



Feasibility Testing

Priority Setting Exercise
for the New Model Local
Area Agreement



2nd May 2007

Oldham LAA Priority Setting Exercise

1. Synopsis

The Oldham Partnership is one of 17 areas selected to work with HM Govt to feasibility test Govt proposals for a move into 'new model' single pot LAAs from April 2008.

Following a workshop on 1st May, the Oldham Partnership agreed to undertake three pieces of work for 12th June:

- Work with CLG in a pilot project on data sharing;
- Define and test the rationale around which we will agree with Govt our strategic priorities and indicators;
- Work with CLG to explore the financial context within which the new model LAAs are being developed.

In undertaking this work we are mindful of four critical issues for Govt to consider if LAAs are to realise their potential:

1. The need for the single pot LAA model to be quickly realised and the relationship between LAAs and existing/ other funding programmes to be clarified;
2. The potential for targets to be agreed as Local Public Service Agreements enabling a focus on the delivery of a fixed three year contract with financial incentives;
3. The need for a general rationalisation and reduction in any existing duplicate governance, performance arrangements etc and a move to three year funding allocations;
4. The need for genuine jointly negotiated priority setting between localities and the centre recognising that localities will bear responsibility for both delivery and performance.

2. Background and Key Issues

The Oldham Partnership produced its current Sustainable Community Strategy in March 2005. The Community Strategy has a core aim of making Oldham 'a place where everyone is proud to belong'. Oldham was selected as a Round Two LAA pilot and has an LAA in place for 2006-2009. The LAA is the delivery plan for the Community Strategy with the core aim of "Increasing Life Opportunities for All" and building community cohesion. Recently the LAA has been *refreshed* and agreed with HM Govt for 2007/8. It has also been assessed as *Green* for delivery and *Green* for direction of travel. The success of our partnership working was recently recognised by being "highly commended" in the inaugural Local Government Chronicle LSP Award 2007.

The Cattle Review of Community Cohesion highlighted the need to continue to pioneer interventions to build community cohesion in Oldham. The Oldham Partnership also needs to increase life opportunities through economic growth, job creation and upskilling the existing and potential workforce, and improving academic attainment. Over the next ten years the Oldham economy is expected to continue to restructure losing some 10,000 jobs from the manufacturing sector. In addition, the borough has a low GVA (and widening gap) within Greater Manchester and the North West and household income levels are low.

Against this background of deprivation there has been a continuous and steady reduction in crime levels since 2003, however the challenge now is to sustain this progress. Recent crime levels show upward trends. A Strategic Assessment has recently been commissioned to inform the Sustainable Neighbourhoods Board of current and emerging trends with crime, disorder and community issues.

Oldham's population (220,000) has a younger age structure than the national average and an increasing older and ethnic minority population. As Oldham's population becomes more diverse 25% of the population will have ethnic origins other than white by 2021. It is essential to consider the implications of the population structure on future demand for services and changes in priorities. The Indices of Multiple Deprivation rank Oldham as the 43rd most deprived out of all 354 local authorities in England. Deprivation and illness are strongly linked, this will be compounded by the steady increase in the number of very elderly (85 plus), which will reach 5,000 by 2021. Furthermore, the numbers of young elderly are also projected to increase reaching 27,000 by 2016. The changes will impact in particular on health and caring/support services.

The LAA has been embraced as a genuine multi-agency framework for service delivery which is designed to complement the physical regeneration of the borough. As Oldham has a broad strategic challenge to improve and diversify its housing stock (it has the second highest proportion of terraced houses in the country and is a HMR Pathfinder) we have a fifth LAA block on housing.

The LAA model has been successful in driving delivery in Oldham (recent double green performance assessment) and the LSP has fully supported the movement into the new model single-pot LAA framework from April 2008. To support our ability to effectively deliver against a single-pot LAA, the LSP support function will be expanded to include programme management and finance functions.

Our strategic theory of change remains valid but we will wish to explore:

- a) **An increasing need to stimulate economic growth, job creation/ employment, skill levels and educational attainment in Oldham;**
- b) **Whether our LAA fully reflects our environmental sustainability priorities;**
- c) **Additional targeted opportunities to do more to build community cohesion.**

Other significant drivers will be:

- d) To reduce bureaucracy allowing more resources to be devoted to improving service delivery and creating a focus on delivery;
- e) Addressing inequalities and creating opportunities within an increasingly culturally diverse society;
- f) Providing a dynamic programme of change which complements the physical redevelopment of the borough;
- g) A continued focus on modernising the borough's housing stock;
- h) Where possible, taking a pre-emptive and preventative approach;
- i) Utilising new and innovative vehicles for change such as culture and higher education.

A crosscutting approach is being applied in Oldham and we fully understand that a preventative approach is often best, for example reducing unemployment and improving educational attainment can reduce crime rates and improve community cohesion, health etc.

3. Strategic Priority Setting

The Oldham Partnership developed its Round Two LAA based on a strategic theory of change of ***Increasing Life Opportunities for All***. In particular, this means:

- a. Developing a cohesive society by addressing inequalities between neighbourhoods and communities.
- b. Providing a dynamic medium for the implementation of the Community Strategy and Oldham Beyond.
- c. Dealing with the significant housing challenges in Oldham as part of a holistic regeneration framework.
- d. Incorporating crosscutting issues.
- e. Where possible, taking a pre-emptive and preventative approach.
- f. Identification of key areas where we will further improve (stretch) performance.

It is suggested that the above theory of change remains valid for Oldham and should be retained as the basis for our priority setting as a locality.

In addition, we propose to add ***achieving the sustainable use of resources*** to our strategic change theory. We feel that this will better enable us to frame our LAA to address the growing environmental/ sustainable development agenda and to help Oldham to play its part in the sub-regional, regional and national context.

Inevitably, this will lead to local/ national negotiations to achieve a correct balance of priorities.

Suggested approach:

The Oldham Partnership has already recognised the key strategic importance of the twelve stretch targets that we have negotiated. Alongside these existing priorities, it is suggested that a list of potential indicators are developed through our LAA Project Team, Steering Group and Oldham Partnership Executive.

As a first step, we will prioritise the indicators within our Refreshed LAA and undertake a gap analysis and identify potential additional indicators.

In selecting indicators for this exercise, we will consider the following points:

- Is the priority outcome/indicator still valid? What is the evidence?
- What is our current, projected and past performance on this indicator?
- Is this an input, output or outcome indicator?
- Do we need to narrow the gap on this indicator?
- How does the indicator contribute to our strategic change theory of **“Increasing Life Opportunities for All”** and building community cohesion?
- How does the indicator contribute to our strategic change theory of **“achieving the sustainable use of resources”**?
- Do we have managerial control over the performance of this indicator?
- Do we have the resources and capacity to drive improvements?
- Do we have any gaps in our performance framework?
- How does this complement the overall basket of indicators?
- Do we have the correct indicators and targets?

4. Financial Issues

Fundamental to our view of an effective LAA is the co-ordinated deployment of capital and revenue funding around a common set of strategic priorities. This will also provide the opportunity to develop more rationalised and transparent systems of resource deployment, programme management, reporting, commissioning, governance etc..

In our view, separate and unco-ordinated funding programmes compromise efficient and transparent service delivery. They can also lead to tensions between localities and communities which undermine community cohesion.

A more co-ordinated and effective approach can be developed through LAAs but this will need to resolve:

- How current ABIs such as HMR and NDC fit within this picture;
- The size of the single pot and where the funding allocations are derived from;
- A movement to three year funding enabling us to commission programmes of delivery over a reasonable timeframe;
- Clarity on how capital funding allocations (through for example RDAs) will fit into this model;
- Agreement of an LAA as a contract of delivery which is fixed for a manageable timeframe (the LPSA model is suggested).

We would appreciate more detailed discussions with CLG, GONW on LAA finance. **Obviously the future size, source, governance etc of future funding deployments will influence the shape of the Oldham LAA/LSP.**

5. Next Steps

- a. Draft to GONW 2nd May
- b. Report to LAA Project Team 3rd May and weekly thereafter to develop draft priorities/ indicators
- c. Dissemination of draft national indicator list
- d. Discussion with LAA Steering Group 22nd May
- e. Discussion with OP Executive 17th May
- f. Feasibility Testing Workshop 12th June
- g. Annual LAA Review