

## My Ideal LAA

### SLIDE 2

The facile answer would be to say my ideal LAA is this one.

It says a Local Area Agreement for West Sussex 2006-2009

Many other LAs represented here have one with a similar title, except for the name of the area to which it applies.

Our experience was that the preparation and negotiation of that agreement took a great deal of effort – and expense – for the County Council and for our local partners. Both we and our partners are committed to it. We are working hard to implement it, and there is a lot to do both in terms of delivery and in terms of improving processes for financial and performance management and governance.

It seems strange, therefore, for one of the parties, without seeking the agreement of the other party, to say at this stage that they intend to replace it a year early. Where is this “negotiation of equals”?

The CLG paper on “Developing the future arrangements for LAAs” says that the changes will bring major benefits to LAs and partners, that CLG are therefore keen to introduce them at the earliest opportunity, and the major changes will come into effect in April 2008.

I, and my colleagues in WSx, would challenge whether these “major benefits” outweigh the disruption of replacing the LAA a year early. From the soundings I have taken with other counties, the answer is roundly “No”. That is not to say that some LAs may not have a different view. Certainly the pilots (B&H and Kent) will need to move to LAA2 in 2008, and others might like to. But the start and finish dates should be part of the local negotiation, not a blanket imposition. We would prefer time to develop, to test the new arrangements, and to learn. Certainly the timetable in the narrative is not realistic. It will take more than two months (April and May) to review our 8 community strategies, for a start.

So, what are the “major benefits”? The one cited in the CLG narrative is “a dramatic reduction in the reporting burden”. But as I understand it, that only comes with the reduction of the national indicator set to 200, and that won't be ready until April 2009 – so all the more reason for waiting until then.

The other benefit, which is cited in the White Paper implementation plan, is “alignment with spending review” cycles. I can see that from some perspectives that might be seen as a benefit. But there are other alignments which arguably could be more beneficial – like alignment with local election cycles for example – that major community engagement exercise which takes place every 4 years.

Which brings me to the next point.

### **SLIDE 3**

Whatever the timing of the start date, LAA's seem to be here to stay, and there is a lot that is positive in the new proposals. So let's consider what might be the ideal, whenever it comes. In doing so, think about what was good and what was bad in the first round.

One thing that was good in the first round was that real focus on the priorities of local people. The LAA was built bottom up. Local stakeholders chose the outcomes we should focus on. There were only 2 mandatory outcomes (crime reduction and empowering local people). I believe that local input was one of the main reasons why there was such goodwill and commitment locally both to the process and the delivery.

There are lots of fine words in the CLG paper, but there is nevertheless a feeling that there is a change of purpose at the core of LAAs.

That we may be moving from a contract to deliver the priorities of local people to a contract to deliver the priorities of central Govt

That LAA's may be moving from a contract between equals... to a tool of central control.

Let's be charitable about this. I'm sure that is not a cunning plot hatched by CLG. But how are LAAs regarded in the rest of Govt?

In West Sussex from the outset we saw the LAA as not just a contract between central and local govt, but also as an agreement between the West Sussex partners. It seems to be universally accepted in all the research and feedback I've seen on LAAs, that the greatest benefit they have brought is in the development of more effective local partnership working. We must make sure that is preserved in the ideal LAA2.

In the ideal LAA, the whole partnership is enthused, motivated and committed to work together effectively. What is needed to ensure that motivation and commitment? I would suggest three things: shared belief in the benefits; money; and accountability. Let's examine those in turn.

#### **SLIDE 4**

I am not denying that LAAs are about local delivery of national priorities – back to the David Miliband quote that I started with.

But it's important to give recognition to this dual role. And to recognise that there are real tensions between the top-down and bottom-up drivers of LAAs

In one sense, the national/local dichotomy can be overdone.

At the macro level, they're the same. Local people, and both central and local govt, want the same things: Good schools; law and order; prosperity; a nice place to live... and so on.

So the ideal LAA will focus on the outcomes.

#### **SLIDE 5**

When I go round talking to partners, LSPs and the like, this is one of the slides I use.

Often I have to explain the LAA process, and I tell my audience that LAA1 was the most **frustrating process** I've ever been involved in in my whole career. But it's the **outcomes which we're trying to achieve that make it all worthwhile**.

Just to take the first one, we have around 700 LAC in WSX. 700 personal tragedies. If we can improve the quality of life and prospects for these kids, that's what makes it worthwhile.

One of the bad things about the LAA process is that **it reduces all these improvements to a set of numbers**. There are plenty of fine words in the LAA, but what drives it is the indicators and targets.

Is there some way we can change the focus in the ideal LAA to the outcomes and the improvements, rather than the numbers?

More tangible, even if less measurable.

And how do we improve outcomes? I'd suggest two key factors – innovation and resources

## **SLIDE 6**

How to get innovation is a real conundrum – and I don't want to go into that. All sorts of methods and ideas are being tried – from the Innovation Forum to customer engagement.

But there are two circumstances where innovation is likely to come through in the LAA . One is that there might be an idea which we want to try out and include an LAA target in relation to it. We might ask for some **enabling measures** if we have identified some constraints which Govt could help remove, although I am afraid that the past record on that is woeful on both sides. The local team have found it difficult to come up with worthwhile requests, and where they have the Govt side has usually refused them.

The other opportunity is that, after a target has been agreed, improved partnership working to deliver it produces some innovatory ideas.

It is perhaps less likely that the eureka moments occur in the pressured period when the LAA is being negotiated.

So the ideal LAA needs to enable innovation to flourish, and not itself impose constraints. I think there are a number of ways in which LAAs as currently constructed actually militate against innovation.

One way is this **focus on numbers**, which I've already mentioned. Bean counting, if you like. In a submission to Ruth Kelly, Professor John Seddon (an academic from Cardiff University) said "Arbitrary numbers driven down a hierarchy distort the system; they make performance worse, always. It is not a matter of finding the "right target"; this can only amount to doing the wrong thing righter." And he argues for measures based on what matters to citizens.

Another is the **three-year timeframe** for LAA's whereas many outcomes have to be set within a much longer timeframe. For instance earlier intervention with primary school children through children's centres won't have any impact on youth offending figures for many years.

Another is **administrative boundaries**. For instance in West Sussex we have a three speed local economy. The Gatwick Diamond, which extends into Surrey. The coast, which extends at least into Brighton and Hove, which controls the access to

Shoreham Harbour which is in West Sussex; and the rural area. The MAA is one means of looking across boundaries, but there might be others, such as similar targets being in neighbouring LAAs; What you might call converged targets. That would avoid the need for a multiplicity of agreements.

## **SLIDE 7 - MONEY**

The **single pot**, and the removal of ring fences on area based grants, is welcome. We've had a single pot in West Sussex from the outset. At first, apart from the SSCF, we had considerable discretion over what Government funding streams we could pool. However, the vast majority of them were funding streams which came to the County Council. Our partners in the District Councils were extremely reluctant to pool the few funding streams they received (e.g. supporting people grant); and the funding streams of our other partners like Police and Health were not included. There was no real incentive for the County council to give up sovereignty over its funding when other partners were not inclined to join in.

The CLG narrative is not clear whether the unringfenced, area-based LAA grant will include Government funding streams to public sector partners outside local government, such as police, health and LSC. In the ideal LAA these would be in the pot.

But there are huge local challenges in managing that pot. In the short term it is difficult to move money around based on local assessment of needs, because by and large it's not new money. It's already committed to people's salaries and contracts with suppliers. In addition, **any reallocation creates winners and losers, which places a strain on partnership working**. As time goes on, this will be a very positive aspect of the ideal LAA, but at present it is not enough of an incentive.

There also needs to be some other money in the system to enable innovation and to motivate partners. I described how it was the improved outcomes which motivated me through the frustration of LAA1. The route to those improvements was new investment in the reward targets from PPG and PRG. There has to be some new money in order to motivate partners. **If the LAA becomes just a mechanism for performance management of business as usual, a sort of codification of core business, there will be no incentive for our partners to join in – nor frankly for me to spend time and effort on it.**

And can someone please persuade the Treasury that enabling the local partners to choose whether to use the grant as capital or

revenue, rather than insisting on a 50:50 split, won't wreck the national economy, and will actually enable better value through spending tailored to local needs as agreed in the LAA.

## **SLIDE 8**

I've no doubt that indicators and targets will remain a feature even of an ideal LAA

But I have some concerns about the increasing number of **mandatory indicators**. It seems quite reasonable that Govt will want to see its top priorities in LAAs. Crime reduction, for instance.

But not too many. Commitment and motivation is always more likely to be won through persuasion, not coercion.

And please think them through. We have the rather strange situation where we have a mandatory target about volunteering, but no obligation to collect data to measure it, and probably as many different ways of measuring this as there are LAAs.

But while a certain number of mandatory indicators are acceptable, mandatory targets are not! In the ideal LAA all targets are negotiated, not imposed, and have regard to local circumstances, priorities and resources.

## **SLIDE 9**

The combining of the review and the refresh on an annual basis is welcome.

It's important that it should be focussed on the outcomes we are trying to achieve, and not just on the numbers.

It should also be risk based.

**The process should be one of partners together reviewing progress as critical friends.**

I have some reservations about the division of LAAs into a set of national priority targets on which we report to Government and locally agreed targets on which we don't. That cuts across the holistic sense of place which is a key feature of each LAA, and it would be a real shame if Government cut itself off from that.

What is more, the knowledge that progress is reported to Government, helps us motivate our partners to meet deadlines for the supply of performance monitoring data.

So **the ideal LAA will express the Government's commitment** to the place, and to contribute to its improvement. And that ethos and commitment to something more than the numbers game should be shared across all Government.

If we have to meet the April 2008 deadline I foresee our LAA might look something like this: -

- The mandatory indicators; there are already 22 mandatory indicators, by my reckoning, in the Round 3 guidance, not counting those linked to specific funding streams. So I hope there will be some winnowing out of those.
- Around a dozen new reward targets.
- So that makes 34, but some of the reward targets may also be mandatory, so there's some flexibility there
- 18 statutory DfES indicators
- All the rest of our existing LAA, re-defined as local priority targets, on the existing timescale to end in 2009.

## **SLIDE 10**

A great deal is being expected of LAAs

I think the expectations being placed on them may be too high.

They are not the ultimate solution to every problem.

But my ideal LAA may just be moving in that direction.

Thank you for listening.