

LAA Feasibility Testing – North West Conclusions Report

- 1. Basis of this report** – this report aims to draw together issues raised from the work that Oldham, Cumbria and GONW have done together to test the feasibility of the new model of LAA as set out in the Local Government White Paper of October 2006. It should be read alongside the separate reports produced by Oldham, Cumbria and from GONW on experience in the two areas. It seeks to draw out the implications of issues that arose during the feasibility testing and to suggest how difficulties can be overcome.
- 2. The process of identifying priorities** – GONW conducted an exercise internally to identify its priorities for each of the two areas. The two areas also conducted their own local processes for reviewing priorities. In both cases there was a good correspondence between the priorities identified by GONW and by the local area. However the exercise did highlight the **need to develop data capture and management systems** to improve the process of identifying priorities. It also raised the issue that priorities are in many cases not directly comparable, agreeing priorities does involve value judgements and this enters into the political process. For example data alone will not help to determine the relative priority of tackling childhood obesity, climate change or housing need.
- 3. Timelines** – In existing LAAs there is no formal limit to the number of targets that are included so it has been possible to manage local differences of view or particular interests by simply adding additional targets. This has enabled LSPs etc to show the local voluntary sector and other partners that issues that they are raising are being taken seriously in the LAA and for them to feel that they have been included in the process. In many cases LAAs have been written to tight deadlines and there has been little opportunity to consult locally when central government has required changes late in the process. To secure the active engagement of all stakeholders at local level it will be important **to allow enough time for full consultations to take place and for the full decision making cycle at local level to operate**. If the LAA is to play a central role in performance improvement in local areas then it is essential that LSP executives, councils and cabinets give formal endorsement.
- 4. Robust Indicators** – in considering priorities Cumbria has developed a matrix that enables consideration of the robustness of indicators for each issue and the cost of making significant improvements. In Oldham anti-social behaviour remains an important issue but the current mandatory ‘respect’ indicators were not considered sufficiently robust to justify inclusion in the LAA. These indicators are based on an annual survey and it is very difficult to plan what activities would be needed to achieve a specified level of improvement in public perceptions. It will be important **that the proposed national indicator set includes indicators that are robust** and can wherever possible be performance managed in real time. Indicators based on opinion surveys are very valuable to gauge the views of the public but results can vary depending on the method used to gather data (face to face or

by telephone). In many cases they are only accurate to within 3 or 4% so annual improvement targets of 1% could be achieved simply by random variations. Local areas will be reluctant to prioritise issues that are not supported by robust indicators.

5. **Finance 1** – will be very important in several respects. Firstly **the single pot arrangements will pose challenges to local areas**. Partnership arrangements will need to be strong enough to manage the allocation of resources to competing priorities and among competing organisations in a climate where overall funding is likely to be less than local areas receive at present so initial decisions may have to focus on reductions in funding. Decisions to cut funding are always more difficult than allocation of new money.
6. **Finance 2** – it will be important to **clarify which funding streams are included in the LAA grant**. For example will NDC funds be included and what will be the implications for including it for targets to be included in the LAA. As new and urgent policy priorities emerge for Government will new funding streams be created or will it become general practice to add money to the LAA pot and leave it to local areas to determine how they will achieve outcomes?
7. **Finance 3** – place shaping is one of the key roles of local authorities working with their partners. Capital funding is a key element in regeneration programmes – capital funding comes from a variety of sources including government departments, RDAs and local sources. **If regeneration is a key priority in an area and this is reflected in the LAA how will capital funding streams be included?**
8. **Finance 4** – at present funding allocations are revised annually, this means that delivery contracts can only be agreed on the basis of one year of firm funding. **To give an assurance of 3 years of funding would enable local areas to commission service delivery on a 3 year basis**; this would reduce transaction costs and enable delivery agencies to focus their energies on delivery rather than annual anxiety over whether their funding will be extended.
9. **Stability over the 3 years of the Agreement** – experience with current LAAs has been that central government has required changes in agreements after each year that they have run. There have been additional mandatory targets added. Funding allocations have also been significantly changed between years. This has meant that agreements have to be revised and work programmes adjusted which can divert attention from delivery. **It would help to make LAAs a 3 year contract** so that local areas can focus their attention on delivery and performance management of agreed outcomes. It may be necessary to amend agreements if local circumstances change significantly or if there are serious issues of performance emerge for an indicator that is not in the LAA; but if the process of identifying risk and priorities has been robust such amendment should be rare.
10. **Keeping the focus local** – each area has particular issues and priorities. Where there are issues that are a priority nationally they will manifest in different ways in different areas. Having mandatory national targets and indicators can leave local areas feeling that things

are being imposed on them from outside and can reduce local commitment to achieving the associated outcomes.

11. Reducing bureaucracy and improving partnership working – in some areas, Oldham is an example, the LAA has been an important catalyst for improving partnership working and accelerating multi-agency approaches to commissioning. **It would be helpful if there were a stronger steer from the centre, perhaps in the guidance for the new model LAAs, for local areas to develop a more joined up (LSP) approach commissioning and programme management.**

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This paper has been endorsed by colleagues from Oldham, Cumbria and within GONW