

Report To:	CABINET
Date:	6TH NOVEMBER 2023
Heading:	OFFICE FOR LOCAL GOVERNMENT AND BEST VALUE GUIDANCE
Executive Lead Member:	LEADER
Ward/s:	ALL
Key Decision:	NO
Subject to Call-In:	NO

Purpose of Report

To provide Cabinet with an overview of the Office for Local Government (Oflog) and recently updated Best Value Guidance.

Recommendation(s)

- **For Cabinet to note the updated Best Value Guidance, and establishment of the Office for Local Government and its remit.**
- **For Cabinet to note the ongoing development of both Oflog, the Data Explorer and the Best Value Guidance.**
- **For Cabinet to note the Council’s continuing assessment of performance and improvement.**

Reasons for Recommendation(s)

Under the Local Government Act 1999, local authorities must legally deliver what is termed ‘Best Value’, which means a local authority must be able to show that it has arrangements to secure continuous improvement in how it carries out its work. The Act states local authorities should “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness”.

The Office for Local Government (Oflog) was launched in July 2023 as an office of the Department for Levelling Up, Housing and Communities (DLUHC). Aligned to Best Value, Oflog will provide an authoritative and accessible source of information about the performance and health of the local

government sector. DLUHC assessment of best value and analysis to inform judgements to inspect or intervene will be informed through Oflog's analysis of performance in the sector.

Both Oflog and DLUHC are committed to high standards, which are frequently met by authorities, and to identify early indications of failure, particularly in consideration of devolution.

The Council regularly engages with the Local Government Association (LGA) sector led improvement offer, for independent evaluation of the organisation, most recently (January 2023) a peer review of housing was completed. Key recommendations from the LGA support work have been integrated into the refresh of the Corporate Plan and Strategic Direction.

Through the Council's new Policy and Performance Function, a specific focus will be placed on continually improving the Council's approach to performance and improvement in line with the updated best value guidance and introduction of Oflog.

Alternative Options Considered

This report is for information only.

Detailed Information

1. What is Oflog?

The Office for Local Government (Oflog) was launched in July 2023 as an office of the Department for Levelling Up, Housing and Communities (DLUHC). Oflog is a new performance body for local government, which will provide authoritative and accessible data and analysis about the performance of local government and support its improvement. Oflog's purpose is to empower citizens with information about their council, increase local leaders' and councils' understanding of their performance, and increase central government's understanding of local government performance. It also hopes to 'establish a stronger accountability framework'.

To better understand local government performance, Oflog intend to attain a clearer view of what good performance entails as well as tell-tale signs of those on the road to serious failure. Effective use of data will underpin this, recognising that current local government data is extensive but dispersed, Oflog has been established as an organisation at the centre of this nexus.

DLUHC have emphasised that the establishment of Oflog is not a return to the Audit Commission and recognises that councils cannot cope with more data collection, 'form-filling', exercises. However, as shown below, initial data benchmarking has already been launched and is expected to grow – on 26th October we were notified of Oflogs intentions to expand datasets being benchmarked.

2. What will Oflog do?

- Present data on local government performance, celebrate the successes of high-performing councils, and identify local authorities at risk of potential failure.

- Establish the ‘best indicators of good performance’. In July 2023, Oflog launched its ‘Local Authority Data Explorer’ (see below).

It is clear, that data is key. In its initial stages, Oflog may make use of input and output metrics that do not consider the overall impact of services delivered by local authorities. The ambition is, however, to transition as soon as possible to an outcomes-based approach to performance that focuses on impact (see figure 1). This will accommodate the fact that local authorities use different models of service delivery, though input and output data can be useful to give an accurate understanding of a local authority’s specific contribution.

Figure 1: Example of Input, Output and Outcome metrics for adult social care



The above has been further clarified on 26th October of Oflog’s intention for the Data Explorer to not only include a mixture of outputs (clearly attributable to council performance – e.g. speed of planning decisions); and outcomes (less wholly attributable – e.g. housing supply); but also relevant context (e.g. spending power).

The Council’s performance framework incorporates inputs, outputs and outcomes through a balanced scorecard approach, directly aligned to the Corporate Plan, this is currently being reviewed following the approval of the new Corporate Plan 2023- 2027.

3. Oflog Local Authority Data Explorer

Oflog aim to improve the transparency of local government performance through the publication of selected data on the new Local Authority Data Explorer. Through this data and associated analysis, the aim is to enable understanding and interpretation of local government performance by its three main audiences – citizens, local government, and central government. By fostering accountability through increased transparency, Oflog aim to help support the improvement of local government performance.

The new online ‘Data Explorer’ brings together a selection of existing metrics across a subset of service areas for data that is available at different levels of local authority. Further service areas will be added, and existing areas expanded, as the metrics are developed.

To analyse comparative local authority performance more generally, the tool uses a ‘median of absolute deviation’. The value for each local authority for any particular dataset is shown as its distance from the median. The tool enables identification of other local authorities when hovering over the data point visual. The tool also allows comparison with 15 statistically similar authorities identified using CIPFA’s Nearest Neighbours Model.

Oflog have focused on a small number of areas for now as a starting point. The four data themes currently shown do not capture the totality of what local government and Mayoral Combined Authorities are responsible for. However, we are now aware of the further five data themes being considered for inclusion in the Data Explorer, and the next four additional themes that will be considered thereafter.

Oflog have clearly stated they will look to supplement and expand the metrics in the Data Explorer to cover a more holistic range of local government responsibilities, adding more outcomes focused data as the tool matures. We are aware of Oflog's intentions to expand these datasets, eventually to 20+ areas or themes.

To achieve this Oflog will work with government departments to change data collection requests and processes. In parallel, Oflog will consider performance in areas with devolution deals so that it can reflect their progress over time. The proposed additional five datasets are currently being consulted on, and local authorities have also been offered the opportunity to attend targeted webinars throughout November.

Current datasets in the Data Explorer are: -

Waste Management – see below.

Adult Social Care – available at Nottinghamshire CC level

Adult Skills – only available for Mayoral Combined Authorities

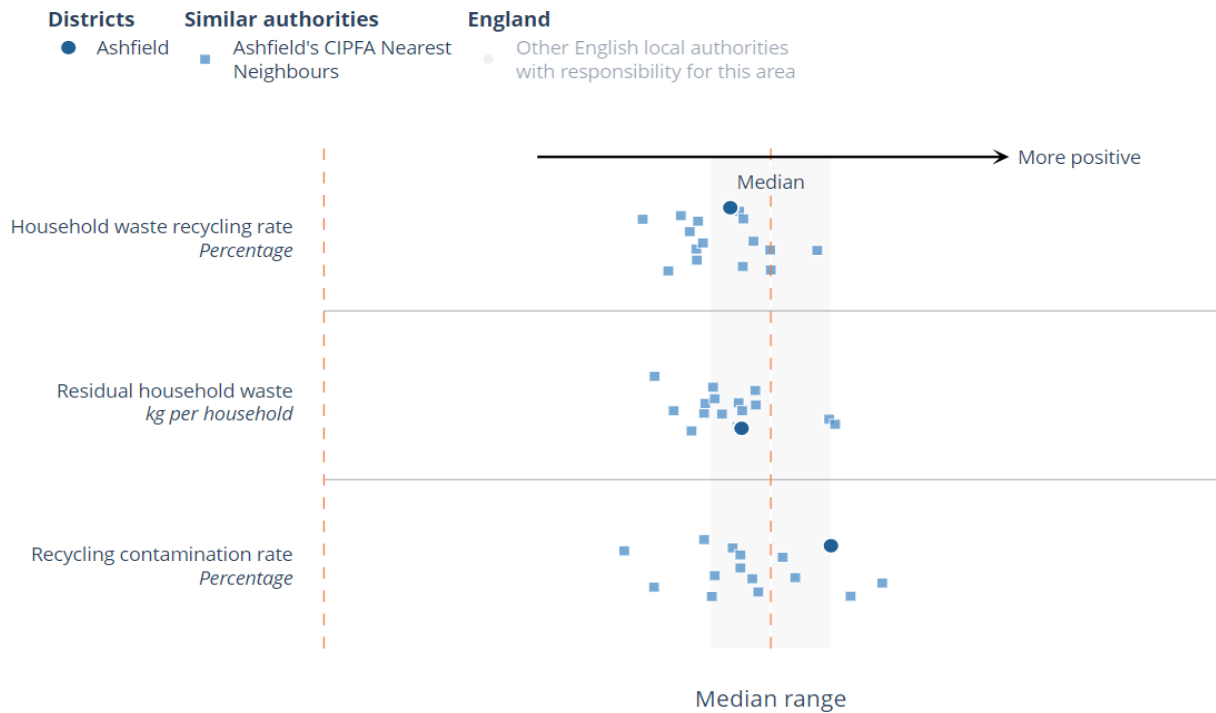
Finance – the datasets are currently under query as it has been identified that two of the metrics are fundamentally flawed through the methodology applied, which is inflating the debt servicing and total debt metrics for all Councils that also have a housing stock and an HRA. Therefore, when compared with median ratios of authorities and other CIPFA neighbours that are not Housing Authorities, the results are misleading and meaningless in terms of comparison. Nottinghamshire Chief Finance Officers are currently awaiting further consideration by Oflog of this feedback.

Waste Management (comparative data 2021/22)

The following data is available to be viewed in the Data Explorer tool.

Data table for selected areas

Indicator (click for source data)	Financial year	Ashfield	Median of Ashfield's CIPFA Nearest Neighbours	England median
Household waste recycling rate	2021-22	37.0%	35.4%	41.9%
Residual household waste	2021-22	535.7 kg per household	549.4 kg per household	502.4 kg per household
Recycling contamination rate	2021-22	2.7%	6.7%	5.6%



What this shows: -

- Recycling rate – Ashfield were below the all England average however higher than our Nearest Neighbour average. Of the 15 nearest neighbour authorities, only 3 were on or above England average.
- Amount of waste collected – Ashfield were below the all England average however better than nearest neighbour average. Only 2 nearest neighbours were above the all England average.
- Recycling contamination – Ashfield's performance was much better than the England Average and nearest neighbour average (note that nearest neighbour average isn't significantly higher than all England). Only 2 nearest neighbour authorities performed above Ashfield.

The new Policy and Performance Team have undertaken further in-depth analysis of the Oflog waste management datasets, using the LGA tool called LGInform, creating our own data explorer tool which is more flexible in the data analysed and presentation. An example of our own data tool is appended to this report. The team can analyse the data in detail – trends over time, comparisons to neighbouring local authorities, all England etc.

The LGA have also now taken the Oflog metrics and created a new Oflog dashboard available in the LGInform tool, which means we can use the same metric identifiers for our own reports or import them into our systems via API, so we are more easily able to match the data Oflog is using. We have full access to the LGInform tool.

The additional five datasets being proposed and under consideration are: -

1. Business and economic growth (aligned to combined authorities and somewhat expected) Despite these potential datasets being identified as collected at upper, unitary or combined authority level, this is data that we currently measure at outcome level aligned to the Corporate Plan. – business births and deaths, weekly pay, employment rates.
2. Planning – proposed measures of decisions on time and appeals, (which we already measure) and date when local plan formally adopted.

3. Waste management – fly tipping datasets now added to this theme - incidents, fixed penalty notices, and fixed penalty notices paid.
4. Roads (N/A)
5. Finance – Oflog have stated they are considering the feedback in relation to the measurement of debt and also intend to align this dataset with Levelling Up Regeneration Bill (LURB) Capital Risk Metrics consultation which is being undertaken this autumn. They are also seeking to expand this dataset into ‘corporate’ and finance, and therefore this dataset may include ombudsman complaints and council tax and business rates collection rates.

Additional four datasets which may be considered following the above are: -

- Childrens social care
- Homeless and rough sleeping
- Public health
- Youth justice and accommodation

4. Alignment with Existing Inspection and Assessment Frameworks

While everything Oflog does will be rooted in robust data, data alone does not give a comprehensive account of performance. This is especially true because ‘what good looks like’ will vary depending on place, circumstance and local priorities. Oflog is intended to have an increasingly ‘interpretative’ role, working closely with inspectorates, regulators, agencies and other bodies in the local government data ecosystem, for example, Oflog will not duplicate local assessments conducted by regulators such as the Care Quality Commission and Ofsted. Oflog will rely on the assessments conducted by these bodies, and others with relevant statutory functions, when it is considering the performance of local government in relation to the services these bodies regulate.

5. Oflog’s ‘Roadmap’

Oflog’s development is intended to be an iterative process. See Figure 2

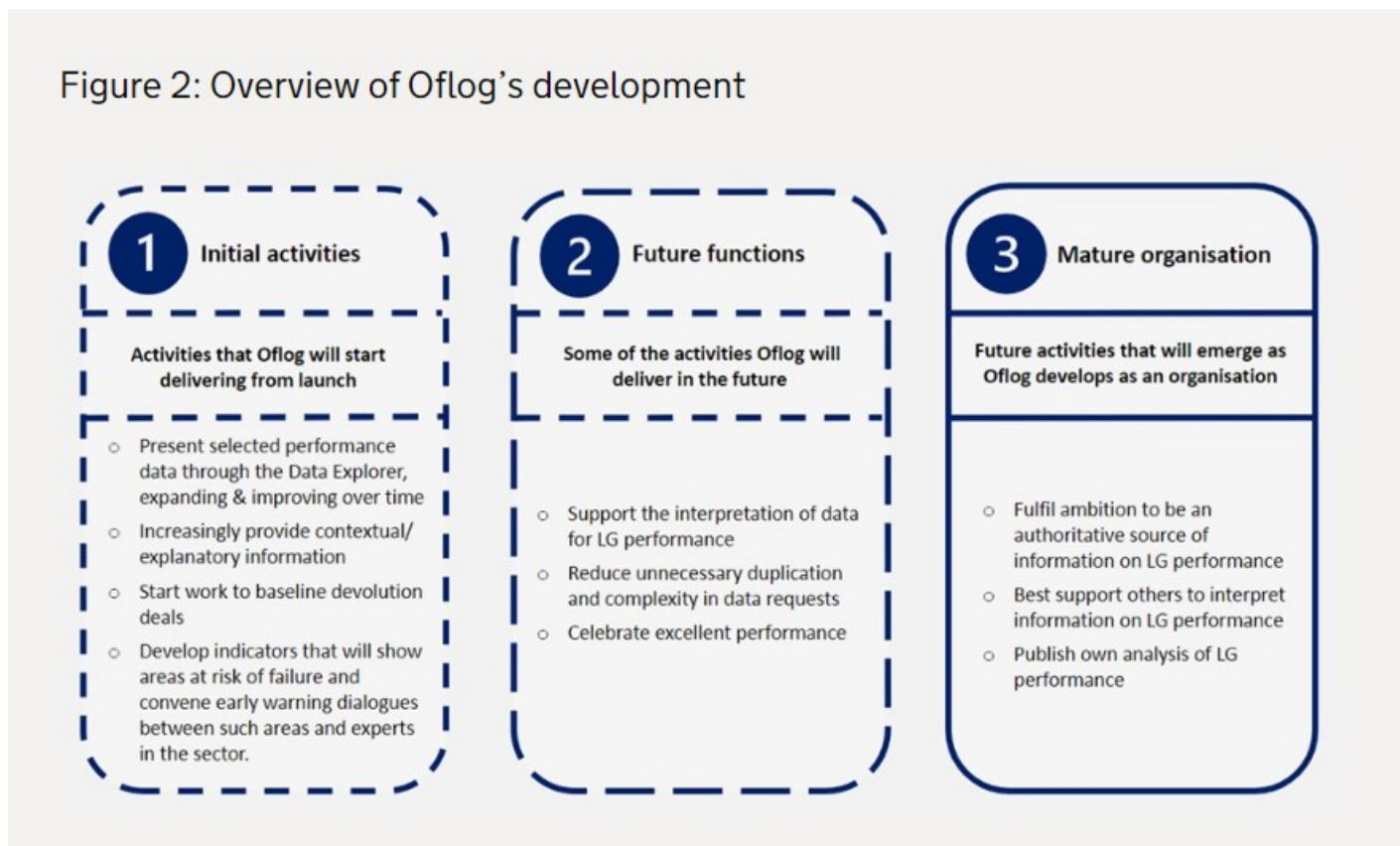
Most of Oflog’s initial activities are already underway.

In regards identifying at-risk areas, Oflog states it will not be making any judgement of failure that necessitates formal intervention. This role will remain with DLUHC through the existing Best Value framework. Instead, Oflog’s role will be to monitor the indicators and use them to inform whether a dialogue needs to be opened with any such local authority. If so, Oflog may convene this conversation, bringing in local leaders and experts from the sector to explore what is happening on the ground and whether the indicators are correct in giving an early warning that something is amiss.

Oflog intend to use these indicators to prompt questions, not judgements. Oflog will also explore whether the council is already taking action to address the underlying causes, and how effective this action is being. The objective is that early identification of risk of failure makes providing effective support easier.

Alongside this work conducted by Oflog, DLUHC has launched a consultation on new statutory guidance for best value standards and intervention. Together, the Best Value guidance and Oflog are aimed to introduce greater accountability of local government, both to the public and central government.

Figure 2: Overview of Oflog's development



6. Best Value Guidance

What is Best Value?

Under the Local Government Act 1999, local authorities must legally deliver what is termed 'Best Value', which means a local authority must be able to show that it has arrangements to secure continuous improvement in how it carries out its work. The Act states local authorities should "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness".

In practice, this covers issues such as how authorities exercise their functions to deliver a balanced budget (Part 1 of the Local Government Finance Act 1992), provide statutory services, including adult social care and children's services, and secure value for money in all spending decisions.

The recent, updated guidance (still draft whilst consultation ongoing) provides greater clarity to the local government sector on how to fulfil the Best Value Duty by describing what constitutes best value, the standards expected and the models of intervention at the Secretary of State's disposal in the event of failure to uphold these standards.

The guidance also sets out reasonable expectations of the way authorities should work with voluntary and community groups, and small businesses on the making and disclosure of Special Severance Payments and non-statutory guidance on digital infrastructure.

Statutory intervention will only be used when there are significant and extensive indications of failure and authorities are not delivering to the high standards which their local communities have a right to expect.

Continuous improvement

The guidance states that local authorities are not expected to be perfect, but rather that they should prioritise learning and development throughout the organisation and always strive to learn from past mistakes, address under-performance, and avoid continuing in a direction where failure is evident.

- Errors and poor performance should be clearly isolated and exceptional rather than repeated or systematic, and should not be significant in value, governance, or have wider implications.
- Persistent mistakes and poor performance should be promptly addressed, and steps taken to remedy clearly documented.

Openness to challenge and support

Authorities are expected to: -

- Be open to external challenge and scrutiny, including in the form of regular peer challenges and participating in the broad range of formal and informal improvement initiatives available to authorities.
- Be responsive to challenge from the press, public and local communities more generally.
- Be transparent in their Annual Governance Statements about how they are delivering improvements over time against any recommendations made by external parties.
- Have a sense of collective responsibility for the performance of the sector as a whole and engage in sector-led support to other councils and benchmarking.

The key message is that Authorities need to **demonstrate** that they are making arrangements to secure continuous improvement, on an **ongoing basis** and at the **necessary pace**.

The New Best Value Themes

There are 7 best value themes detailed in the updated guidance. Against each of the above themes, the guidance defines characteristics of a well-functioning authority, and those of potential failure.



Initial assessment against the above themes indicates the Council to be in a very healthy, positive position. More in-depth self-assessment will be undertaken over the coming months, in preparation for potential LGA Peer Challenge in 2024, and reported back to Cabinet.

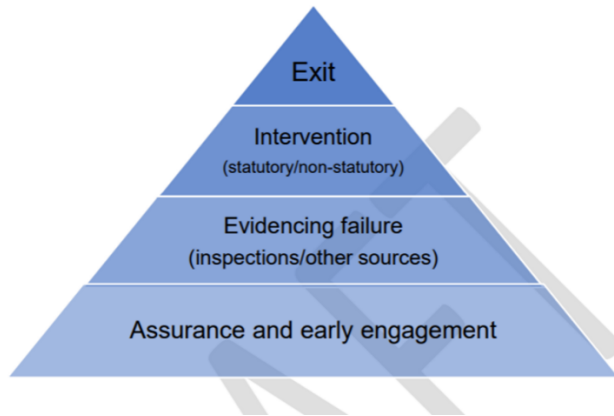
Models of Intervention

The guidance also provides more clarity on the use of powers under the Act where this Best Value Duty is not, or is at risk of not, being met. And where these standards are not upheld, it sets out the models of statutory and non-statutory intervention available, with stages of escalation.

Inspection and intervention are contingencies for the Secretary of State to use in the event that they consider the above themes of good practice are not, or are at risk of not, being met. No single metric automatically leads to inspection or intervention.

The draft guidance sets out intended levels of non-statutory and statutory intervention, with the aim of early intervention, when required, to support improvement at a much earlier stage than statutory intervention, as shown in diagram 3 from the draft guidance below.

Diagram 3: Strategic view of the intervention process



Stage	Example of Intervention
Assurance and Early Engagement	<p>DLUHC may write to an authority stating its concerns and request that they provide a timebound improvement plan, report back to the department on progress and publish all related documents.</p> <p>Best Value Notice or Statutory Best Value Notice</p>
Evidencing Failure	<p>If an authority is exhibiting some characteristics that may indicate best value failure including taking no steps to acknowledge or address ongoing challenges by engaging with sector-led improvement</p> <p>Best Value Inspection assessment or other independent assessment</p>
Intervention	<p>A form of non-statutory intervention may be appropriate if an authority demonstrates failures or risk of future failures that are not systemic and there is confidence that the authority has the willingness, capability and capacity to sustain continuous improvement, but external expertise and challenge would result in more efficient recovery.</p> <p>Improvement Boards or Sector Led Intervention</p> <p>If an authority does not have the willingness, capability and capacity to improve without external support and, based on the evidence, the Secretary of State is satisfied that the authority is failing to comply with the Best Value Duty, the Secretary of State's decision to intervene pursuant to section 15 of the Local Government Act 1999 will be communicated formally to the authority.</p> <p>Directions only intervention, local review or enquiry, commissioner led.</p>

7. Next Steps

- Complete an organisational self-assessment against the draft updated Best Value Guidance in preparation for a further LGA Corporate Peer Challenge next year.
- Review and further strengthen the organisation's performance framework, incorporating and enhancing benchmarking where relevant, and strengthening identification and delivery of required improvements.
- Further develop the datasets available through LGInform.
- Consider the next five datasets proposed for inclusion in the Data Explorer, providing feedback as part of the consultation process.

Implications

Corporate Plan:

The Council regularly engages with the Local Government Association (LGA) sector led improvement offer, for independent evaluation of the organisation, most recently (January 2023) a peer review of housing was completed. Key recommendations from the LGA support work have been integrated into the refresh of the Corporate Plan and Strategic Direction.

The Council's performance framework incorporates inputs, outputs and outcomes through a balanced scorecard approach, directly aligned to the Corporate Plan, this is currently being reviewed following the approval of the new Corporate Plan 2023- 2027.

Legal:

Under the Local Government Act 1999, the Council must legally deliver what is termed 'Best Value', which means being able to show arrangements to secure continuous improvement in how the Council carries out its work. The Act states local authorities should "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness".

In practice, this covers issues such as how authorities exercise their functions to deliver a balanced budget (Part 1 of the Local Government Finance Act 1992), provide statutory services, including adult social care and children's services, and secure value for money in all spending decisions.

It should be noted that, where there are concerns, the Secretary of State can use powers under section 10 of the Local Government Act 1999 to appoint an inspector to carry out an inspection of the authority's compliance with the Best Value Duty in relation to specified functions. [RLD 18/10/2023]

Finance: [CH 18/10/2023]

Budget Area	Implication
General Fund – Revenue Budget	There are currently no financial implications.
General Fund – Capital Programme	
Housing Revenue Account – Revenue Budget	
Housing Revenue Account – Capital Programme	

Risk:

Risk	Mitigation
Lack of robust understanding of the Council's performance and areas for improvement, and the delivery of improvement identified.	<p>Regular monitoring of performance and robust performance management through the authority's performance management framework.</p> <p>Review and further strengthen the organisation's performance framework, incorporating and enhancing benchmarking where relevant, and strengthening identification and delivery of required improvements at a pace.</p> <p>Finalise review of the Council's Performance Board approach, rolling out revised arrangements from early 2024.</p> <p>Further development and enhancement of key datasets to be able to celebrate success and identify areas of concern for improvement focus.</p>
Lack of understanding of how well the Council meets the updated Best Value expectations	<p>Complete a detailed self-assessment against the seven best value themes contained in the draft updated guidance, and corresponding characteristics of a well-functioning authority, and those of potential failure, in order to address required areas for improvement.</p> <p>Engage LGA sector-led support through a follow up Corporate Peer Challenge.</p>

Human Resources: [KH 18/10/2023]

There are currently no human resources implications.

Environmental/Sustainability:

There are currently no environmental or sustainability implications.

Equalities:

No equalities considerations

Other Implications:

None

Reason(s) for Urgency

Not applicable

Reason(s) for Exemption

Not applicable

Background Papers**Report Author and Contact Officer**

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