either by maintaining the same outputs for lower inputs or prices, and/or by achieving greater outputs for the same inputs or prices;
- **Capacity.** The assessment should consider the existing capacity of the service(s) or function(s) in question and the potential to deliver sustained levels of performance. It should identify any need to build capacity and the means of doing so, including any potential for collaborative working with other bodies.
- **Accountability and engagement.** The assessment should consider the existing arrangements for accounting internally and externally for delivery of the service(s) in question, the strength and effectiveness of scrutiny, and the extent of engagement with the workforce, service-users and partners in setting priorities and planning improvement.

The outcome of an assessment should be a comprehensive and balanced statement of the current position of each service or function, its relative capacity to improve, and the areas where action may be necessary to achieve this. The programme of assessments taken together should provide a comprehensive picture for the authority as a whole, and provide a sound basis for risk assessment and corporate and service planning.

Annual equalities and sustainability assessments

As noted above, authorities are free to structure assessments as they see fit. They may, for instance, organise them wholly or partly around themes or user groups, rather than services. In any event, each authority should, though, ensure that they conduct annual assessments of progress towards its equality / diversity (including for these purposes language use and language preference) and sustainability objectives. Such an assessment should:

- confirm the current aims of the authority in relation to equalities / diversity and sustainability, and assess the extent to which they contribute to and conform with the authority's long-term strategic vision and objectives;
- consider how far those aims reflect the whole area that the authority serves, and the diversity of the communities within it, and the levels of need and demand within both;
- review performance in delivering the relevant aims, and consider means of addressing any shortfall:
 - For equalities purposes, authorities should use reliable and comparable data for this purpose, disaggregated as appropriate to reveal any differential level of delivery as between, for instance, gender, age, disability, ethnicity, sexuality and language preference, as well as shared outcome measures. They should also use relevant self- and impact assessment tools, in particular the Equality Standard for Local Government in Wales.
 - For sustainability purposes, while some statutory and core set measures in some service areas will be directly relevant, it may often be more appropriate to draw on shared outcome measures and relevant self- and impact assessment tools, in particular the Sustainable Development Framework for local government, which is currently under development;
- address the current capacity of the authority to achieve the relevant aims, and identify any need for capacity-building work, including the recruitment of staff from particular backgrounds and/or the development of particular skills among the workforce.

Conducting assessments

Authorities are free to conduct assessments in any appropriate way; regulators may be able to provide suitable methodologies. However, authorities should aim in all cases to base their assessments on as wide a range of views and evidence as possible, and to conduct them inclusively. This should generally involve reflecting the views of service-users, partner organisations, community groups and peers as appropriate. Scrutiny committees should also be expressly invited to give their views, and in particular on the effectiveness with which aims and objectives have been met in the past year.

4. The joint risk assessment

The programme of annual assessments should be capable of identifying the main opportunities, threats and constraints that an authority faces in meeting its aims. These in turn form the raw material of the formal annual risk assessment which an authority should conduct jointly with its regulators, and which should lead not only to the identification of risks but, crucially, to detailed and deliverable plans for managing, mitigating or avoiding them.

Risk defined

Risk is a very broad concept. It has specific meanings in some fields, such as financial management (where it has the sense of potential loss) and operational theory (where it has the sense of process weakness or threats to business continuity). Those and similar specific risks (such as risks of litigation or health and safety risks) should be managed continually at the operational and corporate levels. They may, in turn, feature in the WPI joint risk assessment.

However, risk in an improvement context is necessarily more broadly defined. Here, a risk is simply a threat to improvement in all its forms as defined in chapter 2. The most fundamental threat than an authority faces is a failure to meet its strategic objectives and thus a failure to improve to that end. For the purposes of this guidance, risk is therefore *any potential development or occurrence which would jeopardise the authority's ability to achieve its strategic aims and/or provide services as planned*. Risks may, for instance, be:

- *capacity risks*: the absence of a required political, management or operational mechanism, or a potential failure for it to operate properly, or to deliver outputs or outcomes which are materially less than, or in conflict with, those planned or required. Examples might include a lack of effective leadership, ineffective scrutiny (for instance, that which does not adequately engage the full range of views on the Council as a whole), an inability or unwillingness to innovate or collaborate, or, more simply, the failure of an administrative or operational process;
- *resource risks*: a potential lack of financial, human or other resources to meet established needs or demands. Examples might include funding pressures, lack of specialised skills, failure to identify and realise efficiency gains, unreliable information or other management systems or inadequate capital assets;
- *contextual risks*: a potential failure to respond to external pressure on the authority and the services it provides. Examples might include a failure to anticipate electoral, demographic or legislative change, or inadequate engagement with service-users to determine their needs and formulate appropriate long-term objectives. The sources of many contextual risks may be outside an authority's control, and may indeed arise at an all-Wales level. They are, though, risks nonetheless and need to be assessed and managed appropriately.

Assessing risk

As before, authorities and their regulators may conduct a risk assessment using any reasonable methodology. The assessment should:

- address all of an authority's services and functions;

- focus in particular on those which appear to be among the sources or causes of risk (especially where a review or a previous risk assessment has identified this);
- be capable of prioritising risks, and identifying deliverable actions for managing, mitigating and/or eliminating them.

In determining their approach, authorities and their regulators should bear in mind the following standard elements of risk:

- *Probability*, ie the chance that a risk will materialise at least once (where a risk may recur, the authority's *exposure* to it should also be assessed – see below). Probability should as far as possible be based on an objective assessment of (a) the causes of a materialised risk; (b) the likelihood of their occurrence; and (c) the strength of measures (such as contingency plans) to prevent, forestall or anticipate such an occurrence.
- *Impact*, ie the consequences for the authority, service-users and others, of such an occurrence. This is proportional to the priority which the authority has accorded to the objectives which the service or function at risk supports, and the extent to which delivery of that priority is dependent on them: the risks to services on which major priorities depend heavily will be higher than risks to services which do not make such a major contribution to the delivery of high-priority stated objectives.
- For some risks, especially those which may recur (such as weaknesses in processes), it may also be helpful to consider the third dimension of *exposure*, which is the relative frequency with which a risk could materialise.

Assessed risk is then the product of probability and impact (and exposure, where appropriate), although it may not always be necessary or appropriate to adopt a purely quantitative approach to risk classification, provided that the relative importance of risks remains clear.

Risk assessment outcomes

The outcome of a risk assessment should be an objective and evidence-based account of the main threats that an authority faces in meeting its objectives, and the actions and resourcing decisions that it should take to avoid or minimise them. Risks should be ranked and addressed in order of priority, and should clearly relate to the services or organisational units involved and which will be responsible for taking action to avoid, mitigate or manage the risk concerned. Risk assessment outcomes should also fully address corporate governance issues. Ownership of risks and responsibility for avoiding or minimising them should be clearly assigned, including in particular the roles and responsibilities that executive and scrutiny Members, and senior officers, will be expected to bear.

Risk assessments may conclude that risk is low or even zero in some areas or services. In such cases, and also where an authority has materially reduced previously significant levels of risk, it is quite possible that an authority's approaches and procedures would constitute effective practice that would be worthy of dissemination, for instance by regulators and inspectors or via *Excellence Wales*.

The risk assessment should be agreed between the authority and its regulators and inspectors. The latter have a right, where they consider this appropriate, to take a different view on the assessment and to reflect this in their contribution to the

Improvement Plan (see chapter 7), but the aim should be to reach an agreed position as far as possible.

5. Periodic reviews

Purpose of reviews

The annual processes of self- or risk assessment and the action plans that follow them will in routine cases suffice to ensure that an authority remains on course to deliver its strategic aims, and/or to identify and implement corrective action. However, in certain circumstances it may be necessary or desirable to carry out a more fundamental review of a service or services. Such circumstances may commonly include repeated or intractable problems identified in annual assessments (for instance, continued failure to meet performance or efficiency targets or levels of demand), or through scrutiny.

Reviews are not, though, only remedial measures. They should be used positively as means of medium-term improvement planning too, for instance when there are:

- planned or actual changes in the strategic direction or organisation of the service(s) or the priorities that they support, including identified opportunities for major innovation in their delivery;
- major changes in the legislative framework relating to the service(s);
- anticipated or actual major changes in usage of or demand for services;.

Whether and when to conduct a review is a decision that each authority should take on its merits, and in discussion with their regulators. There is no statutory requirement to conduct specific reviews, or to conduct reviews within a specified period of time.

The coverage of a review will likewise depend on the circumstances of the case, and the issues or deficiencies that the review will seek to resolve. For instance, reviews may consider:

- service areas or a combination of them, including services provided by other agencies;
- services provided to user groups, such as children, older people, minorities or businesses;
- services provided to communities and areas, perhaps especially for geographically larger and more diverse authorities;
- any combination of the above.

It is recognised that the commonest approach may well be to review service areas, whether singly or in combination, and that remains valid. However, authorities are encouraged to bear in mind other approaches when considering whether a review is necessary, as these may well increase an authority's responsiveness to citizens' needs and priorities, and its ability to deliver its community strategy objectives.

Conducting reviews

All reviews, whatever their focus, should seek to:

- confirm a common understanding of the purposes and aims of the subject(s) of the review;
- assess whether it is being carried out well and in accordance with the needs of users and partner organisations, and the authority's long-term objectives;
- assess how far the subject(s) of the review contribute to equality of opportunity and to sustainability; and
- identify actions which are likely to yield improvements in performance and/or efficiency, and the resource implications of these.

All reviews should start from first principles and take nothing other than an authority's statutory duties and powers for granted. They should consider, for instance:

- for those services which an authority is not legally obliged to provide, whether the service continues to make a worthwhile contribution to the authority's objectives, in the light of wider pressures on it;
- the potential for developing a greater understanding of the needs and priorities of the users of services, and of citizens and partner organisations generally. In particular, reviews should consider how far the needs of specific user groups (such as children or minority groups) are being identified and met;
- how far service delivery could be improved by better use of an authority's broader powers, for instance those of promoting economic, social and environmental well-being, or the powers to charge for services or trade through a company, or by outsourcing or subcontracting service provision;
- the potential for better deployment or reorganisation of staff resources to deliver improvements (for instance, by releasing staff for front-line delivery and/or combining services in organisational terms);
- the scope for improvement via collaboration with other authorities or other public bodies.

Authorities are free to carry out reviews using any accepted and reasonable methodology: this guidance does not prescribe a single approach. In many cases, regulatory and inspection bodies may be able to advise on the most appropriate means of carrying out a review.

Inclusivity in reviews

Reviews should not be seen as purely internal, still less secretive, affairs. On the contrary, it is essential that they are based on as wide a range of views and evidence as possible, and subject to validation and/or challenge by others with an interest. This should always involve actively seeking the views of users and partner organisations as part of a review, and subjecting the initial findings to scrutiny committees. However, authorities may also consider:

- conducting reviews jointly with other authorities or other relevant public or voluntary bodies, particularly where there is, or appears to be scope for, collaboration between them to deliver services;
- engaging consultants to carry out a review, particularly where specialist expertise would provide a valuable degree of challenge;
- inviting a scrutiny or area committee to carry out a review;
- inviting an inspection, or taking advantage of one already planned, to gain an assessment from regulators and inspectors which an authority can then build on.

All WPI reviews must nonetheless conform to the terms of this guidance, regardless of which body carries them out. Authorities should bear this in mind in drawing up terms of reference; alternatively an authority may complete an externally-delivered review itself so as to ensure that it fully meets the above.

Outcomes of a review

All reviews, whether of services, corporate capacity or otherwise, should generate action plans to address the issues they identify. The exact content of an action plan will clearly depend on the scope of a review and its findings. Where a review has been conducted prior to a change programme or project, and/or in anticipation of a change in external context or demand, it should help to confirm and develop the project or programme brief. However, the outcome of all reviews should set out clearly:

- the steps planned, together with timetables for their achievement;
- how delivery of these actions will be gauged, including how performance data will be used;
- any appropriate contingency arrangements should planned actions fail to have the desired effect;
- arrangements for involving scrutiny committees, partner organisations and service-users in monitoring and assessing the delivery of planned actions;
- how progress will be reported – which should always include coverage in the relevant Improvement Plans;
- where responsibility for actions lies, whether within the authority or (for reviews conducted jointly with other bodies) with which body. As with risk assessments, ownership of the actions by executive and scrutiny Members, and senior officers, should be clear;
- any support the authority will seek, and/or any collaborative arrangements it will make, to deliver the actions, involving the WLGA and its component parts, the Wales Audit Office, other regulators and inspectors, or other authorities.

6. Using performance information

Effective improvement depends intimately on use of performance information which:

- provides an accurate, consistent and comparable means of measuring past performance, balanced across all areas and services for which a local authority is responsible;
- supports the development of measurable targets for improvement;
- allows past and planned performance to be communicated effectively to all key stakeholders, and facilitates their involvement in determining improvement priorities.

The new local government performance measurement framework is designed to help authorities meet all of these requirements, and local authorities should make full use of it in applying the WPI.

The performance measurement framework

There are several distinct strands to the new performance measurement framework, as follows.

National strategic measures

The national strategic measures will allow authorities to quantify and report their contribution to major all-Wales policy objectives. The 22 measures are set out in the Local Government (Best Value Performance Indicators) (Wales) Order 2005, supported by guidance and definitions issued by the Local Government Data Unit – Wales. Local authorities are thus under a legal duty to collect and report on all of these indicators. They should do so by including the data in their Improvement Plans (see chapter 7) and should also submit the data to the Local Government Data Unit – Wales. National strategic performance data will be subject to external audit .

Shared outcome measures

The shared outcome measures will allow local authorities and partner organisations consistently to capture progress against objectives for which they are jointly responsible. It is already common practice to do so: the measures will simply set out a more defined and consistent resource which local authorities and their partners can use. The use of all of the shared outcome measures is not mandatory and authorities and their partners are free to draw on them as appropriate, although they are strongly encouraged to use them to provide a robust basis for measuring and assessing the outcomes of collaborative working. The Assembly Government will conduct or commission work to develop these in the course of 2005-06, in close liaison with local government and other stakeholders

Survey measures

The survey measures will allow local authorities to gauge citizens' views and perceptions on a consistent basis. The measures will consist of standard survey questions across relevant service areas. Given the importance to improvement of engaging with citizens and reflecting their views, the survey measures should be a

valuable and vital resource for local authorities to draw on; like the shared outcome measures, they will be developed during 2005-6.

Some survey measures may, in due course, be included in the core data sets (see below) where it is clear to all concerned (including practitioners) that their use by all authorities would generate valuable all-Wales information.

Core data sets

While the above strands of the improvement framework have specific and valuable uses, taken together they do not and cannot provide a comprehensive, balanced and comparable picture of an authority's performance and its capacity to improve. The ability to develop and communicate such a picture is nonetheless an essential improvement tool, and it is one of which the core data sets are a vital component.

When fully implemented, the core sets will:

- provide detailed and comparable information on the outcomes that have been achieved within and between the services that they cover, and on service availability and quality and the use of resources to support them;
- support authorities in explaining and accounting for their performance to stakeholders, and encourage their involvement in performance evaluation and priority-setting;
- be capable of disaggregation to reveal differential levels of provision for, and performance regarding, different community groups and diversity categories;
- be flexible and dynamic, capable of evolving over time to reflect local authorities' and others' experience of using them, without the need for any legislative change;
- be fully comparable over time and across Wales, allowing authorities readily to identify where they have room to improve and equally where they have scope to share effective practice.

The last of these features is crucial. Benchmarking and identification and sharing of best practice are among the most powerful drivers for improvement, drawing as they do on the collective experience and expertise of the wider local government family, and all authorities should take full advantage of that. No authority can thus meet the full requirements of this guidance by acting in isolation, and doing so would normally constitute a material risk, both for the authority concerned and, insofar as it compromised the integrity of the system as a whole, at an all-Wales level.

Accordingly, all local authorities are required to:

- participate fully in the ownership, development, upgrading and updating of the core sets (for instance, by proposing new measures to cover new ways of working, amendments to existing measures to improve their usefulness, or deletions of measures that are felt no longer to be valuable or too difficult reliably to collect);
- collect data against each of the indicators, and contribute it to the common pool by submitting it to the Local Government Data Unit – Wales. The LGDU will pre-populate returns to facilitate this, where the data is drawn from existing sources;
- use the data appropriately, to account for and explain their activities to citizens and partners, and to engage them in the evaluation of progress and the setting of

priorities. This could include, for instance, producing service-specific performance reports based on core set data, to inform discussion with partners and service-users.

Core set data will not routinely be audited, although authorities can request this if, for instance, particular core set indicators are used to measure major improvement priorities. They may also be audited if there are concerns about the robustness of data collection systems in a particular area.

Local indicators

The core sets aim to capture performance across all the service areas they cover. They are not, though, fully comprehensive and cannot, in particular, measure delivery of particular local policies, priorities or projects to which authorities are committed, or objectives which do not lend themselves to quantifiable measurement. Without ways of measuring those too the performance measurement framework would be neither comprehensive nor balanced within each authority.

Authorities should thus continue to develop and use their own local performance measures which reflect their individual circumstances and aspirations, as well as supporting detailed management and operational decisions. They should also use non-quantitative assessment tools as and when appropriate. In some cases, such approaches may be relevant to and usable by other authorities too, and local authorities should thus again be willing to share their experiences of developing and using local indicators with their peers. There are, though, no specific statutory duties in this regard, and no requirement to contribute data relating to local measures to the all-Wales pool.

7. Planning and reporting improvement

All of the preceding processes and activities – self- and risk assessment, reviews and use of performance data – must be fully integrated into a local authority's corporate planning and budgeting processes, and actively communicated to stakeholders, if the WPI is to achieve its full potential.

It is not the place of this or any other statutory guidance to set out in detail how a democratically-accountable local authority should manage and plan its operations, nor how it should engage with those it serves. It is nonetheless self-evident that it must do so appropriately and to the best of its ability. So it is more a question of authorities making WPI tools and processes fit effectively into their established arrangements. Authorities are encouraged to interpret this guidance broadly and purposively to this end. For instance, they may if they wish combine the improvement plan outlined below with their corporate plan. They may also produce rolling improvement / corporate plans on a multi-year basis, provided that the formal requirements of this guidance are still met.

The Improvement Plan

The culmination of each year's improvement activity should be set out in a single document, which this guidance refers to as an improvement plan, although authorities are free to rebrand it provided that its discharge of the relevant statutory duties remains clear.

Whether or not an authority's corporate plan and improvement plan are physically combined, it is essential that WPI activity fully informs and supports an authority's corporate planning and budgeting, and that the improvement plan reflects as far as possible the decisions it has taken during those processes.

This has clear implications for the timing of improvement plans. Publishing them too early in the reporting year may well result in improvement plans that are based on imperfect and unaudited data, and which bear no necessary relation to actual corporate planning decisions taken later in the reporting year. It can also be difficult for authorities to meet the deadline in years when local elections take place. On the other hand, publishing them too late would diminish their accountability role, as the performance they described receded further into the past. Accordingly, and subject to the National Assembly for Wales making the appropriate legislation, the annual deadline for publishing an improvement plan will, from 2006/7, be 31 October.

Content of the improvement plan

Local authorities are free to decide on the exact content, layout and style of their improvement plans. However, all improvement plans should fulfil the following basic purposes:

- Reiterating the authority's strategic aims, relating them to its Community Strategy and other statements of longer-term objectives.
- Providing a balanced and informative picture of current performance in key areas relevant to the strategic aims and objectives, drawing liberally on performance measure data (whether statutory, shared outcome, survey, core set or local). This

should include performance against all prescribed and local policy agreement indicators, and all national strategic indicators which are not also policy agreement measures. The later production of an improvement plan should enable the data it contains to be more reliable and, in the case of national strategic measure data, audited. However, if an authority believes that data has been affected by exceptional and/or non-recurring factors, it may qualify it appropriately.

- Setting out the actions (agreed during the corporate planning process) that the authority proposes to take in pursuance of its objectives, including in particular actions flowing from self- and risk assessments and reviews, timetables for delivery and targets relating to performance measures.
- Setting out the efficiency gains that the authority has achieved in the past year, with targets both for overall gains and for gains from better procurement. The Assembly Government will publish further non-statutory guidance on identifying, quantifying and realising efficiency gains;
- Reflecting as far as possible the agreed view of the authority and its regulators. While each is entitled to form their own conclusions, the aim should be for regulation and inspection actively to support and contribute to improvement (see also chapter 8). Accordingly, improvement plans should include a summary of the Wales Audit Office's Relationship Manager Annual Letter to the authority for the current year, as an annex.

Improvement plans must be approved by the full Council before issue: under the Local Authorities Executive Arrangements (Functions and Responsibilities) (Wales) Regulations 2001 and the Local Authorities (Alternative Arrangements) (Wales) Regulations 2001 that cannot be done solely by an Executive or Board. In addition, scrutiny committees and key partner organisations should be afforded the opportunity to comment on the draft.

Publishing the improvement plan

Authorities should publish their improvement plan in hard copy, and on the Internet. They should do so in Welsh and in English, subject to the terms of their Welsh language schemes.

While the Assembly Government has no role in assessing or approving improvement plans as a whole, it will use them to, for instance, assess progress against policy agreement measures and thus eligibility for performance incentive grant. Authorities should thus communicate the improvement plan to the Assembly Government by the statutory deadline of 31 October each year; a link to the relevant page of the authority's website will suffice.

The summary improvement plan

Authorities should also publish a summary of their improvement plan, to facilitate wider engagement with those it serves and greater dialogue with them as to the authority's priorities and its progress in meeting them. The detailed content of the summary is for each authority to decide, but it should be fair and balanced, and provide a general readership with:

- an overview of the authority's priorities and objectives;

- a summary of how far they have been met in the past year;
- a summary of improvement action to be taken in the forthcoming year;
- details of how to obtain further information (for instance, copies of the full Plan), how to provide any comments on the plan and its delivery, and how to influence the planning and delivery of an authority's services more generally.

The summary should be published in hard copy and on the Internet, in Welsh and in English, subject to the terms of each authority's Welsh language scheme. Authorities should also consider making it available in other languages, where these are widely spoken in their areas, and in formats such as Braille, large print and audio tape, which are accessible to those with sensory disabilities.

Authorities should ensure that the citizens and communities they serve are aware of the existence of the plan and summary, and have ample opportunity to obtain copies. They should also actively seek feedback and comments on the proposals they contain. Steps authorities might consider taking include:

- publicising the Plan and Summary in a local newspaper, or authority-provided newsletter (if any);
- placing copies in local libraries and ensuring library staff are able to advise citizens of how to obtain more detailed information about their local authority's performance;
- making copies available at the authority's offices;
- sending copies to town and community councils, partner organisations and community groups.

8. Regulation, inspection and intervention

It has always been a principle of the Wales Programme for Improvement that regulation should support improvement, that it should not simply highlight where action is required, but that it should be part of the solution, not just part of the identification of the problem. That remains the case.

Principles of R&I

Separate and more detailed guidance will be issued on the conduct of regulation and inspection to support the WPI. However, that activity should in all cases conform to the following set of principles:

- A shared commitment to supporting service improvement. Regulators and inspectors aim to add value, identifying and spreading solutions and best practice rather than merely confirming an existing understanding of good or poor performance;
- Independence and objectivity. Regulators and inspectors need to be able freely and fairly to provide objective and authoritative views, and to generate public assurance on the subjects of their work;
- Emphasis on the effectiveness with which policies have been implemented and objectives pursued. Regulators and inspectors respect the right of local authorities to set objectives, take policy decisions, and submit themselves to public and democratic accountability for them. Only where those decisions are perverse would a regulator have grounds for challenge.
- Proportionality. The level and extent of regulation and inspection should be proportionate to the risks involved and to the effect such activity would have on the audited body.
- A focus on citizens and service-users rather than on service areas or providers. Regulation and inspection bodies should aim to address the extent to which the needs of service-users have been or could be met, regardless of the organisational responsibility for doing so. They should thus seek to co-ordinate their work, which has the added benefit of minimising the burdens of duplication.

The role of R&I

The previous sections of this guidance describe the elements of the WPI processes to which regulators and inspectors should contribute – in particular, to the joint risk assessment and, as appropriate, to the conduct of reviews. Local authorities are, though, able to request the support and advice of R&I bodies at any time.

There are, though, two further areas where R&I bodies should play a formal role.

R&I and the improvement plan

As noted in chapter 7, the later formulation and publication of the improvement plan allows it to reflect the views of both the authority and its regulators. Those views may differ, although it would clearly be helpful to reach an agreed position on an authority's performance and capacity to improve. Formally, regulators' views on the improvement plan will be set out in the relationship manager's annual letter annexed

to the improvement plan. There is thus no longer a need for the improvement plan to be audited separately after its publication.

Rather, the Wales Audit Office will, in particular,

- audit the national strategic performance data for inclusion in the improvement plan, focusing as far as possible on an audit of data collection systems rather than on the data itself;
- provide for inclusion in the plan [a summary of] the Relationship Manager's Annual Letter to the authority.

This is in addition to regulatory and inspection work on risk assessments and reviews, which should be reflected in the improvement plan at the appropriate points. In cases where it is not, or where an authority's view of risk differs, the WAO has the right to note this in the annual letter.

Authorities should also use audited performance data, and regulators' views as to risk, as appropriate in the improvement plan summary. They are not required to submit that summary to audit separately, or to include in it the annual letter, although they may if they wish allude to its contents.

The regulatory plan

The Wales Programme for Improvement continues to require the development of an annual Regulatory Plan. This should set out on an annual basis all elements of regulation and inspection that an authority is likely to face in the year ahead. The Relationship Manager will be responsible for the co-ordination of this plan, and will need to ensure that as far as is possible the plan clearly identifies all regulatory and inspection activity that will be undertaken. A Regulatory Calendar, which should be reviewed at intervals deemed appropriate by the Relationship Manager and the Local Authority, will be produced to track all regulation and inspection set out in the Regulatory Plan activity on a monthly basis.

Some of this activity will flow directly from the authorities' judgements on improvement needs and how that will be supported. Equally some of the activity will flow from the regulatory/inspection activity of inspectorates that either have a separate statutory authority to undertake inspection (for example Estyn and Social Services Inspectorate Wales) or who establish a cycle of inspection within the Wales Programme for Improvement where the assessment of service performance/risk by the local authority does not fulfil the requirement to inspect periodically. The regulatory plan should therefore take all of this activity into account, and attempt to establish a programme of activity that meets the needs of the authority and the regulators to provide public assurance and drive forward service improvements.

It is clear there has to be a balance between the overall cost of regulation and inspection, and the need to ensure that those resources are not being targeted at services that are generally performing well and to an acceptable standard from users' and regulators' perspectives. In that sense it is clearly essential to recognise that the organisation providing the service is accountable both for the quality of the service, and the assessment of its future risk, and that the regulatory plan places appropriate assurance on that accountability.

The regulatory plan should also conform to the principle (reiterated in *Making the Connections*) that the regulatory burden on public authorities should be reduced where possible, but at the same time made more effective. Regulatory plans should thus seek to co-ordinate regulatory effort to minimise the burden and avoid duplication at the same time as maximising the benefits to those delivering and using services. Local authorities should respond to already-established programmes of regulation to ensure its assessment of performance is undertaken at a time when the regulatory programme can best support this.

This will require strong and effective relationship management, over the short, medium and long-term, which does not negate the need for programmed regulation and inspection to take place, but which attempts to put in place a programme of regulation that responds to the principle that it is the service deliverer is primarily responsible for the assessment of service delivery, supported by a regulatory regime providing independent assurance and effective improvement support. The new Performance Measurement Framework, when fully in place in 2006 – 2007, will be vitally important in supporting these judgements by both authorities and regulators, but a degree of pragmatism from both parties will need to inform judgements during 2005-2006.

Intervention

The Wales Programme for Improvement will continue to have as part of its armoury the ability for the Welsh Assembly Government to intervene if it judges that a level of intervention is required to safeguard the delivery of services or to support the local authority corporately in delivering front-line services. However, such intervention will continue to be governed by an Intervention Protocol that sets out clearly the steps that will be taken prior to consideration of formal intervention, which will remain an option of last resort to be taken only after full consultation with all interested parties.

In the same vein regulators retain statutory intervention powers, and may exercise these if they deem those appropriate to either intervene directly to safeguard services or to recommend intervention by another party. These powers are not diminished by the Wales Programme for Improvement, but their use is set in the context of the Intervention Protocol and by the establishment of an Improvement Support Protocol that sets out both individual and collective action that will be taken to support improvement action in local authorities.