

The changing role of Audit Commission inspection of local government

External inspection is seen as one of the most important ways of improving the performance of local authorities and other public service providers. This study by Howard Davis, James Downe and Steve Martin analyses the major changes that have taken place in the Audit Commission's approach to inspecting local government services since 2001. It found the following.

-  While there is strong support for the principle of public service inspection, there is concern both about the burdens that these inspections impose on service providers, and about the danger that the inspections might even divert resources away from the work of improving services.
-  Over the last two years the Audit Commission has taken some important steps to address local authorities' concerns about inspection. Its strategy for 2004–7 shows a continuing commitment to tackling these concerns.
-  Most local authority officers and members found the inspection process fair. However, many service managers were sceptical about the ability of (as they saw them) non-specialist inspectors to suggest ways of improving services. Indeed, the research uncovered little evidence of tangible improvements resulting from the inspections.
-  The researchers were concerned about the aura of objectivity that inspection reports seemed to attain on publication, especially given the actual basis of the inspections.
-  Despite the, apparently, increasing acceptance of the 'inspection for improvement' paradigm, there is a need to find out more about how improvement is achieved and sustained, and how inspection can help to improve services.
-  The researchers concluded that while the Audit Commission has improved the inspection process, challenges still remain. Their recommendations included tailoring the process to local conditions, improving openness and transparency, increasing the involvement of service users and citizens, and maintaining a careful distinction between the regulator's independence and its role in suggesting service improvements.

Background

The provision of better public services is seen a top priority by all the major political parties and external inspection is believed to be one of the most important ways of improving the performance of local authorities and other public service providers. There has, however, been growing recent concern both about the burdens associated with inspections, and the danger that these may distract public authorities and frontline staff from their core task of providing better services.

The evolution of Audit Commission inspection

The researchers found that the development of the Audit Commission's approach to inspection reflected a sensible and pragmatic approach to addressing the initial problems experienced with the Best Value inspection regime. The introduction of the Comprehensive Performance Assessment (CPA) and the Wales Programme for Improvement were logical extensions of the Best Value regime, in that they helped to focus authorities' attention on the 'improvement agenda' as never before. These two initiatives have also brought together, for the first time, data held by different inspectorates and central government departments to form an overall view of an authority's strengths and weaknesses. Inspection activity has also been raised from the service- to the strategic-level, focusing on councils' overall (corporate) capacity for improvement. The Audit Commission's strategy for 2004–7 represents a response to persistent concerns about the costs of inspection, promising a more proportionate and risk-based approach with a reduction in the overall scale of inspection and increased investment in activities that are likely to help authorities to improve.

Inspection scores

The researchers analysed the outcomes of Audit Commission Best Value inspections between 2000 and mid-2003. They found significant variations

between different types of authorities, different services and different regions. They also found that mean scores had changed over time. The mean score given by inspectors for the current performance of local government services declined slightly between 2000 and 2003, but the inspectors became increasingly optimistic about prospects for improvement.

On average, regeneration work received the highest mean score, while housing services were given the lowest ratings for current performance. Prospects for improvement in housing, however, were seen as being better than for any other service. Inspectors believed that services in the Welsh authorities and the shire district councils were least likely to improve, although they did not believe that their current performance compared unfavourably with that of other authorities.

The conduct of inspections

The researchers shadowed five inspections of English authorities: two unitary authorities, two district councils and a county council. They observed the work of inspectors and also interviewed inspectors and officers from the inspected authorities at key stages in the process. Most local authority officers and members reported that they found the process of inspection a fair one, with the outcome being seen as a reasonably accurate assessment of their services. Nevertheless, the researchers do express concern that once inspection reports have been published they acquire an air of quasi-scientific 'objectivity' that belies the often less than totally clear-cut basis on which they may have been based. The Commission's published accounts of its CPA methodology continue the tradition of implying that there is an objective and fully rational basis to inspection. This impression of objectivity is not supported by the fact that 'softer considerations' often play an important part in the inspections.

Some chief officers welcomed inspections as a means of driving improvement. Service managers,

however, were often more sceptical, doubting that inspectors could tell them anything new. This scepticism was exacerbated by the perception that some inspectors lacked specialist expertise in the services they were inspecting. The researchers found scant evidence of tangible improvements in services as a result of the inspections that they shadowed. Authorities reported that they continued to struggle to cope with the volume of inspection and believed this to be exacerbated by the way in which different services were covered by different inspection services.

Conclusions

The researchers conclude that the Audit Commission has made significant progress in addressing many of the problems associated with inspection of local councils, but that challenges remain. In particular they highlighted the following areas for possible improvement.

- Approaches to inspection could be better attuned to the variations in local conditions and the different capacities of the different types of authorities.
- There could be a more open dialogue about the ways in which inspections are conducted, the criteria that are used and the consistency with which they are applied.
- The inspections could benefit from a greater involvement by service users and citizens.
- There needs to be careful monitoring to ensure that the regulators' role as an independent watchdog is not jeopardised by their increasing involvement in providing advice to councils on how to improve.

About the project

The study is one of the first such studies to systematically analyse evidence of the impact of Audit Commission inspections of local government. The researchers:

- assessed the development of Audit Commission inspection of local government since 2001;
- analysed the pattern of Audit Commission inspection scores to local councils between 2000 and 2003;
- shadowed Best Value inspections in five local authorities in 2002 and 2003; and
- interviewed key policy makers in government, the Audit Commission and local government about their perceptions of the impact of inspection and whether changes in inspection regimes were likely to increase its effectiveness.

How to get further information

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The full report, **The changing role of Audit commission inspection of local government** by Howard Davis, James Downe and Steve Martin, is published by the Joseph Rowntree Foundation (ISBN 1 85935 238 3, price £13.95).