



Office of the
Deputy Prime Minister
Creating sustainable communities

A process evaluation of the negotiation of pilot Local Area Agreements

Final Report



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Deputy Prime Minister

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June 2005

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for the

Local and Regional Government Research Unit,
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The findings and recommendations in this report are those of the consultant authors and do not necessarily represent the views or proposed policies of the Office of the Deputy Prime Minister

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1. Executive Summary

1.1 Introduction

The policy context

- 1.1.1 Local Area Agreements (LAAs) are intended as mechanisms for delivering better local service outcomes through better co-ordination between central government and local authorities and their partners. While central government will continue to set high-level strategic priorities, the intention behind the LAA policy is to explore the scope for central government departments to devolve detailed day-to-day control of their programmes and to move towards stronger partnership working with local authorities. This is to be achieved through agreements negotiated between local partners and Government Offices (GOs) (on behalf of central government), specifying a range of agreed outcomes shared by all delivery partners, with associated indicators, targets and funding streams.

Research objectives and approach

- 1.1.2 ODPM commissioned a partnership of the Office for Public Management (OPM), University of the West of England, Bristol (UWE) and the Local Government Centre at Warwick Business School, University of Warwick (WBS) to conduct a process evaluation of the LAA pilots announced in October 2004. This report relates to the pilot process up to mid-March 2005; emerging findings have been fed through to the ODPM in order to provide real-time lessons and feedback. The aims of the research were to evaluate the efficiency and effectiveness of the negotiation process and draw lessons to inform the potential extension of LAAs. At an early stage, we developed an evaluation framework (see Appendix 3) against which the negotiation process could be assessed in consultation with stakeholders. We looked at all 21 pilots, some in more depth than others; six case studies were chosen to show a range of local authority characteristics. We interviewed a large number of stakeholders, including officials in the main central government departments and many local partners, often several times, to trace the process as it developed (see Appendix 2). We observed meetings locally and in Whitehall, held two stakeholder workshops and examined the final agreements.

Aims and objectives of LAAs

- 1.1.3 Local authorities, partners and GOs have largely welcomed the LAA initiative and the majority remain positive about the scheme and its potential. We found considerable enthusiasm for the overarching principles behind the LAA scheme, although different aspects of the initiative were of importance to different players. Expectations were sometimes high and, perhaps because of the tight timescales, LAAs generated both excitement and energy. However, many participants remained confused about the purpose of LAAs throughout the process. Others were clear what they wanted from the process but were sceptical as to whether it would be delivered, and a growing pragmatism was widespread.

- 1.1.4 Local authorities and their partners expressed a variety of views about the aims and objectives of LAAs. At one end of the spectrum, pooling of funding streams and streamlined performance management was the main aim for some authorities, particularly in areas receiving large amounts of non-core funding. Many pilots saw the scheme as an opportunity to strengthen partnership working and local governance, bringing partners together around a shared understanding of local priorities and agreed actions. Some primarily valued the opportunity for in-depth dialogue with central government; others used the LAA as an opportunity to try out a Public Service Board (PSB) model; still others saw the potential to bring together the totality of public expenditure in a locality. At the other end of the spectrum some of the authorities within the Innovation Forum saw LAAs as an opportunity to bring about a fundamental shift in the power relationships between centre and locality.
- 1.1.5 Interviewees in central government departments were generally supportive of the key principles behind the LAA scheme and most felt that they fitted well with, and reflected, the general thrust within their own departments towards greater empowerment of local areas as a way of improving outcomes for local people. Beyond this, the significance of the LAA scheme and views about what it could offer departments varied according to the extent to which the LAA could be used to further departmental objectives – for instance by encouraging multi agency approaches to shared outcomes and better partnership working to deliver those outcomes – and improve engagement with local areas.
- 1.1.6 Interviewees also reported a range of different views about the pilot phase. Some grasped the pilot as an opportunity to shape the initiative and saw the need to improvise as a valuable learning exercise, while others were less confident and felt they were being asked to play a game whose rules were opaque and constantly changing. Some regarded this as an opportunity to test whether the policy initiative was workable, whereas others saw it as a mechanism for refining the policy for future roll out. The announcement of a further 40 pilots before the end of the negotiation process seems to have generated some confusion amongst some stakeholders because participants in the process were unclear how the learning from the first wave of pilots was expected to feed into policy decisions.
- 1.1.7 This diversity of views is partly a reflection of the multi-faceted nature of the initiative, which offers a range of potential benefits to different stakeholders. It also reflects the nature of a pilot, in which learning through the process is an inherent feature. Support for the initiative was widespread precisely because of the breadth of the perceived objectives and it may not prove easy to simplify the initiative without losing support from key stakeholders.

The development of LAAs in localities

- 1.1.8 When they embarked on the process, local authorities and their partners were unaware of the scale and nature of the task in front of them; they had no clear vision of the end product, no timetable or milestones and were aware that the 'ground rules' for the process would need to be made up as they went along, in parallel with the development of guidance by Whitehall. The only certainty was the extremely tight deadline for the final agreement, which pilots and GOs agree was far too tight. In most pilots, the process as it unfolded was quite different from that envisaged at

the outset, particularly in terms of working with the GO. All this is in the nature of a true pilot and most local authorities and their partners improvised willingly.

- 1.1.9 In these circumstances, most localities managed the development of their agreement as effectively as could be expected. Failure to engage partners early enough was a weakness in several areas. Project management could often have been better: the process was often muddled and those involved were often unaware of the process, key milestones and progress. LAAs proved very resource intensive. Agreeing outcomes took up much of the time in many pilots. Identifying funding streams, freedoms and flexibilities proved much harder than anyone had anticipated and there was little time for implementation planning, risk assessment and consideration of performance management arrangements. The development process was iterative and sometimes circular rather than linear and progressive. Nevertheless huge progress was made – indeed many local authorities and their partners are surprised at how far they have travelled in such a short time. All but one pilot submitted an agreement by the final deadline – albeit an agreement that in all cases requires further development – and all are clear about the way forward. Mistakes were made and have been acknowledged and each learned a lot in the process.
- 1.1.10 Some authorities were slow to engage partners and found the process of engaging far from straightforward. All pilot lead local authorities tried to develop the agreement in an inclusive way and most partners eventually did buy in to the initiative – although with varying degrees of commitment and understanding, since some struggled to see the benefits for them of participating as they did not see how the LAA would help them to achieve their goals. Partners were constrained by their own performance regimes, planning and budgeting cycles, existing commitments, the level of funds available and, in the case of the Voluntary and Community Sector (VCS), by capacity in the sector. The tight timetable and lack of early clarity have been an impediment to effective partner engagement, but poor communication and processes were also to blame. In some areas deep underlying tensions surfaced, as partners had to make hard choices about priorities and faced loss of autonomy, particularly where mainstream funds were involved and especially in two-tier areas. The process has put strain on some relationships and in some areas a significant amount of work is still required to maintain the long-term balance in terms of positive partnership working. However, even where the process has been a difficult one, partnerships have in general been strengthened; the LAA has been a tool to cement existing relationships and to open doors on new ones. It has given a clear role to Local Strategic Partnerships (LSPs), particularly in non Neighbourhood Renewal Fund (NRF) areas, and helped to link the Community Strategy to the actions of individual partners. Where a locality had a strong LSP, this contributed greatly to the process of developing LAAs.
- 1.1.11 There is no doubt that the process was much more difficult in two-tier areas, but even here some lead authorities in particular made it work effectively. The problems in these areas are not only different in scale – with many more partners to be engaged and a greater diversity of needs and priorities – but also in kind. Many organisations operating at below county level perceived the LAA as a threat, a centralising force rather than a move towards localism. With few special funding streams, the debate had quickly to move into the much more difficult arena of mainstream programmes. However, the potential benefits of the LAA are also qualitatively different, in terms of better targeting of resources, removal

of duplication and achievement of critical mass. The research evidence appears to indicate that LAAs can be made to work in two-tier areas and that in the next wave – provided lessons are learned from the first wave – lead authorities should not make the mistake of failing to involve partners in the decision to embark on an LAA, and partners should be clearer about the potential benefits.

Government Offices and their roles and responsibilities

- 1.1.12 The nine GOs adopted a very wide variety of structures for managing the LAA process and what works best may depend in part on the geography of the region and existing working structures and relationships. Everywhere, however, the process was led at a very senior level and GOs invested considerable time and managerial attention to ensuring that difficult issues were resolved.
- 1.1.13 On the whole, the balance of evidence indicates that GOs managed the process effectively in difficult circumstances. There was generally clarity about roles and responsibilities within GO teams, although there were gaps in some GO teams (that is, important policy elements on which there was no designated lead) and inconsistent feedback to pilots reflecting co-ordination failures. There was less clarity about process in some regions; not all GOs established an overall road map for the process and shared this with localities, and GOs and local partners were not always clear about where they were in the process at any particular time. While some of this reflected a failure on the part of GOs to manage the process proactively, effective process management was made more difficult by the lack of clarity from Whitehall about what was required. Some GOs managed the process more directly than others, and both approaches seem to have had both benefits and drawbacks.
- 1.1.14 GOs interpreted their role in the process differently – as process facilitator, critical friend, broker and advocate. This seems to have been a matter of both personal style and the demands of each pilot and suggests that flexibility of role will be important. The process facilitator and critical friend roles were, on the whole, successful. The broker and advocate role was perhaps less so because of cultural resistance within Whitehall to different ways of working and difficulties in the negotiation process which we discuss below.
- 1.1.15 GOs demonstrated that they have the capacity to negotiate on behalf of government (although this is an inadequate description of the role they played, with the role being more one of challenge than of ‘head to head’ negotiation). Local partners reported timely responses to their queries and there were few examples of delay on the GOs’ side. This conclusion does however have some caveats: GOs reported that they coped with the additional workload but this was at the expense of their other work, and the workload was not manageable in the longer term without additional resources.
- 1.1.16 Working relationships between GOs and pilots were on the whole very effective; characterised by mutual respect and openness. Evidence from the case studies indicates that on the whole GOs successfully challenged emerging agreements in terms of ensuring, for instance, that outcomes reflected both local needs and national priorities, and pushed where necessary to try to achieve greater focus and clarity, ambition and realism. GOs appear to have been less successful in ensuring that the agreements put up for signature were clear. No significant gaps

in process skills or inappropriate behaviour were observed or reported and GO staff developed new skills and more effective team working as a result of the process. Further development of new skills – for instance in defining indicators and setting stretch targets – and cross-boundary working will be needed in future.

- 1.1.17 However, GOs were not free to negotiate agreements on behalf of government without the need to ‘refer up’, and there were clearly different understandings about the extent of their devolved authority. Particular difficulties arose in agreeing freedoms and flexibilities and the inclusion of additional funding streams. Many of the issues that arose could not be delegated, since they required involvement of the policy owners and a consistent approach across all regions. While some GOs informed their pilots where they knew requests would not be countenanced, there were instances where GOs passed on requests for freedoms and flexibilities that they should have known (and perhaps did know) would be refused. The role of GOs in negotiations was always ambiguous. They felt they lacked authority, whether perceived or actual, in negotiating with pilots and this is understandable given the wide range of policy interests involved (since there were a large number of policies, each with a different person responsible). Many also felt that it was part of their role to pass on requests – and make a case on pilots’ behalf – without pre-judging Whitehall’s response, yet they often did not understand the pilots’ specific requests sufficiently to negotiate on their behalf with Whitehall. GOs were trying to balance judgements about effective solutions to local problems with the expectation that they should automatically know what policy owners in central departments wanted, whereas in practice they were sometimes lacking confidence and information to negotiate alone. Officials in central government departments also recognised the tension between devolving responsibility for negotiations to GOs, and the desire of policy holders in Whitehall to be kept informed and involved.
- 1.1.18 GOs will undoubtedly need additional resources to carry out the work associated with LAAs, particularly bearing in mind that Local Public Service Agreements (LPSA) negotiations will in the future form part of the LAA process. However they will also need to consider what, if anything, is of a lower priority and can be dropped.
- 1.1.19 GOs need to develop, in discussion with central departments, greater clarity about the role they will play in the LAA process and the extent to which authority will be devolved to them. They will need to understand ‘givens’, make judgements about the right balance between relationship-building and problem-solving roles at local level and the role of ‘government in the regions’, and be able to secure and deliver government priorities.
- 1.1.20 The majority of pilots reported that their GOs had added value to the agreement and the process. When necessary they assisted in bringing together the key players within an area, both locally and at regional level. Some GOs assembled an information base and used this to assess performance, develop their own view of needs and make suggestions. All provided challenge and support and agreements were strengthened as a result of dialogue.

Central Government

- 1.1.21 Managing and communicating such a complex and fast-moving initiative was challenging for all: for the LAA team in the Office of the Deputy Prime Minister

(ODPM), trying to orchestrate the policy; for the Regional Co-ordination Unit (RCU), supporting the process; for leads within government departments, engaging frequently in often difficult negotiations with policy colleagues; and for policy owners, facing requests that appeared to jeopardise the achievement of departmental objectives. There was, however, positive endorsement for the ODPM's leadership in launching the LAA initiative.

- 1.1.22 The timetable was a challenging one for central government departments as well as for the pilots and GOs. It proved difficult to produce guidance that reflected the views of all departments, since there were different understandings and perspectives on the initiative; by aiming for guidance that was clear, comprehensive and detailed, timeliness was sacrificed. As a result the guidance this time around – while helpful – was less useful to pilots and GOs than it might have been.
- 1.1.23 In the early months it proved difficult to offer clarity about the process, in particular the procedures for sign-off of the agreements by Ministers, and the Regional Directors' role in this process – confusion about which persisted until after the agreements were submitted. Greater transparency about the criteria on which agreements would be judged, and consistent messages about the nature of the scheme, would also have been helpful to pilots and GOs and might have avoided the situation in which many last-minute clarifications to the agreements and to the Regional Directors' submissions were required before the agreements could be signed. Support for GOs and government departments during the process was helpful, but modifications may be required for the next wave of pilots. Mechanisms for liaison and problem solving across departments appear in general to have worked reasonably well, although it may be useful to review the membership and mode of operation of the Programme Board. There may be the need for more effective working arrangements underneath the Programme Board, with the board operating at a more strategic level.
- 1.1.24 Departments, through GOs, appeared committed and willing to engage in open and exploratory conversations around outcomes. Although capacity was a major constraint for some, and there was often insufficient time to consider the challenging issues that were raised, departments in general made timely decisions about availability of funding streams and the conditions attached to their use. However, the Government's reluctance to accept many of the requests for freedoms and flexibilities was a source of disappointment to many pilots. GOs expressed frustration at the difficulties they encountered navigating central government departments (that is, they found it difficult to find the right person to contact when they needed approval for a requested freedom or funding stream), and disappointment at the apparently limited trust in them and the lack of willingness to devolve decision making authority. On the other hand, central departments point out that many of the requests were not evidence based, or were clearly impossible to meet, and that some local authorities used the process to make requests that had repeatedly been turned down before.
- 1.1.25 Central government provided GOs with a confidential negotiating brief, which set out a clear and consistent negotiating position on the issues that were foreseen, and GOs were able to negotiate these on government's behalf; the problem came with requests that had not been anticipated where departments had to develop a position and make judgements as to how this was to be applied in particular circumstances. While it may be possible to develop fuller guidance on

what is allowed for the next wave of pilots based on requests made in this first round, there is a danger that this will lead to rigidity that would be contrary to the spirit of LAAs. We consider that on balance concise, shared guidance would be helpful but inevitably much will have to be decided on a case by case basis.

- 1.1.26 There was an initial expectation by all parties at the outset of the process that agreements would be negotiated between pilots and GOs in a relatively formal way, with the GO negotiating on behalf of Whitehall. This continued to be the expectation in Whitehall, where many civil servants expected GOs to take a hard-nosed approach to squeezing as much from localities as they could. In practice however, the process was often more one of collaboration between GOs and localities to develop a shared agenda and agreed strategy – an approach which both sides saw as more productive than head to head ‘negotiation’. Insofar as there was real negotiation it took place between GOs and central government departments, with GOs arguing for the pilot’s requests. This does not reflect lack of toughness on the part of the GOs, but the nature of what was being offered by government and what could realistically be demanded in return – particularly in those areas with few government funding streams. Our observation is that the dialogue at local level was generally fruitful; the dialogue with Whitehall less so, in part because it was severely constrained by the timetable.
- 1.1.27 It is in the nature of a negotiation that each side develops a better understanding of the other’s concerns and both are prepared to move – and this can only come through dialogue. This aspect of the process needs to be developed – with localities better explaining the reasons for their requests, and government the reasons for their response. If this dialogue does not develop or the agenda is seen to be circumscribed, many of the more ambitious localities will conclude that the scheme has not lived up to its promise.
- 1.1.28 The most successful working between locality and centre was when the centre did not simply wait for formal proposals and then say ‘no’, but engaged in dialogue, understanding the problems faced and finding alternative ways to solve them if the freedoms and flexibilities asked for were not possible. This was however difficult, since requests for freedoms and flexibilities often only arrived at the very last minute putting departments under great pressure – not because GOs were failing to pass on such requests, but because many localities came to this issue only at the end of the process. The next stage will provide a better test of this part of the negotiations.
- 1.1.29 There is a valuable role to be played in facilitating the negotiations – the respective roles of the LAA team and the RCU need to be clarified (that is to say the distinction between ODPM’s overall role and RCU’s relationship with GOs) as does the approach of departments to negotiating requests common to more than one pilot.
- 1.1.30 Respondents in both GOs and central departments commented that LAAs will require widespread change in departmental culture and ways of working if their potential is to be realised. Dialogue is needed to identify and resolve conflicting pressures at the centre, which means that currently policy holders are ‘caught’ between conflicting imperatives.

The agreements

- 1.1.31 Judged against the generic criteria agreed at the start of this research, the agreements are a mixed bag. Some are more effectively communicated than others – some are very good, others surprisingly weak. The evidence base is generally implicit and difficult to judge: GOs need to have adequately challenged and assessed the analytical basis for proposals. The agreements vary widely in the general approach and level of ambition – some are radical and visionary, others pragmatic; this is helpful, as they will provide a range of exemplars for those that will follow. Most have achieved a balance of local and national priorities satisfactory to both sides and, given the variety of local circumstances, this is an achievement.
- 1.1.32 However, while some agreements are quite explicit and comprehensive, details of funding, indicators and targets are often lacking sufficient detail (for instance, many indicator sets remain to be agreed while more lack numbers). Although the freedoms and flexibilities inherent in LAAs themselves (for instance pooling of funds, reduced reporting, carry-over of underspend) are very important, particularly for localities with large amounts of non-mainstream funding, some pilots were hoping for much more in the way of specific freedoms and flexibilities, and at the time of signing few such additional freedoms had been agreed. In many cases it is difficult to see from the agreements what will be different on the ground as a result of the LAA. The agreements contain many ‘loose ends’ and all concerned have accepted that they are to be seen as the start of a dialogue rather than an end, and that much remains to be agreed. This was probably an inevitable consequence of the tight timetable and the imperative to sign agreements at a fixed date rather than when they had reached a specified state of completeness. Whilst this may be acceptable, even welcome, to all parties, it makes the practicalities of implementation unclear. Governance arrangements need to be put in place to ensure that funding is effectively allocated, spent, monitored and audited.
- 1.1.33 In anticipating widespread pooling of budgets and change on the ground in the first year, government seems also to have over-estimated the ease with which agencies can quickly change patterns of service delivery. Budgets were generally set for 2005-6 some months before agreements were concluded, and there are commitments to both staff and clients. It would be helpful in future if agreements were concluded well before the start of the financial year.
- 1.1.34 Many stakeholders, at all levels in the system, argue that success should not be measured by the agreements alone. The pilot process has demonstrated very clearly that there is no ‘one-size-fits-all’ model of an LAA. Important benefits for many pilots lie not only in what they have gained or will gain from government but also in the process they have gone through and the resulting alignment of delivery that had previously been talked about but never put into effect; correspondingly benefits for government lie in the opening of a dialogue where previously there was none. Nevertheless one aim of LAAs at the outset was that there should be effective reduction of bureaucracy and while ODPM’s view is that there will be a reduction in bureaucracy, several pilots expressed disappointment because they perceived that system improvement and reduction of bureaucracy have been downplayed. How much streamlining there has been in practice should become evident in the next stage of our research.

Outcomes

- 1.1.35 Our sense is that overall, the pilot LAAs have been successful at achieving many of the goals set, and even though agreements are at a very early stage there is widespread support for a continuing process.
- 1.1.36 Success means, however, very different things in different pilots and often turned out not to be what participants thought it would mean when they embarked on the process. For some, the LAA has been a catalyst rather than a driver, as many things were already happening. In others, time pressure has enabled things to be agreed, on which partners had previously been stuck. For many the benefits have come almost entirely from the stimulus the process has provided to partnership working. For others, the chance to rationalise funding streams will bring real benefits, although there is disappointment that some strings have been attached. Other areas, however, have not given up hope of a more radical transformation of relationships between centre and locality, with a genuine devolution of strategy, prioritisation and responsibility over resources to local level, and a more equal partnership between both levels of government. It is important not to underestimate the change to culture and assumptions about ways of working required at all levels to make this work.
- 1.1.37 In all cases, it is too soon to reach definitive judgements about what will eventually be achieved and there is a sense amongst all respondents that *'the proof of the pudding will be in the eating'*. The main central government departments involved remain committed to the process and optimistic about the long term benefits, while recognising that these will take time and will require change centrally as well as locally. On the whole, GOs are more enthusiastic than the pilots about what has been achieved and local authorities more optimistic than their partners. A minority of GOs and local partners question whether it has all been worth it and see very little benefit so far in return for a huge amount of effort. Nevertheless, others see it – in the words of one GO lead – as *'the most exciting government initiative in years'*. There is a feeling that *'the genie is out of the bottle'* and an unstoppable process has been put in train. There is a strong sense of achievement and at local level some important breakthroughs that will focus action and delivery on important social outcomes. The process has led to better dialogue and joint planning and hastened the development of holistic policies. While many of the other benefits are as yet unproven, the level of continuing enthusiasm and support demonstrates the opportunities that are there to be grasped.

Effective implementation and lessons for roll-out

- 1.1.38 Successful implementation of the agreements signed off in round 1 will require putting good governance arrangements in place and applying programme management processes: project development, appraisal, commissioning, monitoring and audit. In most localities, these issues have not yet been addressed.
- 1.1.39 There are a number of lessons to bear in mind before the scheme is rolled out. These are collated in chapter nine of the report and summarised below:

- All stakeholders need to work together to clarify the scope and purpose of LAAs.
- The meaning of 'pilot' in round two needs to be clarified. How much is it a continuing 'experiment'? Criteria for selection and success should be transparent.
- Pooling of non-core funding streams should be maximised (recognising effects will be felt in years two and three)
- A staged process is needed, with a longer timescale – but not too long.
- The impact on management costs at all levels should be kept under review, with more radical thinking about ways to make savings by changing ways of working.
- Early, simple, non-constraining guidance should be available for the launch of the round two pilots – including suggestions about scope, format, etc. of agreements.
- Localities should be allowed to develop a themed agreement around the Community Strategy, instead of within pre-defined blocks.
- The Programme Board and Sounding Board offered valuable opportunities for exchange. They need to be built on with wider opportunities for practice exchange, learning and sharing of ideas and problems by participants.
- Discussion is needed to clarify the roles of GOs in the negotiation process, the true extent of their delegated authority and the support they need from the centre.
- GOs will need additional resources, including access to specialist expertise in some areas (such as target setting and developing indicators).
- GOs will need to think about how best to achieve the structures, processes, skill mix and training to ensure a strategic approach and cross-boundary team working.
- Central government departments should reflect corporately on the implications of the LAA process for ways of working and culture: they will need to identify and resolve conflicting policy pressures, develop a shared corporate response and continue to communicate widely.
- Strong, (but flexible) project management would be helpful on all sides.
- Pilots need to be well prepared; they will need high-level leadership, strong partnerships, good co-ordination arrangements and excellent communication.
- Localities should engage partners at a very early stage, particularly in two-tier areas; it is important that this is at LSP level, so that the LSP is involved at an early stage.
- Pilots in round two should learn from the experience of phase one pilots through active practice exchange.

2. Introduction

2.1 The policy context

Key features of the Local Area Agreements policy

2.1.1 The Government set out its aims and rationale for Local Area Agreements (LAAs) in a prospectus, launched by the Office of the Deputy Prime Minister (ODPM) on 27 July 2004.¹ LAAs are intended as a mechanism for improving the effectiveness and efficiency of local services through strengthening co-ordination between central government and local authorities and their partners. The prospectus suggests that these aims will be achieved through:

- Focusing on a range of agreed outcomes shared by all delivery partners
- Simplifying the number of additional funding streams from central government
- Reducing bureaucracy and cutting costs
- Helping to join up public services more effectively
- Allowing greater flexibility for local solutions to match local circumstances
- Devolving decision-making and reducing bureaucracy.

2.1.2 While central government will continue to set high-level strategic priorities, the intention behind the LAA policy is to explore the scope for central government departments to focus collectively on the outcomes for a local area rather than process-managing funding pots, and to move towards stronger partnership working with local authorities.

2.1.3 The prospectus set out plans for nine LAA pilots. Eight of these would form agreements around three key blocks – children and young people, safer and stronger communities, and healthier communities and older people – reflecting three of the four shared priorities between central and local government. One pilot was designated as a ‘single-pot pilot’ – able to aggregate funding across all three blocks.

2.1.4 Following considerable interest from potential pilots, 21 LAA pilots were announced on 4 October 2004. One of the 21 pilots was designated as a ‘single-pot’ pilot.

2.1.5 ODPM sought to clarify further particular aspects of the LAA policy in a series of guidance notes released during the period November 2004 – February 2005. These covered the negotiation process, timetable, partnerships, roles and responsibilities, funding streams and sources of support (advice note 1); monitoring and reporting (advice note 2), and payment systems (advice note 3).

2.1.6 A Programme Board was set up to oversee the LAA scheme. Chaired by ODPM, this drew together representatives from across Whitehall. A Sounding Board was established to receive feedback from both local areas (through the Local Government Association (LGA) sponsored reference group) and the Government Office network.

¹ Local Area Agreements: A Prospectus (ODPM 2004)

LAAAs and their fit with related government policies

- 2.1.7 LAAs are part of a wider vision for the direction of local government set out in the document *The Future of Local Government – Developing a ten year vision*,² which was published alongside the LAA prospectus.
- 2.1.8 The approach embedded in the LAA policy builds on a number of initiatives that are already in train, aimed at greater devolution and a more joined up approach to cross-cutting issues. These include: a new emphasis on the community leadership role of local authorities, with the duty to prepare a Community Strategy, the power of well-being the responsibility to establish Local Strategic Partnerships (LSPs); the establishment of Single Local Management Centre (SLMC) pilots to attempt to streamline relationships between Area Based Initiatives (ABIs); and the work of the Innovation Forum in exploring the potential for Public Service Boards (PSBs) and the 'joining up' of delivery across agencies at a local level. LAAs draw on the lessons learned from the Devolving Decision Making Review, which calls for greater emphasis on locally owned targets, and from a range of other reports on issues affecting local delivery.
- 2.1.9 The new arrangements for Safer and Stronger Communities funding, rolled out to all authorities from 2005, brought together a number of ODPM and HO funding streams which were administered in a new way, as 'mini LAAs'; this reinforced the direction of travel envisaged by LAAs.
- 2.1.10 LAAs have a close relationship with Local Public Service Agreements (LPSAs) – another initiative designed to build relationships between the centre and localities and drive up performance in a number of key priority areas. The second generation of LPSAs have an increased focus on local targets, priorities and partnership activity and involve an enhanced role for Government Offices (GOs). Given the close links with LAAs, ODPM will integrate Local Public Service Agreements second generation (LPSA2G) with LAAs in future.

2.2 Research objectives

- 2.2.1 ODPM commissioned a research consortium comprising the Office for Public Management (OPM), the Local Government Centre at the Warwick Business School, University of Warwick (WBS) and the University of the West of England, Bristol (UWE) to evaluate the 21 pilot negotiations. The project specification identified three key objectives for the research:
- To describe the process by which individual local authorities, their partners, Government Offices and government departments negotiate LAAs; and to develop research tools to evaluate the process.
 - To evaluate the efficiency and effectiveness of the negotiation processes from the point of view of the various participants and identify lessons for local authorities, their partners, Government Offices and government departments that can inform the potential extension of LAAs.
 - To produce two feasibility studies: options for a process evaluation of a rolled out LAA scheme and an impact evaluation of LAAs.

2 The Future of Local Government: Developing a Ten Year Vision. (ODPM 2003)

2.3 Work undertaken

2.3.1 The evaluation has involved research in all 21 pilot authorities (of which six were researched in greater depth as case studies) and all the main government departments involved. The work fell into two stages.

2.3.2 The focus of Stage 1 was scoping and planning, involving the following:

- Thirty-six telephone interviews were held with: the LAA co-ordinators in the pilot authorities; representatives from each of the nine GOs; LAA leads in each of the key government departments – Department of Health (DH), Department for Education and Skills (DfES), Home Office (HO) and the Office for the Deputy Prime Minister (ODPM); and representatives from the Audit Commission and Local Government Association (LGA). These scoping interviews explored the aims and aspirations for the LAA policy and the ways in which central, local and regional players planned to organise themselves to develop, negotiate and respond to LAA proposals.
- A workshop brought together stakeholders from local, regional and central government to agree the evaluation framework. This framework set out the criteria and evidence that would be used to assess the LAA process and outcomes.
- Interview protocols and reporting templates were designed, drawing on the evaluation framework.

2.3.3 Stage 2 involved data gathering and analysis to describe and evaluate the process and its outcomes, as follows:

- In each of the 21 pilot areas, interviews were held with the local authority co-ordinator and GO leads for each pilot on two separate occasions – mid-way through and towards the end of the process. In addition, the research team also carried out some analysis of the evolving agreements and any other significant documentation.
- Six areas were selected as case studies for additional research; the schematic in Appendix 2 illustrates the range of stakeholders interviewed.
- Three of these six areas were designated as medium-depth case studies. In these areas, the research team conducted additional interviews with GO and local authority staff in order to gain a greater understanding of the interface between GOs, central government and the pilots. Typically the 12-18 interviewees included the overall leads and block leads for the local pilot and GOs, the LSP chair or co-ordinator, and in two tier areas a small sample of individuals to give us a district perspective.
- The remaining three case study areas were selected as sites for in-depth research. In these areas, in addition to the interviews with GO and local authority staff outlined above, the research team conducted interviews with a further 10-20 respondents including local and regional partners and councillors.

- In each of the six case study areas, in addition to undertaking some analysis of the agreements, the research team also observed key meetings – e.g. events that brought partners together or negotiation meetings with the Government Office.
- Twenty-four interviews were held within central government departments and with other national stakeholders.
- Research team members attended Sounding Board meetings and three of the Programme Board meetings to observe the process and provide feedback. The research team presented interim findings to the Programme Board on the 8th February and to the Sounding Board on the 22nd February.

2.3.4 A workshop on ‘Lessons for Rollout’ drew together stakeholders from localities, the GO network and from across central government, to consider the key issues emerging from the pilot process and ways in which the scheme could be strengthened for the future.

2.4 This report

2.4.1 This report presents the findings from our investigation of the first two research objectives listed above – tracking the process and assessing its efficiency and effectiveness. In light of the recent announcement of the second round of pilots, we have focused in particular on some of the key messages and learning from the process that central and local government and Government Offices need to address as they enter this second round.

2.4.2 Interviews with stakeholders were held on a confidential, non-attributable, basis. In the report that follows, we have sought to identify and explore the key issues, whilst respecting this agreement.

2.4.3 This report is laid out as follows:

- Chapter 3 explores the aims and objectives of the various participants in the process
- Chapters 4, 5 and 6 examine preparation and negotiation processes in localities, Government Offices and central government respectively
- Chapter 7 looks at the agreements themselves
- Chapter 8 considers, based on early evidence, the overarching outcomes of the scheme.
- Chapter 9 sets out our recommendations for effective implementation of the policy.

2.4.4 At the end of each chapter we draw conclusions, referring to the success criteria set out in the evaluation framework, and set out the implications for policy and practice, which are also brought together in the final chapter.

3. Aims and objectives

3.0.1 In this chapter we address the questions:

- What were the explicit and implicit aims and objectives set by different stakeholder groups?
- How did these change over time?
- To what extent did they complement or conflict with each other?

3.0.2 We look first at local authorities and their partners, followed by Government Offices and then central government.

3.1 Local authorities and their partners

Local authorities

3.1.1 More than 80 local areas applied to participate in the pilot phase of the scheme – demonstrating a broad level of interest in LAAs within the local government community. In response to this demand, central government extended the pilot group from nine to twenty one.

3.1.2 Amongst pilot authorities, there was considerable support for the broad aims of the LAA as set out in the prospectus – i.e. devolving responsibility to local areas, achieving a greater focus on key local priorities, strengthening partnership working, improving local services and reducing the burden of performance management and bureaucracy.

3.1.3 However, beneath these broad aims, local areas tended to apply their own interpretation of LAAs, related to the particular objectives, priorities and culture of each pilot authority.

Aims and objectives at the outset of the process

3.1.4 Aims and objectives mentioned by interviewees in the pilot authorities at the start of the process included:

- Strengthening partnership working by gaining inter-agency agreement on key local priorities and providing a framework for joining up across delivery areas, enabling greater focus than the existing Community Strategy. This seems to have been particularly important in those areas that have not received Neighbourhood Renewal Funding (NRF), which has driven partnership working in the eighty-eight most deprived areas of the country³.
- Strengthening partnership structures and governance arrangements. In some areas, the LAA was regarded as a key mechanism to drive restructuring of partnership arrangements in order to achieve greater horizontal accountability for local public spending. A number of interviewees felt that the LAA would help them to achieve an 'LSP with teeth', moving their LSP from being a talking shop to a body that drives delivery. Some authorities were using the LAA to drive forward the development of a Local Public Service Board (LPSB).

3 National Evaluation of Local Strategic Partnerships. Interim Report. ODPM

- Pooling of funding streams. Pilots felt this would enable them to achieve better targeting of resources on local priorities and the ability to use money synergistically. It would also free them up from the burden of separate bidding processes for funds and monitoring and reporting of spend. However, even in those pilot areas in receipt of a large number of ABIs this was not the most important aim, although acknowledged as very helpful in bringing partners to the table – a catalyst rather than an aim in itself. For a number of pilots, the real value is seen in terms of the pooling of mainstream budgets (for example, PCT funding) that may flow from the process of developing their LAA.
- Achieving a range of other freedoms and flexibilities. Many of the pilots saw the LAA as a mechanism for continuing the dialogue with central government about freedoms and flexibilities, which had been started under other initiatives, notably LPSA.
- Changing the relationship between central government and localities. In a small number of pilots, particularly those involved in the early discussions about LAAs in the Innovations Forum, LAAs were seen as a vehicle for repositioning the local authority – central government relationship, enhancing local governance, relaxing vertical target setting and reducing what authorities see as ‘micro-management’ by the centre.
- Reducing bureaucracy and achieving efficiency savings. Many pilots were looking forward to a reduction of ‘red tape’. Early scoping interviews indicated that some pilots (particularly those with large numbers of ABIs) hoped that efficiency savings could be achieved by reducing the time and staff costs associated with management and reporting of multiple, area based funding streams. Other pilots stressed the potential efficiency gains from pooling of budgets, including mainstream budgets and jointly managed delivery.
- Some saw LAAs as an opportunity to attract additional funding from agencies that had not been extensively involved in local areas in the past – e.g. Sport England, Big Lottery, English Partnerships.

3.1.5 Some local authorities expressed strong support for the ODPM for developing the initiative in the first place. Others were less clear what to expect. The range of ambition across pilots fell along a spectrum. This ranged from seeing LAAs as a radical new way of working in terms of delivering public services through joined-up governance and public expenditure at the level of a major city or large county; through to a focus primarily on rationalising the range of ABIs coming into the locality.

Uncertainty and lack of clarity

3.1.6 Within particular pilot areas, it was not uncommon to find that individual interviewees had quite different views of what an LAA was and how it could benefit their local area. In some instances, this reflected the position and role of the interviewee and their particular service driven concerns. However, in others, it suggested that the corporate centre of the pilot authorities had not always done enough to build a shared understanding about the nature of the scheme and its usefulness in their particular context.

3.1.7 A significant number of interviewees expressed uncertainty about the nature of the LAA scheme and hence what it could offer them. They saw that the scheme

might have potential, but were uncertain what it would deliver in practice. One interviewee described it as like *'trying to eat a cloud with a knife and fork'*. In these circumstances engagement was largely an act of faith and was hampered by a distrust of and cynicism about government initiatives. While the aims as set out in the prospectus were clear, many struggled to understand how the LAA process would lead to the attainment of these aims. The fact that the advice notes were not all available at the start of the process contributed to this uncertainty, as did the fact that the prospectus had not articulated what became evident as the scheme developed, that the balance of benefits might vary significantly in different localities and across the three blocks.

- 3.1.8 The majority of interviewees recognised that some lack of clarity was inevitable with a pilot scheme and some welcomed it, as this created a space for them to innovate and to shape the agreement to their own aims. However, many pilots (and GOs) expressed concern from the outset that what initially appeared to be an open, fluid, process, might become more prescriptive over the course of the negotiations. GOs were unable to offer guidance as they also were struggling to understand exactly what an LAA was supposed to be and were hearing different messages from ODPM in terms of whether the focus was more on the pooling of funding streams and reduced bureaucracy or on a more radical transformation of relationships between centre and locality. A feeling that the goalposts might change at any minute in an unpredictable way engendered some nervousness amongst pilots and GOs, although in fact the goalposts did not change.
- 3.1.9 In several cases, it seems that a lack of clarity about the overall nature and scope of the scheme may have led to hesitation in the early stages of the process, as authorities held back waiting for guidance and were reluctant to approach partners when they were unsure about what the scheme was about. In some localities and particularly amongst partners, this uncertainty continued to the end of the negotiation. A few pilots consider that if they had been clearer about the aims of the scheme and about what was required of them by government they would have produced a better agreement.
- 3.1.10 Many pilots felt that the early focus on funding streams had been a 'red-herring' and had sent them off in the wrong direction. There was a widespread view that consideration of funding streams should have come at the end of the process, once outcomes and strategies had been agreed and as a by-product of this process. This was particularly true for those authorities with few ABIs and in health where few such funding streams exist.
- 3.1.11 Authorities that had been involved in the early development of the LAA initiative, for example those involved in debates at the Innovation Forum, seem to have benefited at an early stage from additional time to consider the issues and often had a more nuanced appreciation of what the scheme might offer. Over time, however, they also faced difficulties in ironing out some of the very complex, detailed and/or technical questions underlying the broad-brush aims.

Changes over time

- 3.1.12 A number of pilots recognised that their aims and objectives for the LAA shifted over the five-month period from announcement of the pilots to completion of the agreements. At the outset, local authorities were quite ambitious in their expectations of what they might achieve through this process and which funding

streams could be included. By the end of the process, although local authorities were still generally positive about the benefits of the scheme the majority were far more pragmatic about what could be achieved in the short timescale.

- 3.1.13 Whilst a full range of aims and objectives was mentioned by pilots at the start of the process, towards the end, several local authorities stressed that the real benefit of LAAs was less around specific freedoms and flexibilities and the pooling of funding streams. Rather, they saw the real prize as the opportunity and incentive to bring partners together to develop a shared understanding of local priorities and to discuss how to 'bend' mainstream budgets in order to provide high quality and more targeted local public services.
- 3.1.14 Whilst efficiency was highlighted as an aim of the scheme by some interviewees at a local level in the early stages of the process, this was hardly mentioned during later stages. This was largely because of the limited time available within the pilot phase to consider cost efficiencies. Although most pilots still felt that the LAA had the potential to reduce costs, by the end of the process most recognised that any savings would most likely accrue over the longer term. Several two-tier authorities, while acknowledging that the initiative might produce efficiencies in central government, are convinced that their own costs will rise. This is partly because two tier localities judge that they will face increased transaction costs as they take over management of funds that currently go direct to districts, notably for community safety; in addition they consider some payment regimes will become more expensive to administer (moving from a quarterly to a monthly basis, so increasing transaction costs). While there may be some offsetting savings from reducing reporting, several counties judged that these would not be sufficient to offset the additional financial management responsibilities.

Levels of awareness

- 3.1.15 Levels of awareness of the LAA in lead local authorities grew slowly but steadily during the process. Pilots made efforts to explain the LAA to members and to senior officers, although some awoke late to the realisation that a communications programme was required or decided to postpone communications until after the agreement was signed. In the early stages, awareness was largely confined to the leader and those officers directly involved. However, even by the end of the process in some pilots, awareness outside the corporate centre had not spread much below Assistant Director level, while many backbenchers were still struggling to understand what the initiative was about. This is typical of such policy initiatives, particularly those implemented against a tight timetable.

3.2 Local partners

- 3.2.1 Partners were rarely involved in the decision to apply for pilot status and it seems that some spent much of the negotiation period trying to catch up. Some authorities gave insufficient attention at an early stage to 'selling the benefits' of the LAA to their partners; their own lack of clarity and the absence of early guidance hampered many in this. Pilot lead authorities typically put the LAA on the agendas of relevant partnership meetings (and were often helped in this by the GO) and in some areas early engagement of partners were helped by

workshops and other communication events. However, lead authorities found the concept difficult to explain and partners found it hard to grasp.

- 3.2.2 Many partners – even if initially hesitant and sceptical – became enthusiastic as the process developed and they realised how the LAA could help them to achieve their own priorities. However, in other cases early enthusiasm become tempered when partners realised that, unlike LPSAs, no additional money was involved. Indeed as the focus moved from discussion of outcomes to more detailed arrangements, there was often growing nervousness about what the LAA might mean in terms of funding, governance arrangements and performance monitoring.
- 3.2.3 Some partners struggled to see the benefits for them or saw the initiative as a threat. The latter perception was most common in two tier areas, amongst community safety partnerships and amongst the voluntary sector. In all these cases, what was seen by the lead local authority as the potential for better targeting, rationalisation and removal of duplication, was seen as a loss of autonomy and potentially a loss of funding as reallocation of resources resulted in winners and losers. In such cases engagement tended to be more guarded. Community Empowerment Networks in Neighbourhood Renewal Fund (NRF) areas were also concerned about long-term implications for their Single Community Programme Funding. In at least one pilot, the LAA was at first ‘explosive’, with partners fearing that resources would be snatched away from current priorities; the LAA process was seen as ‘brutally exposing’ of partnership problems – although, even here, the process was seen as cathartic; through the pilot phase communications improved, relationships were rebuilt and buy-in secured.
- 3.2.4 In two tier areas, a pattern of defensive engagement by district councils was more common, although not universal. Some district Chief Executives were however quick to grasp the potential of the initiative in terms of reduced bureaucracy and furthering their own agendas, for instance around housing and community safety. Understanding amongst members in district councils was much more limited, with some members questioning the relevance of the LAA to voters.
- 3.2.5 In some areas, health partners were very engaged with LSPs and with the LAA process; this tended to reflect existing good partnership relationships. The benefit to health partners was seen as the potential to utilise partnership resources more effectively to impact on the health agenda and improve health in the wider sense. Many Primary Care Trusts (PCTs), however, struggled to see the added value of the LAA, since they have no funding streams and have considerable flexibility in how they spend their resources. Furthermore, they are (and expect to continue to be) driven by national targets and are not clear how LAAs can help partners contribute to these. Where engagement was led by public health staff, PCT Chief Executives sometimes had a limited understanding of what the LAA was all about and had not grasped the implications (*‘they are totally signed up in principle, but they do not know what to’*). The fact that PCTs had completed their local development plans before the start of the LAA process and that many were operating under such tight financial pressure meant that they did not have much capacity to respond, which limited their engagement. The initial positioning of the initiative as being about funding streams and the lack of early guidance from DH contributed to a slowness to engage by health in some

of the pilots. Strong leadership from the Strategic Health Authority (SHA) was of great value in some instances in securing the engagement of PCTs.

- 3.2.6 The police, particularly at Basic Command Unit (BCU) level, tended to be enthusiastic. They saw the potential benefits in terms of a more needs-based targeting of resources, a reduction in micro-management, the simplification of targets and (in two-tier areas) forcing the Crime and Disorder Reduction Partnerships (CDRPs) to work together, giving impetus to an agenda they had been pushing for some time. Some had reservations about losing their funding and fears about increased bureaucracy but were generally supportive of LAAs. CDRPs, in contrast, were much less enthusiastic particularly in two tier areas where the LAA was seen as a threat to their autonomy.
- 3.2.7 It is more difficult to comment about the motivation of other partners since most have been involved in only a sub-set of the pilots and we only interviewed partners in our three in-depth case studies. One respondent from Connexions described the benefits for them in terms of strategic positioning; the opportunity to achieve synergy and to 'sell' to partners a wider range of their services.
- 3.2.8 Most LSPs saw the LAA as an opportunity to deliver the Community Strategy and Local Neighbourhood Renewal Strategy (LNRS), a framework for engaging with the thematic partnerships and developing clearer links between county and district level partnerships. In some areas there was scepticism about the real difference the LAA would make.
- 3.2.9 The VCS representatives interviewed were typically confused about the initiative; many saw it as a threat rather than an opportunity although as time went on and awareness grew some saw potential benefits for the sector in terms of streamlining of funding. They also saw it as a chance to work more effectively with public sector providers and to achieve more sustainable funding. In many cases, however, the VCS were concerned about a possible loss of control over funding. Concerns seem to have been particularly acute in those areas that were using the LAA to push forward with the development of a Local Public Service Board (LPSB), where the VCS saw that the board would consist exclusively of public agencies. It is interesting to note that there was scarcely any mention of the private sector or its involvement.
- 3.2.10 Generally across partners, awareness and understanding of LAAs was mixed, was slow to develop and was largely limited to those individuals most closely involved, although even this group was learning as it went along. The timescales meant that many people in partner organisations felt 'done to'.

3.3 Government offices

- 3.3.1 GO respondents were supportive of the broad aims and principles behind LAAs. Aims and objectives were broadly similar to those mentioned by local authorities and their partners and largely reflected the contents of the LAA prospectus. However, respondents within GOs tended to emphasise slightly different aims – including creating more mature relationships between the centre and localities, strengthening the focus on local priorities on the basis of a 'script' shared between the GO and local partners, and encouraging flexibility and innovation. Strikingly, many GOs were more ambitious for their pilots than were the pilot

authorities themselves both in terms of changing the terms of engagement between centre and locality and in terms of improved outcomes for local people. GOs were likely to see a 'bigger picture' but also had the clearest awareness of the risk if excessive early expectations were not then met, and the extent of GO exposure if central departments did not understand or accept the scale of changes needed.

- 3.3.2 Some GOs saw LAAs as an opportunity to further Government's policy agenda, for instance around Every Child Matters, the Choosing Health outcomes, collaboration between CDRPs, or spatial targeting to reduce inequalities in a county where there is currently little emphasis on neighbourhood renewal.
- 3.3.3 In addition, many GO staff regarded the LAA as an opportunity for them to demonstrate the importance of their role in helping to strengthen local performance and relationships between the centre and localities. Assuming a leading role in a high profile initiative of this kind was seen by many in the GO network as a chance to demonstrate their ability to shift and extend their role from performance monitoring of central government programmes to more active shaping and performance management of locally determined priorities. As one GO put it: *'The prize is to be put in a position and authorised to broker this – given the autonomy and respect to be able to make deals on the basis of our own judgements.'*
- 3.3.4 At the end of the process, the majority of GO representatives reported that their views on the types of benefits that the LAA might offer had not changed significantly. However, mirroring responses from the pilots themselves, most tended to adopt a more pragmatic position, stressing that more radical changes to service delivery would only be achieved over time. Some GOs expressed disappointment that their pilots had not grasped the opportunity to be more ambitious.

3.4 Central government

- 3.4.1 Interviewees in central government departments were generally supportive of the key principles behind the LAA scheme – i.e. a shift towards greater devolution in decision-making, a stronger focus on local priorities and a vehicle for reducing the burden of performance monitoring and reporting. Most interviewees felt that these principles fitted well with, and reflected, the general thrust within their own departments towards greater empowerment of local areas as a way of improving outcomes for local people. *'The underlying approach is the direction of travel this department has already chosen ... rationalisation ... empowerment.'* Others expressed support more cautiously, *'We are trying to become more outcome focussed and more attentive to process ... the jury's still out on whether the effect on improved outcomes is as good as what we did before.'*
- 3.4.2 Beyond this, the significance of the LAA scheme and views about what it could offer departments appeared to vary according to the extent to which the LAA could be used to further departmental objectives (for instance by encouraging multi-agency approaches to shared outcomes and better partnership working to deliver those outcomes), existing levels of engagement with local areas and other schemes or initiatives designed to devolve responsibilities and streamline funding.

- 3.4.3 Whilst departments were generally supportive of the broad principles of the LAA, it was clear that a more detailed appreciation of the LAA scheme, what it could offer departments and what their 'line' should be on particular issues was developing over time, in response to proposals from local areas. There were clearly also differences within departments, between those who saw LAAs in relation to a bigger, cross-departmental picture, and those who were concerned about its impact on particular departmental policies.
- 3.4.4 There appear to have been some differences of emphasis across Whitehall about whether or not LAAs incorporated some notion of stretch. Some pilots and GOs reported inconsistent messages from different departments about whether inclusion of funding streams in an LAA should be conditional upon acceptance of stretched targets. Whilst pilot authorities generally felt that LAAs could be expected to result in 'enhanced' performance over time, they did not feel that stretched targets were a legitimate part of the LAA scheme since no new funds were attached either as enablers or rewards. Pilots drew distinctions between the nature of this initiative, which was thought to be about longer term, larger scale, improvements, and the LPSA, which was about achieving stretch in a number of more narrowly defined areas.
- 3.4.5 Whilst many interviewees in the central government departments most closely involved remained positive about the potential of the LAA scheme it was clear at the end of the process that they had adjusted their expectations about what could be achieved during the short term, as explained below.

Office of the Deputy Prime Minister

- 3.4.6 Interviewees within ODPM were strongly supportive of LAAs as a mechanism for improving dialogue and rationalising the delivery of key outcomes; drawing partners together, achieving a stronger focus on a number of key local priorities, and reducing the burden of monitoring and reporting on multiple funding streams.
- 3.4.7 Some interviewees in other central government departments and in the GO network felt that various parts of ODPM had slightly different ideas about the nature of LAAs. They reported that whilst some parts of the department seemed to view LAAs primarily as a mechanism for devolving responsibility and improving service quality by encouraging a radical re-think of partnership working, other parts of the department were focusing on the contribution that LAAs could make to cost savings and efficiency.
- 3.4.8 Some pilots also reported that the request by ODPM for pilots to identify the funding streams they wanted to include in their LAAs appeared to be at odds with the message they gave that LAAs were primarily about encouraging radical new ways of working. They found these mixed messages to be confusing.
- 3.4.9 A few interviewees commented that various parts of ODPM had different views about the extent to which performance monitoring and reporting could be relaxed through the LAA. Whilst the LAA team were regarded as quite ambitious in this regard, some interviewees felt that the Neighbourhood Renewal Unit (NRU) were more cautious.

Department for Education and Skills

3.4.10 LAAs were broadly welcomed by the department as they were seen to fit with a range of other changes that the department has recently initiated to reduce the scope of activities undertaken from the centre and to devolve responsibilities and build capacity at regional and local levels.

3.4.11 DfES viewed LAAs as closely linked with Every Child Matters and the developing Children's Trust agenda. LAAs provided another mechanism for achieving the five key outcomes in the outcome framework for children and young people. In those LAA pilots that were already Children's Trust pathfinders, the department also hoped that LAAs would strengthen and reinforce these emerging structures.

3.4.12 LAAs also provided a mechanism for building links and cementing relationships – e.g. between DfES' regional advisors⁴ and DfES Government Office staff.

Department of Health

3.4.13 As in DfES, interviewees at DH regarded LAAs as fitting with the Department's objectives to reduce the scope of activities undertaken at the centre and to devolve more responsibility to regions and localities.

3.4.14 Interviewees felt that DH was in a slightly different position to other departments, having already created unified PCT budgets. With no area based funding streams to include in the LAA scheme, the DH was keen that LAAs should help to shape mainstream funding and strengthen local area planning mechanisms. DH interviewees felt that this emphasis on the mainstream was a strength and in line with the spirit of the LAAs. However, some respondents felt that with the early focus on funding, ODPM did not grasp this until later in the process.

3.4.15 The department also regarded LAAs as important mechanisms for driving the public health agenda. Several interviewees felt that they offered opportunities to forge links and strengthen relationships between local authorities, PCTs, SHAs and other partners in the private and voluntary sectors on the achievement of key public health priorities.

3.4.16 Nine of the LAA pilots are in the health inequalities spearhead group – areas that have the poorest health inequality statistics in the country. The department was keen to ensure that LAAs were used to drive forward improvement on some of the key health inequalities issues – such as smoking, diet and physical activity.

Home Office

3.4.17 As in other departments, interviewees in the HO reported a broad level of support for the overarching aims of the LAA initiative.

3.4.18 Many interviewees regarded LAAs as extensions of existing HO policy initiatives, such as the Home Office Delivery pilots and the Safer and Stronger Communities Fund (SSCF) – a mechanism for pooling funding between the HO and ODPM.

4 These advisers are appointed by DfES and operate out of GO offices. Their focus is on supporting the change programmes, which local authorities, Primary Care Trusts and their other local partners are developing in pursuit of their new duty in the Children Bill to make arrangements for local cooperation. This involves support in moving towards a children's trust way of working to deliver better outcomes for children and in implementing the forthcoming National Service Framework for Children.

Some of these had already achieved some gains (or had the potential to do so) in terms of pooling of funds and relaxation of performance monitoring required. As in other departments, interviewees also hoped that LAAs would act as a catalyst to strengthen partnership working – e.g. to build relationships between CDRPs and LSPs.

- 3.4.19 However, interviewees in the HO stressed that whilst the department was supportive of LAAs, they needed to balance the achievement of greater local autonomy and relaxation in performance monitoring and reporting with requirements to meet the mandatory Public Service Agreements (PSA) target to reduce crime by at least 15 percent.

Other government departments

- 3.4.20 The Treasury (HMT) reported a strong commitment to devolved decision making from Ministers down; it was involved in the LAA pilot process from the start in critiquing and challenging thinking and championing the initiative throughout the department and beyond. The Treasury was keen to support the initiative through HMT policy initiatives, and through being creative in exploring freedoms and flexibilities.

- 3.4.21 Interviewees reported that Department for Environment, Food and Rural Affairs (DEFRA) and the Department for Culture, Media and Sports (DCMS) are supportive of the overarching goals of the LAA scheme, but also have their own specific aims. For DCMS, LAAs offer an opportunity to ensure that culture is woven into the fabric of planning and prioritisation at a local level and can play its part in helping to achieve a range of objectives across policy areas. For DEFRA, LAAs have the potential to drive forward and strengthen corporate relations with local government, along with other developments such as the rural pathfinder pilots. Interviewees recognised that these departments have been less centrally involved with the LAA than ODPM, HMT, DH, DfES and the HO. This stems from the fact that DEFRA do not have large funding streams that obviously fall into the three LAA block areas and DCMS funding is largely channelled through various Non Departmental Public Bodies (NDPBs). However, both departments reported interest in deepening their engagement with LAAs in the future.

3.5 Conclusions

- 3.5.1 Local authorities, partners, Government Offices and central government departments have welcomed the LAA initiative and the majority remain positive about the scheme and its potential. We found considerable enthusiasm for the overarching principles behind the LAA scheme, and different aspects of the initiative were of importance to different players. Expectations were sometimes high, and, perhaps because of the tight timescales, LAAs generated both excitement and energy. However, many participants remained confused about the purpose of LAAs throughout the process. Others were clear what they wanted from the process but were sceptical as to whether it would be delivered and a growing pragmatism was widespread.

- 3.5.2 There was a wide variety of views across all players. This diversity of views is partly a reflection of the multi-faceted nature of the initiative, which offers a range of potential benefits to different stakeholders. It also reflects the nature of a pilot, in which learning through the process is an inherent feature (and was explicitly built in to this pilot both via the Sounding Board and the evaluation, feedback from which has influenced the design of the next round of pilots). Even with the benefit of hindsight, it is difficult to see how ODPM could have been clearer in the initial prospectus, or local authorities and their partners clearer at the outset. Neither did the ambitious timescales allow the guidance to be available before pilots started work.
- 3.5.3 The range of goals and objectives participants expressed in the process makes it hard to 'simplify' or 'clarify' the policy beyond a certain point without losing support. Clearly different stakeholders have bought into the process for different reasons, and any attempt to concentrate on only one aspect will risk alienating those who feel their own objectives have been sidelined. Any one player cannot define the 'purpose' of LAAs without challenging the whole logic of improving dialogue between central and local government – negotiating their purpose must model the LAA goals in action.
- 3.5.4 Interviewees also reported a range of different views about the pilot phase. Some grasped the pilot as an opportunity to shape the initiative and saw the need to improvise as a valuable learning exercise, others were less confident and felt that they were being asked to play a game whose rules were opaque and constantly changing. Some regarded this as an opportunity to test whether the policy initiative was workable, whereas others saw it as a mechanism for refining the policy for future roll out. There was some confusion regarding the definition of pilot, which led to uncertainty around its status. The announcement of a further 40 pilots before the end of the negotiation process seems to have generated some confusion amongst some stakeholders because participants in the process were then unclear how the learning from the first wave of pilots was expected to feed into policy decisions.
- 3.5.5 Because the policy was being developed much had to be improvised locally and this is entirely appropriate for a genuine pilot. However, this is hard to align with a process with tight deadlines and high profile, in which local areas are unclear about what is expected, but believe that if what they produce is not considered 'good enough' (against unknown criteria) it will be rejected. Ways to improve mutual understanding will be explored below.
- 3.5.6 While many respondents asked for more clarity, several recognised: *"If we had had guidance setting limits and boundaries we wouldn't have achieved what we've achieved."* It would have helped to be clearer, however, about the exploratory nature of the process – with greater transparency around the fact that it was a learning process for everyone; and with perhaps a more sustained and open debate to build a shared understanding (or a range of shared understandings) about aims. While ODPM made it clear that this was a learning process, and pilots and GOs were instrumental in the guidance and policy development, both pilots and GOs reported that they would have liked either greater clarity, or reassurance that diversity of outputs would be welcomed.

3.6 Implications for policy and practice

- 3.6.1 There is a need for some focused work to clarify the vision of what an LAA is. This should be an interactive process, bringing together representatives from central, regional and local government and their partners to build agreement and stronger shared understanding. Clarification is needed, but care needs to be taken to clarify those things that will empower players on all sides to take action, without reducing scope for dialogue and experimentation.
- 3.6.2 LAAs offer a number of benefits (e.g. enhanced partnership working and a focus on a few local priorities, freedoms and flexibilities, pooling of funding, relaxation of performance monitoring and reporting requirements). Pilots need to develop a shared, focused understanding of the nature of the scheme and what it might offer them in their particular context. They need to work hard to share this vision throughout the authority and with partners.
- 3.6.3 The private sector has had very little involvement with this phase of LAAs. This reflects its limited engagement in LSPs more generally. However, if economic development is to feature more prominently in the next phase, councils and LSPs should be looking at involvement of the private sector from the outset.
- 3.6.4 Central government departments need to ensure that they have a shared corporate response to LAAs. This needs to include both a 'big picture' assessment of what the scheme is about and how it fits with departmental priorities and other initiatives, as well as a detailed understanding of the department's 'line' on particular issues and policy areas.
- 3.6.5 Departments need to ensure that clear and unequivocal messages about the nature, scope and importance of LAAs and their departmental 'line' on these agreements are communicated to their local and regional delivery agencies.
- 3.6.6 In future piloting processes, Government should clarify the aims, any criteria or rules and what is meant by a 'pilot' authority and the extent to which experimentation and creative thinking is welcomed. ODPM are moving away from calling them pilots to reduce this confusion.
- 3.6.7 In line with developing thinking about the fit between LPSA and LAA, expectations about stretched or enhanced performance through LAAs need to be clarified.

4. The development of LAAs in localities

- 4.0.1 In this chapter, we consider the way in which localities organised themselves and worked with partners to develop proposals. We look first at leadership, resourcing, structures for co-ordination and project management. We then look at the engagement of partners and discuss some specific issues concerned with two tier working.
- 4.0.2 The pilot process is judged against the following criteria set out in the evaluation framework:
- How effectively was the process managed?
 - Did partners buy in to the initiative and was the agreement developed in an inclusive way?
 - Did the process work effectively in two-tier areas?

4.1 Management of the process

Leadership

- 4.1.1 Lead local authorities (the county council in two-tier areas) have been a driving force behind the development of the local area agreement, acting in their community leadership role.
- 4.1.2 The location of responsibility for the LAA within the lead local authority varied across the pilots. All of the pilots identified a lead negotiator to manage the LAA on a day-to-day basis. In the majority of cases this person sat in the corporate policy team or in the Chief Executive's office. Whilst some pilots were led by someone at Director level or above, in the majority of cases, LAAs were managed by a senior policy officer or advisor/assistant to the Chief Executive. Most pilots reported that the Chief Executive was actively involved in championing the LAA, helping to develop the thinking behind the LAA and attending meetings with the GO.
- 4.1.3 Active engagement of the Chief Executive and the identification of a sufficiently senior LAA lead with good process skills, seem to have been important in encouraging colleagues and partners to the table, overcoming fears, ironing out problems and securing buy-in to the process. In those instances where the Chief Executive was less actively engaged and the LAA lead lacked the necessary skills or seniority, it appears to have been more difficult to achieve the 'critical mass' of good will required to create a successful agreement in the allotted time.
- 4.1.4 The development of the LAA seems to have been largely officer-led, with members consulted on initial ideas and evolving drafts. Members were also involved in final sign-off of the agreements. However, they were generally informed and consulted rather than providing active leadership and were rarely involved in the day-to-day development of the agreement. Some pilots recognised that members could have been more actively engaged with the process from the beginning. A few respondents said that more could have been done at a national level to engage politicians with the LAA process; this was considered particularly important as some members perceived the LAA as a threat to their democratic leadership role in a community.

- 4.1.5 In the majority of cases, pilots also identified named leads for each of the LAA blocks. Sometimes the lead was at part-block level (typically, one lead for healthier communities, another for older people, one for safer communities and another for stronger communities), or shared (for instance the Children and Young People block being shared between education and social services). Where a pilot had strong crosscutting themes or a fourth block, these also had a designated lead.
- 4.1.6 Location of responsibility for each block varied across the pilots. For the most part, these people tended to be local authority staff. Within the local authority, the location of responsibility varied according to local structural arrangements and often was a natural extension of the person's existing job – for instance, the coordinator of the Children's Trust leading the Children and Young People block, the community safety lead taking responsibility for Safer and Stronger Communities. Some pilots struggled to understand the concept of and hence find a lead for the 'stronger communities' element, which tended to get much less attention where this block was led by someone from community safety (since they did not see it as central to their agenda); the lack of funding for this element outside NRF areas was also a problem. This tended to be less of a problem in NRF areas where Community Empowerment Networks (CEN) and community cohesion work is already contributing to stronger communities. Where a block did not fit naturally with existing local authority responsibilities and structures, a small number of authorities took some time to find a suitable lead officer which held up progress; early, clear block lead commitment proved important to the process.
- 4.1.7 Although some pilots identified director level leads for some or all blocks, this was not generally the case – either because the LAA had not been prioritised sufficiently within the authority, or because directors did not have capacity to engage with the process in this way. Leadership at this level had the advantage of pulling together disparate parts of each block and ensuring that sufficient resources were marshalled from within the directorate.
- 4.1.8 In a few instances, staff in partner agencies led blocks. This was most often the case for the healthier communities element, where the PCT sometimes took the lead. This generally worked well but there were instances where this was not so effective, for example, where the role was filled at operational manager level from one health partner this was not a guarantee that other health sector partners would be engaged at a sufficiently senior level.

Co-ordination structures

- 4.1.9 Localities developed a wide variety of coordinating structures; even where structures had the same name, the membership, role and mode of operation was often very different. We have attempted to describe the structures as clearly and simply as possible, however, in some areas the arrangements were more complex than those described.

Operational group

- 4.1.10 The majority of pilots developed a small operational group to co-ordinate work on the LAA. In most instances, these groups comprised the local authority LAA lead and block leads – either from within the local authority or from partner

agencies. In some pilots, the GO pilot lead sat on this group and also, but less frequently, the GO block leads.

- 4.1.11 This group sometimes also included other staff involved in corporate policy or neighbourhood renewal. These staff helped provide extra capacity – e.g. to facilitate workshops, assist with early drafting etc – and acted as sounding boards or sources of additional challenge. Occasionally the VCS was also engaged at this level.
- 4.1.12 Sometimes, however, the group was much smaller – in one pilot it shrank after the first few meetings to a couple of people from the local authority side and two from the GO. This tight group was considered a better use of people's time and led to more productive working relationships.
- 4.1.13 The operational group met frequently, typically weekly or fortnightly, and was the main locus for project management of the process and integration across the blocks. One pilot had a larger steering group, but no operational group; the lack of a forum for doing detailed work across the blocks made it more difficult for this pilot to develop cross-cutting themes and ensure consistency across the blocks.
- 4.1.14 In view of the breadth of scope of an LAA and its inter-relationship with other strategies, plans and policies, it was generally felt that the operational group required the knowledge and experience gained by staff in the 'day-job'. For this reason, it was felt that a dedicated full-time LAA team would not be desirable (nor could many authorities have afforded to staff such a structure).

Steering group

- 4.1.15 These operational groups often reported into larger steering groups, comprising key officers from within the local authority and representatives of partners. It was typically at this level that the VCS was engaged. The GO frequently sat on and sometimes chaired this group, although more commonly the group was chaired at a local level. The steering group was sometimes based on an executive sub group of the LSP, or in several instances on an existing LPSA steering group. In some pilots, membership of the steering group grew *'like a snowball rolling downhill'* as the process developed.
- 4.1.16 This group typically met less frequently – between three and six times during the process. These meetings were sometimes styled 'negotiation meetings' but did not really perform this role – both because too many people were at the table and because the nature of the relationship between locality and GO was more one of dialogue than negotiation. These large meetings could take on the nature of a set piece, with members taking up expected roles and positions and were too large to do any detailed work. However they fulfilled a useful role in keeping everyone informed, giving them a chance to influence the shape of the agreement and to express any concerns and – if properly planned – providing milestones in the process.

Groups for the blocks

- 4.1.17 Some pilots set up working groups for each block to develop the detailed proposals. The block groups would take responsibility for incorporating crosscutting issues as appropriate, identifying outcomes and strategies for achieving them and developing a rationale for including funding streams.

- 4.1.18 In addition block leads established links with thematic sub partnerships of the LSP or other relevant partnership groups (for instance, the Children's Trust Board), who were involved in progressing work on particular blocks of the LAA. These thematic groups played a key role in securing the engagement of a wider group of partners, generating ideas and ensuring that the content of the LAA will be reflected in next year's operational plans. Where such a group did not exist or was not fit for purpose block leads found it much harder to ensure that the process was inclusive. This seems to have been a particular problem in two tier areas. In several pilots, the LAA has prompted or accelerated the establishment of new thematic partnerships to take on the role of governance of each block.

Resourcing and capacity

- 4.1.19 The amount of support available to lead officers varied; some pilots distinguished between a senior lead and a day-to-day project manager and most lead officers had support from someone in an administrative/project management role, from finance and sometimes from other corporate functions such as communications.
- 4.1.20 The amount of support available to block leads also seems to have varied significantly. Some were left to work alone, with working groups or thematic partnerships acting as sounding boards but not contributing to the detail. Others were supported by policy officers, finance officers or staff from partner agencies, or drew on existing networks for particular elements of the work.
- 4.1.21 It is clear from the pilots that the development of an LAA is an extremely resource-intensive process, involving a large amount of work in a short period of time, out of phase with other established planning processes, and often relying heavily on a small number of individuals in the corporate centre of local authorities. One pilot assessed the contribution as 240 person days during the five months of the pilot. In identifying an appropriate lead within the authority for the LAA and each block, it appears to have been important that this person had sufficient time to engage with this task, alongside their other responsibilities. While some of the pilot authorities felt that they had managed to juggle the development of the LAA within 'the day job' reasonably successfully, many smaller authorities faced severe capacity constraints and struggled, having to put other initiatives such as the LPSA 'on the back burner', although there is recognition that there may be efficiencies over time through making connections between the LAA and other work as the LAA develops.
- 4.1.22 In two pilots, where the authority was facing capacity constraints, the GO seconded someone to the local authority team; this was seen to be very helpful, especially where the person seconded knew the area and networks very well. In one pilot a Neighbourhood Renewal Advisor supported the process. The additional resource, with local knowledge but an external perspective and both process and project management skills, was regarded as helpful and as adding value.

The process of developing the agreement

4.1.23 Developing the agreement involved two elements:

- Communicating with partners, persuading them to participate, obtaining their input and getting agreement on governance issues – this was typically done both across and within blocks. This process is discussed in the next section.
- Developing the draft agreement by an iterative process of discussion, analysis, drafting and negotiation. Much of this work was done within the blocks.

4.1.24 Typically both the local authority side and the GO participated in both these strands, although the GO tended to be less involved with the former.

4.1.25 The overall process typically fell into the following stages, albeit with much iteration and variation in timing between the pilots. The process was not always as clear-cut as described:

- Discussion about the aims and parameters of the LAA – trying to understand what it was about and what it offered locally, working out how to engage with partners more widely and starting the process of engagement. The better organised pilots developed a project plan at this stage. This stage typically took one to two months.
- Agreeing outcomes, developing a structure for the LAA and identifying cross-cutting themes – a lengthy iterative process that typically started in late November and continued until late January or later, greatly accelerated by the January 6th deadline imposed by ODPM for the first draft submission. In some areas, the GO imposed earlier deadlines and a number of initial drafts were submitted to GOs before Christmas.
- Working up the detail of how the outcomes would be achieved including funding streams, a process that started in most places in January and is continuing in many pilots. Where projects could not be plucked off the shelf the timescale was inadequate for the detailed negotiations between partners required at this stage. Most GOs built into the process a further draft agreement in late January/early February although the nature of this depended on progress locally. Most pilots only started to work seriously on funding streams late in the process.
- In parallel with this last stage, pilots started to think about the freedoms and flexibilities they wanted (although some had been thinking about this from the start, while others recognise that this process will continue throughout the coming year). Pilots would have benefited from learning more from one another about the freedoms and flexibilities they were each proposing.
- Defining Performance Indicators (PIs), agreeing targets, working out performance management arrangements and setting out a timetable for the completion of the agreement.
- Many pilots (typically in the forums of the LSP and the thematic sub-partnerships) started to consider governance arrangements at an early stage, but most have yet to finalise the details (see below).

- 4.1.26 In some areas the writing of the agreements was left to the lead negotiator who would seek input from the block leads, where appropriate. However, in other instances, the block leads would each draft their own part of the agreement and the lead negotiator would be tasked with pulling the agreement together into a coherent document. This latter process seemed to work well where the blocks were considered as part of the overall thinking and seamlessly woven into the rest. It worked less well in other pilots, where the format and level of detail was not agreed at the outset and so material was inconsistent.
- 4.1.27 At the start of the process, ODPM had requested that pilots submit their proposals for funding streams by 21 October. The timing of this request did not fit well with the process described above as most pilots focused on outcomes in the first instance, following which they identified relevant funding streams for inclusion rather than the other way around.
- 4.1.28 Most pilot areas reported that their LAA built heavily on existing consultation and planning, as set out in the Community Strategy, service plans, LPSA, partnership plans and where appropriate Local Neighbourhood Renewal Strategy. The majority of pilots regarded the LAA as inextricably linked to the Community Strategy – with many viewing the LAA as a key mechanism for delivery of Community Strategy commitments. A number of pilots were currently in the process of reviewing their Community Strategy and this process appears to have been helpful in accelerating progress on the LAA. In others, the LAA was seen as helping to accelerate the process of reviewing the Community Strategy.
- 4.1.29 Where authorities were well advanced with negotiating their second generation LPSAs, this proved extremely helpful in providing a foundation for the LAA. However, where authorities were only just embarking on the preparation of their LPSA they found they could not handle the two work-streams simultaneously in the short timescale available, and the very detailed work required to agree LPSA targets tended to be put back until after the LAA.
- 4.1.30 Most pilots felt that it was legitimate and important that the LAA built on existing thinking and consultation. However, many found that the Community Strategy was insufficiently detailed, was too aspirational, covered too many outcomes, and was sometimes out of date, and that much additional work was required to develop concrete proposals for the LAA. This seemed to be a problem particularly in two-tier areas where, of necessity, the county strategy was very high-level, although some single-tier authorities faced exactly the same issue. Many also found that the timescale imposed by the pilot phase did not allow them to do the kind of ‘first principles’ thinking that might have allowed for greater innovation in their proposals; where such thinking did occur, there was insufficient time to develop the proposals and this has been left to the next stage. Nevertheless, the LAA process was reported as making the Community Strategy ‘real’ and generating some difficult but productive conversations about local problems, targets, evidence and ways to achieve desired outcomes more effectively.
- 4.1.31 Working up the details of the agreement was a major task, hampered by lack of clarity about what the agreement should look like and how much detail was required, which resulted in abortive work. The best success was reported when local areas started from their own analysis of desired local outcomes and priorities and fitted the LAA requirements in, rather than simply trying to ‘tick the

boxes'. Starting from outcomes rather than funding streams – although regarded by almost all pilots as the best approach – took up a significant amount of time at the start of the process and meant that some pilots then had trouble focusing down on a manageable number of priorities.

- 4.1.32 Local respondents felt that government did not understand the difficulties involved in developing proposals for and getting partners to agree to changes in priorities, working arrangements and funding. These difficulties include: mapping all the funding coming into an area and how this is currently spent; getting partners to focus on aspects of their work that some regard as a non-core; gaining agreement to the potential transfer of resources between districts in a two-tier area in the interests of better targeting, which may conflict with the statutory responsibilities of chief executives (notably the responsibility of districts for community safety targets) and be unpalatable to members; and pooling (parts of) mainstream budgets where PCTs are in deficit and consider they need as much flexibility to manage their resources as possible. The fact that the timing of the LAA process did not fit with partners' own planning and budgeting cycles and that flexibility in year one was therefore extremely limited since funds were already committed was also problematic. Furthermore, there was difficulty in overcoming concerns about the ability of existing partnerships to provide effective governance when large sums of money are involved. Some of these issues are practical; for instance, many smaller partners in early March were deeply concerned that they would have no funds to pay staff salaries in April. They are also to do with trust; in two-tier areas many saw the initiative as a 'take-over' of 'their' funds by the county council.

Project and process management

- 4.1.33 The effectiveness of structures and arrangements for developing the LAA seems to have depended on the degree to which good practice project management principles were applied. Most pilots could have done better in this respect. Few pilots had an overall road map for the process, or any sense of the major milestones beyond the structure helpfully offered by some GOs. Some, despite prompting from the GO, failed to develop an overall project plan with clear responsibilities, tasks and milestones; one lead admitted '*he was always about to do a plan but never had time to do it*'. In these circumstances, the process was '*hand to mouth and scrambling*'. Some pilots however developed a clear project plan from the outset with timescales and milestones and used regular meetings and iterative drafts to ensure progress.
- 4.1.34 In a few pilots it was felt that meetings could have been more productive if they had been more tightly chaired with clear agendas for discussion and a clear purpose. Some pilots felt that more bilateral contact between local and GO block leads before meetings could have enabled participants to make better use of meeting time. The most difficult aspect of the process to manage was, however, engagement of partners and this is discussed in the next section.

Timing

- 4.1.35 All pilots found the timescales too short – even those that were involved in the early thinking about LAAs, which should have been better prepared than authorities coming to it fresh. (The timing was described as '*obscene*', '*crushing*', '*having taken over (their) life*'.) The fact that many pilots did not 'hit the ground

running' but took some time working out what LAAs were about and setting up arrangements for developing their proposals and engaging partners made things worse, as did the absence of early guidance and the fact that Christmas intervened. Lack of time limited engagement of partners, creativity, work across the blocks and attention to detail and did not allow the GOs enough time to negotiate effectively with Whitehall.

- 4.1.36 However, most recognised that a reasonably tight timeframe helped to focus minds: *'having to do things against sharp deadlines helps to get on with it'*. Most said that another month or two would have been adequate to have reached an outline agreement, although much longer is required to work up the details of funding and implementation with partners and to develop performance management arrangements and governance structures where these do not exist.

4.2 Engaging partners

Methods used to engage partners

- 4.2.1 Engaging partners was an intensive and time-consuming process. In one pilot over 300 meetings were involved during the development period, ranging from multi-stakeholder workshops, through attendance at regular meetings of strategic or thematic partnerships, to bi-laterals.
- 4.2.2 LSPs had varying degrees of involvement. In some areas the whole LSP played a strong role and this was felt to have been effective, although even in such circumstances there were reservations about the extent of engagement possible in the time. Some LSPs set up or used an existing executive group to oversee the agreement (rather than to work up the detail); this group was able to meet more frequently than the main LSP and this was helpful in keeping partners on board. Sometimes small task groups or thematic partnerships from within the LSP undertook much of the development of the LAA, working on individual blocks or cross cutting themes; the LAA provided the opportunity to ratchet up the role of these thematic partnerships and give them focus. However, in many instances, the whole LSP was not greatly involved in the detailed development of the LAA, because the timetable of LSP meetings did not fit well with the tight timescale for the LAA process. This was particularly problematic in two-tier areas (see below), where the timetabling issues given the number of partnerships involved were intractable. In general, the LSP and its sub partnerships were following rather than leading the process.
- 4.2.3 It seems that where a locality had a strong LSP – with an effective board, the right people round the table and good links to the wider membership – this contributed greatly to the process of developing the LAA. However in some areas partnerships that had worked well when developing strategy encountered problems when it came to taking difficult decisions about resource allocation. In others, the LSP was weak and passive (*'hibernating'* in one pilot). Where the LSP was less strong issues had to be resolved in other ways.
- 4.2.4 Some pilot areas regarded the LAA as an opportunity to test out the PSB model as developed in the Innovations Forum. In some areas, pilots pressed ahead with this development. In two areas, for example, the new PSB met every month throughout the process. However, it seems that early meetings were largely taken

up with discussions about governance issues, resulting in the postponement of detailed work on the content of the proposals to later stages in the process. One PSB saw the LAA as its main focus. In several areas, it seems that the pressure of producing an LAA in the timescale and the realisation that membership of the PSB would be contentious as not everyone would be on it (notably the VCS, private sector and all districts and PCTs in two tier areas), led to pilots deciding to postpone the formation of a PSB until a later date and to fall back on existing structures. In some pilots that were developing PSBs additional consultation was required to address these concerns. Some areas decided not to develop a PSB but to strengthen existing LSP structures, for instance by setting up a formal Executive.

- 4.2.5 Pilots found different ways to engage partners. In some pilots, 'blue skies' workshops or visioning events were held with a cross section of partners from different agencies at the start of the process. Some did this on their own initiative, some at the instigation of the GO. This seems to have been important in raising awareness of the nature of the scheme and the process at an early stage and generating a wide range of ideas. It also helped secure commitment to the principles of the LAA and reassure those who had been less involved to date. For some, partnership meetings of this type also provided a forum for developing a structure for thinking about the LAA, for example, around the five Every Child Matters outcomes. One pilot was advised by the GO to hold such a workshop, decided against because they were unsure of their ground and with hindsight regretted this.
- 4.2.6 As a pragmatic response to the time pressures they were operating within, some pilots chose to engage with partners mainly through a series of bilateral and small group meetings. One to one meetings were particularly helpful in overcoming partners' concerns. While this was an effective way of mobilising thematic expertise and developing proposals within the blocks – much more so than having senior representatives from partner organisations sitting on the steering group – it was less effective at generating new ideas and building linkages across the blocks.
- 4.2.7 Many pilots recognised that the tight timescale of the pilot phase did not permit full consultation with as many partners as they would have liked. Some local authorities (and partners) felt that time pressures resulted in only the 'usual suspects' being consulted. This was felt to be the case particularly for the VCS where one or two organisations were intended to represent the wider sector. The extent to which partners were successfully engaged in the process seemed to relate, in large part, to the quality of existing relationships; inevitably much had to be taken on trust. However, a small number of pilots did manage to use the process actively to promote and strengthen relationships. In one area where relationship problems, surfaced as a result of the LAA process, threatened the development of the agreement, a whole series of meetings were held to rebuild relationships and engage partners. Perhaps inevitably, unitary authorities with coterminous boundaries reported that the process of engaging with partners was considerably easier than in some two-tier areas.
- 4.2.8 However, for the most part, lead local authorities, partners and GOs reported that much effort had gone into engaging with partners and that this had been generally quite successful given the timescale.

Breadth of engagement

4.2.9 Broadly, pilot leads reported that partners were interested in LAAs; however, levels of engagement and enthusiasm varied. The aims and concerns of partners were discussed in chapter 3; here we focus on the breadth of engagement, how this varied and how difficulties were overcome.

Which partners?

4.2.10 It is not possible either from the agreements themselves or from our fieldwork to determine exactly which agencies were involved in which pilots. It is clear from the in-depth case studies that some partners (and their funding streams) are mentioned in the agreements without formally having agreed to be included while others have been involved, but this is not apparent from the documentation. In general it is difficult outside the case studies to determine the depth of engagement.

4.2.11 All the pilots involved the health sector (normally one or more PCTs and the SHA). All involved the police, although the police were not always an active partner. All have tried to engage local CDRPs, although this has been problematic particularly but not exclusively in two-tier areas. Similarly the district councils have been involved in all the two tier pilots, although the extent and nature of involvement has varied greatly.

4.2.12 Beyond this the organisations at the table vary widely. Several pilots have involved Connexions, often in a leading role (in two pilots Connexions were co-lead on the CYP block). Fewer involved Job Centre Plus, still fewer the Learning and Skills Council (LSC), Regional Development Agency (RDA), or Business Link. Consultation with Sure Start partnerships has been patchy. A few engaged with Sport England or the Big Lottery.

4.2.13 This variation is partly a reflection of local needs, the local authority's understanding of these and the way in which the local authority interprets their role. The block structure did not encourage local authorities to consider in detail issues relating to worklessness, skills or economic development for instance and some authorities seemed to lack the capacity to operate outside their core business or to think about public service delivery in the round. It is also partly because some pilots – particularly in two-tier areas – simply did not have enough time or energy to involve all potential partners particularly those operating at below authority-wide level; this seems to be the explanation for the patchy involvement of Sure Start partnerships.

The Voluntary and Community Sector

4.2.14 Pilots were aware of the importance of engaging with the VCS in developing the LAA. Examples of positive engagement with the sector included involving the VCS on operational and steering groups, holding additional seminars and workshops to inform and consult with the sector and designating the sector as a champion to lobby for a particular freedom or flexibility. However, the majority of respondents in pilots observed that effective engagement was challenging, due to the fragmented nature of the sector and critical lack of capacity in some areas. The sector's long consultation chain and consequent inability to respond in the tight timescale was a major issue. As one pilot lead put it: *'We cannot afford to*

go at the voluntary sector's pace.' As with other partners, the success of the engagement usually depended upon the quality of the historic relationship between the sector and the local authority. In NRF areas, the relationship was often easier through CEN involvement with the LSP.

- 4.2.15 While national VCS groups welcomed the requirement in the guidance to involve the VCS, voluntary sector representatives were less impressed with the level of engagement in practice, although they recognised the time pressures that inhibited meaningful engagement. They would like to have seen a more participative approach rather than relying on a small number of individuals on an LSP.
- 4.2.16 Engagement of the VCS has been particularly difficult in two-tier areas; the fact that the main focus for VCS action is at local level tends to make engagement at county level more difficult.

Overcoming partners' concerns

- 4.2.17 Pilots adopted a number of stratagems to overcome the concerns of partners and keep them at the table.
- 4.2.18 Many pilots reported nervousness on the part of partners about loss of control over funding. These concerns started with government's early request for pilots to identify funding streams, which immediately put local relationships on the wrong foot especially in two-tier areas. One of the difficulties pilots faced was being uncertain about what it meant in practice to include the funds of partners within the agreement, given that most partners' budgets were committed for the coming year and that in the longer term most had a core of activities they had to undertake. In many cases, this led to pilots taking decisions to align funds rather than pool them over the short term, until agreement could be achieved with partners and the necessary hard decisions taken about redeployment of resources. In other areas, there is an agreement that funds will, at least in year one, simply be passed on to the organisation that would previously have received them directly.
- 4.2.19 Another concern of some partners, particularly in two-tier areas, was the extent to which the agreement would reflect differential needs across the locality. All agreed that such differentiation was desirable, but it raised the spectre of 'winners and losers'. Some pilots overcame this by focusing at this stage on common themes and postponing discussion of geographical targeting and differentiation to the next stage of the agreement. In one county, the district level LSPs are to be given a role in overseeing implementation and tailoring it to local needs, to try to allay the concerns of district councils and PCTs.
- 4.2.20 Underlying some partners' concerns was the fact that governance structures were absent or not fit for purpose – for example the absence of an appropriate county-wide thematic partnership was the reason one police force refused to commit BCU funding, and was a factor underlying the nervousness of PCTs. In some areas, steps have already been taken to deal with this issue; for instance, membership of PSBs and other executive structures is being enlarged to make space for some district councils and for the VCS. In other areas, the development of effective governance structures has been written into the work plan for the next stage. In one pilot, a compromise has been reached whereby ongoing VCS

engagement will be secured and strengthened through a series of new, conference style, meetings of VCS partners three times a year on topics of importance to the sector.

- 4.2.21 In several areas, particularly two-tier areas, the inclusion of either a fourth block or cross-cutting themes picking up such issues as housing, transport, the economy and the environment was found to be helpful in allaying the concerns of districts as well as reflecting some of the issues most important to local people. (This is seen as 'the local block' in one pilot, in contrast to the national priorities that dominate the three main blocks.)
- 4.2.22 In general, it seems that the negotiation period was not sufficient to reach agreement with partners on contentious issues and that these have been pushed back to the next stage for resolution.

4.3 Two-tier working

- 4.3.1 Two-tier areas faced particular challenges in generating an LAA due to the sheer number of partners that they needed to engage, the lack of effective county-wide forums on some topics and the diversity of problems across the county.
- 4.3.2 One issue with which two-tier areas had to contend was the large number of potential partners, particularly amongst district councils and PCTs. In one example, potential partners included 12 district councils, nine PCTs and nine police command units. Where there was an existing network (for instance of district councils), this sometimes sat on the steering group and represented its members. Where no such group existed, one or two districts or PCTs had to represent the others. Where these representatives had the trust of their peers and complete autonomy to negotiate on their behalf this could work well. However, this approach was not always successful; it relied on trust and effective communication in both directions and even then, representatives sometimes found it difficult to represent other organisations with diverse and competing interests. In some cases the LAA highlighted the lack of effective networks for discussing common problems – for instance in one county, the lack of any public health network, or a county-wide community safety partnership – and the establishment of such groupings should be a benefit of the process.
- 4.3.3 The role of and inter-relationships between strategic partnerships is also much more complex in two-tier areas. In some of the pilots, there is no clear differentiation in roles between partnerships at county and district levels and the two levels may sit together organically rather than hierarchically. Membership patterns are often complex, with some organisations sitting on the county partnership, some on district partnerships, some on both. Joint working arrangements and communications channels are sometimes fragile and not suited to rapid consultation and decision making as was required by the LAA process.
- 4.3.4 It was clear that developing an LAA in a two-tier area also raised more challenging issues between partners. In a unitary, the development of an LAA involves horizontal integration between partners with different responsibilities, to join up different services in a holistic way. However, in a two tier area, it may also require co-ordination and re-allocation of resources between agencies

performing the same function, in the interests of gaining economies of scale and critical mass, avoiding duplication and a more rational allocation of resources with greater targeting on areas where problems are most severe. For some partners in two-tier areas, therefore, LAAs are actually about centralisation and loss of local autonomy in the interest of the county as a whole and not about devolution. Pilots reported that this difference tended to make the process much more fraught – although ultimately they could see the potential benefits. These difficulties were often compounded by fears about reorganisation on the part of some partners – e.g. in health, local government and CDRPs.

- 4.3.5 Another difficulty was that in many two-tier areas tagged funding streams are relatively unimportant; this means that the LAA has to focus on mainstream funding, which is more contentious as partners may be unwilling to give up autonomy over funds that are central to delivery of their main functions and the sums involved are typically much larger.
- 4.3.6 Although some counties worked hard to build awareness and communicate effectively with partners, it seems that some did not put sufficient time into this at an early enough stage. Several had not even informed their districts about the application. One county lead officer said: *'We had not realised districts had to be involved ... they had not volunteered and knew nothing about it... they thought it was a stitch-up'*. Similarly, the chief executive of a district in another county commented: *'The first I knew of the LAA was when I received a letter from ODPM welcoming me as a partner.'*
- 4.3.7 Despite these challenges, some county councils – which had a history of good partnership working and a more collaborative, less directive style – managed these tensions well from the start. Other localities worked through their difficulties and emerged with stronger relationships at the end.

4.4 Conclusions

- 4.4.1 When they embarked on the process, local authorities and their partners were unaware of the scale and nature of the task in front of them. They had no clear vision of the end product, no timetable or milestones and were aware that the 'ground rules' for the process would need to be made up as they went along, in parallel with the development of guidance by Whitehall. The only certainty was the extremely tight deadline for the final agreement, which proved more rigid than most had assumed and which pilots and GOs agree was far too tight. In most pilots, the process as it unfolded was quite different from that envisaged at the outset, particularly in terms of working with the GO (as discussed in the next chapter). All this is the nature of a true pilot and most local authorities and their partners improvised willingly.
- 4.4.2 In these circumstances, most localities managed the development of their agreement as effectively as could be expected. Project management could often have been better: the process was often muddled and those involved were often unaware of the process, key milestones and progress. LAAs proved very resource intensive. Agreeing outcomes took up much of the time in many pilots. Identifying funding streams and freedoms and flexibilities proved much harder than anyone had anticipated and there was little time for implementation planning, risk assessment and consideration of performance management

arrangements. The development process was iterative and sometimes circular rather than linear and progressive.

- 4.4.3 Nevertheless huge progress was made – indeed many local authorities and their partners are surprised at how far they have travelled in such a short time. All but one pilot submitted an agreement by the final deadline – albeit an agreement that in all cases requires further development – and all are clear about the way forward. Mistakes were made and have been acknowledged and all learned a lot in the process.
- 4.4.4 Some authorities were slow to engage partners and found the process of engaging far from straightforward. All lead pilot local authorities tried to develop the agreement in an inclusive way and most partners eventually did buy in to the initiative – although with varying degrees of commitment and understanding since some struggled to see the benefits for them in participating. Partners were constrained by their own performance regimes, planning and budgeting cycles, existing commitments and the level of funds available, and, in the case of the VCS, by capacity in the sector. The tight timetable and lack of early clarity have been an impediment to effective partner engagement, but poor communication and processes were also partly to blame. In some areas deep underlying tensions surfaced as partners had to make hard choices about priorities and faced loss of autonomy, particularly where mainstream funds were involved and especially in two-tier areas. The process has put strain on some relationships and in some areas a significant amount of work is still required to maintain the long-term balance in terms of positive partnership working.
- 4.4.5 In many areas, even where the process has been a difficult one, partnerships have been strengthened; the LAA has been a tool to cement existing relationships and to open doors on new ones. The LAA has given a clear role to LSPs, particularly in non-NRF areas, and helped to link the community strategy to the actions of individual partners. Where a locality had a strong LSP, this contributed greatly to the process of developing LAAs.
- 4.4.6 There is no doubt that the process was much more difficult in two-tier areas, but even here some lead authorities in particular made it work effectively. The problems in two-tier areas are not just different in scale – with many more partners to be engaged and a greater diversity of needs and priorities – but in kind. The LAA was perceived as a threat by many organisations operating at below county level, a centralising force rather than a move towards localism. Moreover, with few special funding streams the debate had quickly to move into the much more difficult arena of mainstream programmes. However, the potential benefits of the LAA are also qualitatively different, in terms of better targeting of resources, removal of duplication and achievement of critical mass. The evidence suggests that LAAs can be made to work in two-tier areas, and that in the next wave – provided lessons are learned from the first wave – lead authorities should not make the mistake of failing to involve partners in the decision to embark on an LAA, and partners should be clearer about the potential benefits.
- 4.4.7 The process, in part because of the speed and the uncertainty, was often relatively ‘un-political’, and much of the contact was at officer level. However, as LAAs evolve, and more local authorities become involved, the engagement of

leading politicians will become crucial. Timescales, guidance, and negotiating processes will need to take account of the political dimensions of LAAs.

4.5 Implications for policy and practice

- 4.5.1 The quality and commitment of high-level leadership is important. The process needs to be led by someone with a strategic overview who can also manage the networks – probably the Local Authority Chief Executive – with input at director level from people able to pick up on cross-cutting issues and to commit resources. Political leaders should be engaged early on.
- 4.5.2 The LAA coordinator role is key; this person must be sufficiently senior to command respect within the authority and partner organisations, and have the skills to manage the soft aspects of the process as well as to produce a quality output. Block leads need to be sufficiently senior to have clout and breadth of vision, but not so senior that they cannot give the task enough time; Assistant Director level may be most appropriate.
- 4.5.3 Drawing from the structural approaches adopted, the following comprises the most successful features. A steering group involving partners and the GO team, which meets infrequently (at the key milestones); a small operational group comprising the overall lead, block leads, theme leads, which meets often (preferably with the GO lead coming sometimes); and block working groups to which GO block leads might come sometimes. Clearly exact membership will vary.
- 4.5.4 Early engagement with partners is crucial in raising awareness, generating enthusiasm, securing buy-in and support for the process. It is important that partners are engaged at LSP level so that the LSP is involved at an early stage but this may not be sufficient and other channels – and other partners – may be needed. Links need to be established at all levels of partner agencies – but particularly at the top. Partners should be involved in early conversations about whether or not to apply to be a pilot, rather than expected to engage once this decision has already been taken. Localities can start work on this now, even if they do not intend to apply for the next wave of pilots. Partners need not only to be represented at meetings, but also to make substantive contributions to the work of developing the agreement.
- 4.5.5 The strength of partnership arrangements is critical to the success of LAAs (both in terms of negotiation and implementation) and where localities consider that their partnerships are not sufficiently strong they will need to consider how they can strengthen these and make them fit for the purpose of LAAs. In two-tier areas this will require looking at relationships between the county and district partnerships.
- 4.5.6 Recognition must be given to the particular problems posed for the fragmented voluntary and community sector, and care taken to ensure that there is support to the sector so that it can participate more effectively.
- 4.5.7 Pilots recognise the need to find time for some in-depth, ‘first principles’ thinking with key players in partner organisations, especially with leaders, to identify the key areas where a deeper kind of partnering would be of benefit and work out how to make it happen. Localities can start work on this before even applying to be an LAA.

- 4.5.8. It would be helpful for this vision for the LAA to be communicated effectively at all levels across partner agencies and the Council. It would have helped if there had been a communications and stakeholder management strategy in place at the outset. Face-to-face communication appears to be critical. Pilots cannot assume that people will always read emails or other written communication. Multiple channels of communication are required, in the event that leads from other agencies, or within the Council, move on during the process, or are not communicating back to their teams or agencies.
- 4.5.9 LAAs benefit from the application of good project management principles. A plan for the process, complete with defined tasks, responsibilities, timescales and milestones is likely to result in a better outcome.
- 4.5.10 Where GOs and pilots agreed a format for the agreement, this avoided changes over time and inconsistencies between blocks.
- 4.5.11 One key risk that was highlighted was focusing on the development of a written document at the expense of developing thinking and relationships.
- 4.5.12 Thinking about the whole agreement first and about specific blocks second, appears to be important in generating an agreement that is joined up and integrated across the blocks. Funding streams would then be amongst the last elements to be considered. However, it would be essential at the earliest possible stage to bring together finance officers across the partners and do a complete mapping of funding, and focussed work with partners to identify government rules that impede joined up working locally.
- 4.5.13 Local authorities have much to learn from each other on points of substance in their LAA; and further information sharing would avoid time being spent reinventing the wheel.
- 4.5.14 Resourcing within pilots has been a significant issue and localities need to be prepared for this. The bringing in of outside advisers to support pilots e.g. a Neighbourhood Renewal Adviser, appears to have worked well in terms of increasing capacity. Consideration needs to be given to the support that can be provided to pilots outside areas eligible for NRF. The support required may be of two types – general process facilitation, and input on specific policy areas. The latter support, if centrally resourced, would help to spread best practice round the pilots.
- 4.5.15 Pilots would have benefited from more time to develop their proposals, but not too much more. Provided local authorities have had enough lead time to put the necessary working arrangements in place, and central government departments respond promptly to requests, a number of stakeholders amongst pilots and GOs were of the view that three months should be adequate to agree on outcomes and the strategies to address them. It would take a further three months to agree indicators, targets, freedoms and flexibilities and indicative funding, and another six months to sort out stretch LPSA targets where more dialogue may be needed, action plans, a business plan, governance and performance management arrangements. This allows six months to produce an agreement and a further six months during implementation to iron out LPSA2 targets.
- 4.5.16 The pilots showed that to facilitate partner engagement, timing should be linked to other planning and budgeting cycles including those of partners. This is

particularly important in making other partners feel that their priorities are also part of the whole picture.

- 4.5.17 There was some evidence of some in Whitehall underestimating the difficulties of partnership working and this may lead them to underestimate both the magnitude of the task of developing an LAA and the progress that has been made.
- 4.5.18 Particular care is required in two-tier areas to ensure that the process does not appear to be too strongly led by the county council. Care should be taken to ensure all district councils and local partnerships are engaged. An audit trail from the LAA back to district-level plans often help to engage the local community and councillors.
- 4.5.19 Based on the perceived lack of transparency for the first round of pilots it will be necessary to set clear criteria for round 2. It may be useful to supplement the hard criteria with softer ones which could include strong leadership by senior officers (particularly, the Chief Executive), a strong LSP with the capacity to deliver; partner engagement and commitment in public sector agencies; a balance across the region; and where appropriate strong partnership working between authorities.

5. Government Offices and their roles and relationships with pilots

- 5.0.1 In this chapter, we examine the way in which Government Offices organised themselves, interpreted their role, and worked with pilots. We look at the structures they employed, the way in which they interpreted and carried out their role, the clarity of their delegated authority, their relationships with localities and their capacity.
- 5.0.2 The effectiveness of the GO role is judged against the following criteria set out in the evaluation framework, namely the extent to which GOs:
- Managed the process effectively so that there is clarity about roles, responsibilities, process and progress
 - Have the capacity to negotiate on behalf of central government
 - Have the skills to act as effective brokers
 - Were able to add value to agreements.

5.1 Structures

Co-ordinating structures

- 5.1.1 Most GOs established a high level steering group or programme board to oversee all the pilots in their region. Typically chaired by the Regional Director and involving other directors, this group provided the forum for sharing issues across the pilots.
- 5.1.2 A few GOs involved the pilots in this group, but most seemed to see it as ‘their side of the table’. In some regions the group involved the GO block leads for each of the two pilots, in others GO involvement was more senior. In many cases this group brought on board other regional agencies such as the SHA, the RDA, Job Centre Plus, the Arts Council, Sport England, the Big Lottery, Audit Commission, Learning and Skills Council (LSC), DfES field forces, CSCI, and in a few instances the regional VCS and LGA. This wider membership was felt to be helpful in providing a challenge to the pilots’ proposals and also to provide a wider context to the debate. Other GOs involved other regional partners less formally, in bilateral meetings, and this may have been more efficient.
- 5.1.3 It took a number of GOs some time to bring on board other regional partners, and engagement of regional partners varied widely across the regions with notable gaps in some instances, perhaps revealing the gaps in GOs’ own regional networks as well as the difficulty of involving some parts of government. For instance as far as we know Department of Work and Pensions (DWP) have not been involved other than through Job Centre Plus at a local level, despite their interest in the older people’s agenda.
- 5.1.4 There were mixed feelings about the effectiveness of this high level structure; a few regions found that it worked less well than the operational team responsible for individual pilots, although it was felt to be necessary at least at this first pilot

stage. It seems as if the problem was its size and a lack of clarity about the role of the group; when it had a specific task to perform (for instance, case conferences on the emerging agreements of the pilots in the region) it was found to be helpful.

- 5.1.5 Several GOs appointed a dedicated project manager, (who may have been one of the lead negotiators, or someone more junior) to oversee the LAA process across all the region's pilots. This role was vital not only in keeping the process on track, but also in ensuring the GO had an adequate information base and marshalling communications upwards to central government and downwards to the pilot negotiating teams.
- 5.1.6 Some GOs already had an area-based line management structure and permanent geographically based teams, and reported that this was helpful – it meant that specialists already knew local areas well (although even in these GOs some policy areas remained outside the area based teams).

Lead negotiators and their support

- 5.1.7 Most GOs had a designated lead negotiator for each pilot area. The lead negotiators were generally at director level – the Area Director where one existed. In two regions, lead directors were responsible for managing more than one pilot negotiation. This generally appeared to work well, although in one region the director played a more significant role than envisaged as the process turned out to be more difficult than anticipated and the more junior leads for the individual pilots found it very challenging. However, it was more common for each pilot to have its own director level lead, and given the amount of time involved most leads reported that they could not satisfactorily have managed more than one pilot at a time. This raises potential capacity issues for roll-out in terms of the sustainable workload for lead negotiators and the capability of the individuals if this role is delegated below director level.
- 5.1.8 The main role of the lead was relationship management – one lead described it as '*conducting the orchestra*'. Most lead negotiators were chosen on the basis that they were familiar with the locality and key partners within the area e.g. through sitting on the LSP board or working closely with the area in their 'day job'. A broad understanding of local issues and capacities, and already having the trust and respect of local partners, seem to have been important in making this role work. GOs that did not have an Area Director role found this much more difficult. A vision of the potential of LAAs and ambition for the locality and for local government in general were also important in stimulating creative thinking in the pilot and providing effective challenge, particularly on issues that cut across the blocks.
- 5.1.9 The lead was in most instances supported by other officers (typically a grade 7 and/or an HEO, at least one of whom was full time), who were responsible for day to day liaison with the pilot.

Block leads and other specialist input

- 5.1.10 GOs identified separate block leads, typically at assistant director level. For the safer and stronger communities block, this person tended to be someone in the Regional Crime Director's team. For the healthier communities and older

people's area, the block lead was a member of the Public Health team. In the children and young people's block, this tended to be the regional change advisor or the lead officer on Change for Children.

- 5.1.11 Sometimes block leads were responsible for more than one pilot, which was helpful in that there were some common issues, but this produced an intolerable workload given the role was on top of the day job. Where geographical teams existed, the block leads were drawn from the relevant team.
- 5.1.12 The role of block lead was a dual one – working with their counterpart on the pilot to challenge and support, and liaising with their parent department, alerting them to emerging issues and negotiating with them on the pilot's behalf. This worked well where block content matched silo-based expertise and affiliations (safer communities, healthier communities, children and young people), less well for other parts of blocks (older people, stronger communities) and for cross-cutting issues identified by the pilots, where GOs sometimes failed to muster the necessary expertise.
- 5.1.13 Block leads could not be expected to be expert across entire blocks; this particularly applied to the SSC and HCOP blocks. This was recognised by GOs and it was felt that the capacity for block leads to draw in others as appropriate was important to the role. Many teams also involved other specialists, either as a regular team member or on an ad hoc basis as required. Examples included people with responsibilities for neighbourhood renewal, community cohesion, CSCI and Connexions. One GO in the final stage 'farmed out' negotiations with Whitehall to relevant specialists (one link per department), which was reported to work well; this GO was also prepared to draw on the network of Regional Director functional leads where issues needed to be escalated, although it seems that this has not yet been necessary.
- 5.1.14 Pilots reported that it was important for block leads to be sufficiently senior, with a strong grasp of policy in their area, able to challenge the pilots and to broker relationships with Whitehall. Local knowledge was helpful but not as vital as in the case of the lead negotiator or lead support role, hence lack of a geographical structure within the GO was not a major problem.

Ways of working

- 5.1.15 Government Office leads and block leads worked together in different ways. In some cases, block leads formed part of a virtual team focusing on each pilot and this was reported to work well, allowing a holistic view of that pilot's submission and helping to ensure consistent messages. In other instances, they fed into a single team working on a number of different pilots. One or two GOs did not form designated LAA teams, but relied on input from staff as and when this was needed; the lead negotiator would then look at each agreement as a whole.
- 5.1.16 Arrangements for dealing with the pilots also varied. In most GOs, block leads would negotiate directly with the relevant leads in the authority. This seemed to work well in that it provided for specialist challenge to the pilot and, as a relationship was established, the blocks took on the nature of a shared product. It worked particularly well where the dialogue was linked with existing processes – for instance the priorities conversations in the children and young people block. The block lead also, in several instances, was able to help the local

authority to bring partners to the table by virtue of their own membership of the relevant networks.

- 5.1.17 Many pilots held multi-lateral 'negotiation' meetings between pilot and GO – sometimes conceived of as more of a steering group, which in effect they were. Attendance at such meetings by block leads varied. While it sometimes helped to have everyone round the table, the whole-team approach to attending negotiation meetings was felt by one GO to have been wasteful in terms of staff resources.
- 5.1.18 In a few pilots, the lead negotiator primarily handled the process and the block leads only became directly involved as the process developed. In one instance, this left the block leads with a huge job of catching up.
- 5.1.19 Effective management of the process required a GO negotiating team with appropriate representation from departments, and clarity about roles and responsibilities. It seemed that some GOs had difficulty in ensuring that all angles were covered where the relevant expertise lay outside the GO structure (mainstream health, adult social care, drugs) – in part because at the outset it was not clear what all the angles were. This is something some GOs could have handled better. However, the process is said to have improved cross-silo working in some GOs, and at best led to a sense of an integrated team working towards a common agenda.
- 5.1.20 Generally, there was clarity about who was in the lead on each block, and GOs were able to present a unified front. Inevitably however, in the context of informal bilateral working and rapidly developing agreements, this sometimes broke down and there was confusion and mixed messages. Some GOs admit they did not do enough to identify who was in charge on their side and this resulted in inconsistencies in their approach. In one GO, tensions in relationships made collaboration more difficult. Such inconsistency arose however even where there were regular meetings with all concerned on both sides and close team working within the GO.

5.2 The Government Office role

Interpretations of the role

- 5.2.1 The precise nature of the GO role has been the subject of much debate. It was clear from the prospectus⁵ and Reaching Out⁶ that central government's aim is to 'strengthen the role of GOs and delegate to them some of the functions that have been carried out in Whitehall.' This was to be achieved by 'giving them the leading role in negotiating and agreeing outcomes for the pilot Local Area Agreements'. The rationale being 'that GOs cover a wide range of services, and know more about local circumstances than the headquarters of Government departments.'

5 Published by ODPM on 26 July 2004.

6 Reaching Out: The Role of Central Government at Regional and Local Level published by the Performance and Innovation Unit in February 2000.

- 5.2.2 It was envisaged that the 'GOs' focus will be on the better outcomes to be achieved, rather than the means of doing so, but they will also play a challenge role in relation to local authorities and their partners, benchmarking results from across them and providing analysis for authorities and Departments on what works. They will also be supportive, reinforcing persuasive cases for removing obstacles to the ability of partners to enhance what they can achieve locally and working closely with central departments on providing these flexibilities.⁷
- 5.2.3 There was a recognition that GOs needed to build confidence at local and regional level that central government will 'let go', and a constant need to earn the trust and confidence of local partners. An important part of this was being able to respond with authority to the questions about process and substance raised by local partners, and GOs often found this difficult because of lack of clarity from the centre about such issues as what sort of output was expected, the procedures for sign-off, and details of performance management and payment (that came in the later advice notes).
- 5.2.4 GOs also had to be able to challenge local partners. While many staff are used to doing this – for instance as part of 'priorities conversations' and target setting – LAAs involved the need to challenge on a broader front and on different terms – to discuss, suggest, persuade, and challenge without dictating; although some found it hard to establish this new relationship and mode of working, our judgement is that most performed reasonably well in this respect, although the final agreements were not as clear as they should have been.
- 5.2.5 This shift in GO role was articulated by interviewees in GOs as: 'learning to performance manage rather than monitor', and recognising 'a need to move away from a passive role to really influencing and making the LAA work'.
- 5.2.6 GOs adopted a range of different roles, depending upon their own style and the relationship they had with their pilot(s). In the main they aspired to the role of critical friend, accepted by local areas as authorised to ask hard questions and not just take what was 'served up'. Their role has typically included the following activities; for each there has been a spectrum of interventions from pro-active to reactive:
- Managing the process with localities to ensure that they deliver up an agreement. This ranged from quite structured project management in some regions to a more facilitative role in others where project management was left to the localities.
 - Facilitating the engagement of partners at both local and regional levels. In some areas they brought partners to the table and intervened where there were difficulties, in others they took a more hands-off role.
 - Attending project board meetings, guiding about what was required, making suggestions, advising on propositions to put to government, encouraging greater ambition and realism as appropriate.
 - Bilateral working between pilot and GO block leads – brainstorming to identify priorities, informing about the government position, challenging.

7 Local Area Agreements: a prospectus

- 5.2.7 The degree of engagement with the content of agreements varied, depending on both the style of the GO lead and the willingness of the locality to engage. GOs had to make a judgement about what was wanted by the locality, and what might be needed. Some GOs were more proactive than others. Some local authorities were defensive and would not have welcomed too much engagement by the GO in the development of their agreement. In one area, for example, the local authority recognised that the GO could have pushed them further in terms of content, but 'it might not have been welcomed'. In these circumstances, while GOs were able to challenge the robustness of proposals, they found it difficult to make positive suggestions. However in another, the local authority did not always feel sufficiently challenged and felt that the GO sometimes seemed to adopt the role of messenger – passing on information to Whitehall without comment. In another pilot, in early January the pilot had no idea what the GO thought of their proposal, was feeling very vulnerable, and would have liked them to take more of a co-authoring approach.
- 5.2.8 From the GOs' perspective some were unsure how far they should challenge and engage proactively in contributing to the agreement, and felt they were receiving ambiguous messages from ODPM suggesting that they were not supposed to 'second guess' local areas. There is a dilemma here, which GOs recognised; while it is possible that some local authorities might have benefited from more engagement even if they did not want it, there were limits to what the GO could do without appearing to impose, which would have seemed to run contrary to the spirit of a local agreement.
- 5.2.9 Another interpretation of the GO role was a cross between a broker and an advocate – providing advice on the central government 'line' and fighting the pilot's corner on particular issues (particularly freedoms and flexibilities and the inclusion of funding streams). Some GOs tended more towards the broker end of this spectrum, introducing their pilots to officials in Whitehall so that they could conduct their own negotiations; these pilots tended not to feel as if they were engaged in a joint endeavour with the GO. Others took a more active role and negotiated on behalf of their pilots; this latter role was more common. GOs were all too aware, however, that they were walking on a very fine line, for if they overstepped the mark then they would be seen as 'going native' by central government – a view expressed by one civil servant.
- 5.2.10 A third view, most clearly held within ODPM and central government, but expressed also by some GOs, was that GOs should be clearly seen as 'government' in the region – speaking on behalf of government as a whole. GOs *'should be seen as both critical friend and government; being a friend is part of a mature and open relationship, but the role is clearly that of government in the region ... we want decisions to be taken at regional level ... they know best what a good LAA looks like.'* In terms of taking decisions the evidence suggests that this view needs to differentiate between things on which it is reasonable to expect the GO to make a decision, and issues that must inevitably be referred to policy colleagues in Whitehall. There is a large grey area in the middle, and just where the dividing line comes is a matter of judgement (and may change over time). It was part of the role of the pilot to test these boundaries.
- 5.2.11 While some GOs were uncertain and seeking clarification about their role, others were keen to use the space to determine and define their own roles.

- 5.2.12 At local level, there was confusion in some cases over the critical friend and 'government in the region' role and when which hat was being worn. Some localities tended to see GOs' helpful suggestions or prompts as requests or instructions. For example in one pilot, the GO health block lead's challenge regarding Choosing Health outcomes, where the GO lead only wanted the pilot to justify why some outcomes were left out, was heard as an instruction that all must be included and this led to ongoing resentment. Clarity over whether the process is a joint venture or a negotiation might make it easier for GOs to make suggestions without local partners hearing these as instructions; the responsibility for being creative and ambitious would then be a shared one albeit that the GO and locality have different roles to play.
- 5.2.13 Most pilots would agree that it needed someone to facilitate the process. In most cases the GO did this effectively and in the absence of the GO it is difficult to see who else could have done this – Whitehall does not have the local knowledge and no one else locally would have the moral authority ('occasionally the table had to be banged').
- 5.2.14 For the most part, central government interviewees appeared committed to the GO role in this process and to ensuring that it was a success, however they had some anxieties about how it would work out in practice. Interviewees in central government tended to feel that GO staff should have a reasonably good understanding of their parent department's policy and line on LAAs. There was also general recognition of the skills and experience of those at the top of many Government Offices. However, central government interviewees had some reservations about whether staff at all levels in the GO network had the skills, strategic overview and information required to challenge authorities successfully. There was also, clearly, a rather different understanding of the relationship between government and localities in Whitehall than that prevalent in the regional offices and localities, with the expectation that GOs would take a hard-nosed bargaining approach to the negotiations rather than providing strategic leadership.

Delegated authority

- 5.2.15 Many GO staff felt they would have benefited from greater clarity about the nature and extent of their delegated authority at an earlier stage. Whilst some ambiguity was considered helpful, they felt they needed to know absolute limits. While it is the nature of a pilot that policy is unclear, and whilst GOs were pleased to have the opportunity to negotiate with and on behalf of pilots, this ambiguity about their role and authority created anxiety for some GO staff.
- 5.2.16 The issue of delegated authority was further complicated by the fact that GOs were not clear about what success would look like. They did not know what a 'good' agreement would look like, what would constitute an acceptable balance between national and local priorities, whether they were expected to push for stretch on targets, and how 'finished' the agreements had to be before they were considered fit for signing. They were also unclear about the process for signature, and some were under the impression that it was the Regional Director who would 'sign off' the agreement. They had asked for clarity about these matters at the start of the process (and asked repeatedly as the process developed) but felt that they had not had a clear answer and that the notion of a successful agreement kept changing. The answers appeared to range on a spectrum from 'a couple more PSA targets' to 'stretching and going about things

in very different ways.’ In these circumstances it is not surprising that the very thing GOs feared, happened: many agreements, after being submitted to central government, were deemed unacceptable (largely because they were unclear) and had to be redrafted in the final weeks before being signed by Ministers.

- 5.2.17 A number of interviewees within the GO network said that they did not always feel that they had the trust of central government departments, and that although the policy intention was that responsibility should be delegated, the behaviour of some people in central government suggested that this was not fully accepted by everyone. They cited instances that indicated that rather than trusting the GOs to provide the appropriate level of challenge for pilots, some departments were imposing additional challenge and assessment resulting in some duplication of roles. Last minute interventions by central departments to change or ask for rewriting of LAAs exacerbated this and undermined any sense of autonomy, and were experienced as second-guessing the judgements they had made.
- 5.2.18 Interviewees in the centre, however, were sometimes frustrated that GOs did not understand what was or was not deliverable. The majority of central government interviewees appeared to feel that GO staff should have a good grasp of what was or was not acceptable to central government departments at least in terms of outcomes, indicators and targets. Whilst this seemed to be true on mainstream policy issues and matters covered in the negotiating brief, many of the issues that arose could not be delegated, since they required involvement of the policy owners and a consistent approach across all regions. This was particularly true for freedoms and flexibilities and the inclusion of additional funding streams.
- 5.2.19 The role of GOs in negotiations was ambiguous. They did not have the clear authority – whether perceived or actual – to negotiate on government’s behalf with pilots. Many felt that it was part of their role to pass on requests – and make a case on pilots’ behalf – without pre-judging Whitehall’s response. Hence while some GOs informed their pilots where they knew requests would not be countenanced, there seem to have been many instances where GOs passed on such requests. In this sense, GOs really were not negotiating on government’s behalf, but acting as brokers. Yet GOs sometimes lacked the in-depth understanding of specific requests to negotiate on pilots’ behalf with Whitehall.
- 5.2.20 GOs were trying to balance judgements about effective solutions to local problems with the expectation that they should automatically know what policy owners in central departments want, whereas in practice they were sometimes lacking confidence and information to negotiate alone. Officials in central government departments also recognised the tension between devolving responsibility for negotiations to GOs, and the desire of policy holders in Whitehall to be kept informed and involved. While GOs expressed the need for stronger backing from the centre for the difficult judgements they made – *‘we’re either in charge of it or we’re not’* – the issue seems to us to be a matter of coming to a shared understanding of what can be delegated and what has to be decided centrally, recognising that as the process develops this line may shift. (It should be noted that parallel issues arose in the pilot stage of LPSAs, where it proved impossible for one person to negotiate on behalf of each department.) There is a danger that if GOs are expected to filter out proposals they think Whitehall may not like, innovation will be stifled and the potential for LAAs to push the boundaries will not be realised.

- 5.2.21 GOs were trying to manage relationships in a situation where they faced different expectations from different stakeholders. They wanted greater recognition of the local difficulties they faced in building trust in the LAA process, *'if we are just heavy handed and say no – we'll be written off as bureaucrats'*. For their part, officials in central government also faced competing pressures as discussed in the next chapter.

Process management

- 5.2.22 GOs varied in the approach they took to managing the process. Some GOs worked hard to impose project management principles on the process – developing road maps with clear milestones, suggesting structures for how local areas should organise themselves, managing case conferences, supporting sharing across pilots in the region, planning knowledge management systems and processes. In two pilots, where the GO realised that the local authority was constrained in its capacity to meet the LAA timetable, it seconded one of its officers to it. These kinds of approaches appear to have been important in helping the GO to make the best use of its own time and resources and to provide effective support for the pilots.
- 5.2.23 In other pilot areas, the GO allowed the process to develop in a more fluid way. While emphasising to the pilot that a project plan was required and trying to nudge the process forward – when necessary forcefully – the GO did not see it as part of their role to take over project management, nor would the pilot necessarily have accepted this. This approach seems to have worked relatively effectively in areas where pilots had their own tight project management in place. However, where pilots were also adopting a more relaxed approach to process management this appears to have been more problematic and resulted in confusion about the process and slower progress than there might have been. In such circumstances at the least a route map with milestones would have been helpful, although where the basic problem was lack of capacity on the local authority side this would not have been enough to ensure progress. Facilitating without taking over is a very difficult path to tread particularly where the local authority is defensive, and in future pilots it might be best for the GO and local authority to agree at the outset a plan, which they jointly own and manage. For some, a mix of both approaches i.e. allowing for flexibility within a clear project management framework worked effectively.
- 5.2.24 One GO developed assessment criteria for the agreements, which they shared with their pilots. This helped to provide clarity.

Brokering relationships

- 5.2.25 GOs played a role in brokering relationships at both local and regional levels. At the local level, this involved attending partnership meetings, informing, encouraging, smoothing ruffled feathers, suggesting to the local authority who else ought to be included and suggesting more inclusive processes. Some GOs seem to have been very proactive and supportive in this role, others merely checked up to ensure the key players were engaged. This process seems generally to have been more effective in smoothing difficult relationships than in bringing new players to the table – an effort several pilots resented and resisted. At regional level, many GOs brought in funders such as the Big Lottery and Sport England and pilots appreciated these. There was sometimes confusion as to

which ‘side of the table’ particular agencies were; while this matters if the process is seen as one of negotiation, it is unimportant if it is more a collaborative venture between government and local partners.

Challenge and negotiation

- 5.2.26 There was an initial expectation by all parties at the outset of the process that agreements would be negotiated between pilots and GOs in a relatively formal way, with the GO negotiating on behalf of Whitehall, each side trying to gain as much from the other as possible. In practice, however, the process was more one of collaboration between the parties in pursuit of shared goals. One GO described the process as being ‘*more like a dialogue than negotiation*’; this was a view reinforced by many. Typically, the pilot area would develop a first draft of their agreement – often with input from the GO – and present this to the GO for formal comment. There would then be a number of iterations backwards and forwards between the GO and pilot, often with informal discussions between block leads on either side in the interim so that the final agreement became a joint product – more so in some pilots than in others. Most pilots would accept that this dialogue has strengthened their agreements.
- 5.2.27 At lead negotiator level, the dialogue was partly about substance, with the GO trying to ensure that government priorities were adequately reflected in the agreement. It was recognised that the extent to which lead negotiators could provide real challenge on content was variable. At block level, where the leads were sure of their ground technically, knew the locality, and government policy was clear, this challenge was effective and seen by local partners as inevitable and generally constructive. Where there was a shared agenda, challenge on substance was hardly necessary and prompting was all that was required. Where government priorities were not aligned with local ones and the latter were seen to be crowded out, the requirement to include national outcomes and targets met with resentment locally, but it appears that a compromise acceptable to both sides was generally reached.
- 5.2.28 The focus of challenge at lead negotiator level seems more often to have been on the adequacy of proposals, in terms of the degree of focus, the level of ambition, the rationale and evidence base, the difference that the proposals would make, clarity about governance, performance management and funding, and the inclusivity of the process. This was more difficult – the messages more complex and therefore sometimes misunderstood – and hampered by the lack of clarity from the centre on the criteria for success. Ultimately GOs recognised that the amount they could do to improve the quality of the proposals in the time available and without taking over ownership of them was limited, especially where the proposals were fundamentally weak. GOs also recognised that it would be difficult to ‘fail’ an authority, particularly a successful one, because for instance they had not adequately engaged the VCS⁸.
- 5.2.29 However, on some occasions the GO team found the challenge role more difficult. For example, in one pilot the GO lead on the healthier communities and older people block was a public health specialist, and the GO had not involved anyone with adult social care expertise. In this case, the GO lead admitted that they had

8 Although Regional Directors had to provide confirmation that the VCS had been involved, the word ‘adequate’ is open to different interpretations

no idea if the pilot's proposals on older people really matched needs and did not understand the significance of the freedoms and flexibilities requested or have the necessary contacts to negotiate them on the pilot's behalf. GO lead negotiators did not always seem to be fully aware of the contribution that their own block leads were making.

- 5.2.30 It seems that as far as there was real negotiation, it took place between GOs and Whitehall, with GOs arguing for their pilot's requests. In general the initial stage of developing proposals was handled without reference to Whitehall – in most cases the block leads were on familiar policy territory and the negotiating brief gave guidance on what could be included in the agreement and under what conditions. However, requests for freedoms and flexibilities and for the inclusion of funding streams not mentioned in the guidance had to be referred to Whitehall. The difficulties GOs faced in this are discussed in the following chapter.
- 5.2.31 The real test of GOs' effectiveness, from the perspective of local government, will be the extent to which they are/have been able to get agreement from central government for their proposals. In most pilots, this has yet to be fully tested. Most pilots felt confidence in the GO and considered that the GOs had so far been helpful in 'fighting their corner' and presenting their proposals to Whitehall, with the result that there was very little direct contact between central government and localities. Some pilot areas were philosophical when their proposals were not accepted, taking the view that they were playing the long game. However, in one or two cases, local authorities considered circumventing the GO by arranging meetings directly with relevant central government officials when they did not feel they were making sufficient headway.
- 5.2.32 There was recognition, however, that where GOs were unsuccessful in their 'negotiations' with central government that they were 'piggy in the middle', and setbacks of this nature did not seem to unduly affect the relationship between pilot and GO.

5.3 Relationships between localities and GOs

- 5.3.1 Generally there were extremely strong and mutually supportive relationships between localities and GOs. Many pilots recognised the challenging, dual-facing role that GOs have had to play – one respondent described their GO as '*struggling valiantly in a difficult situation*'. They were also aware that the pilot phase is as much a test of the GOs' handling of LAAs as it is about the agreements themselves.
- 5.3.2 Most pilots found GOs to be highly constructive in their approach. They felt that the added value that GOs offered was in challenging their thinking – in some areas the GO suggested freedoms and flexibilities that the pilots had not thought about and encouraged their pilots to be more ambitious in the scope of their proposals. Many pilots were willing to accept constructive criticism even when it was extremely challenging. One pilot expressed it as follows: '*Encouraged us to think more broadly, challenged us and made us be clear about what we were asking for.*'

- 5.3.3 From observation of some meetings between localities and GO we sensed that as the pilot phase progressed there was a growing openness in the relationship, with both parties willing to listen and reflect on each other's viewpoints. It felt like people wanting to work together to achieve a common result. But to make the relationship work, good process skills and a willingness to challenge and be challenged were required on both sides. In one case, the local authority was full of praise for the way, when problems emerged at the very last minute, the GO brought a team down to the town hall and worked alongside them until it was solved.
- 5.3.4 There were some instances where the relationship was not so strong, either because of extreme defensiveness on the local authority's part or what was perceived as an overbearing attitude by the GO. In one pilot, relationships reached such a low ebb, and progress was so unsatisfactory, that some GO staff considered they should stop working with the authority. In some instances it took time to develop mutual trust and for the terms of the relationship to be established. The relationship also varied between blocks within pilots, depending on the depth of local knowledge and process skills of the GO block lead and the openness of the pilot block lead.
- 5.3.5 Some local authorities were frustrated at the fact that the GO was, in the earlier stages of the process, less able to support them as they too were learning 'on the job'. Some GOs felt that in the early stages the pilots were a bit suspicious of them as if they were 'spies in the camp'. This was not helped by the confidential negotiating brief provided to GOs from central government, which was felt by pilots and GOs not to be in the spirit of collaborative working. In order to overcome any sense of suspicion one GO interviewee described how they passed as much information on as possible to the pilot. Some pilots felt that the GO was an unnecessary layer between them and Whitehall, and that the GO had yet to prove their effectiveness as a go-between.
- 5.3.6 GOs in turn experienced some frustrations in their relationships with pilots. They were keen to receive agreements as soon as possible so that they could get a sense of the scale of proposals from the pilot area, and begin to test these out with central government colleagues. In one area, the GO designed a structure to accelerate localities' progress, for example, by issuing a local timetable with milestones in advance of ODPM's. In another, the GO's repeated offers of support were turned down by the pilot which did not feel ready to enter into detailed discussions. With the benefit of hindsight, these GOs now question whether their focus on accelerating production of the agreement had been right or whether they had constrained the pilots in their creative thinking.
- 5.3.7 Another frustration experienced by several GOs was the apparent reluctance of the local authorities to present well articulated arguments for specific freedoms and flexibilities – for example, by stating the problem that existed and explaining how the proposed freedom or flexibility would help them overcome it. As a result, they felt that they did not have sufficiently good data with which to negotiate on their pilot's behalf and continued to push the pilots for greater clarity. This led to negotiations with Whitehall being squeezed into the latter stages of the process. It also led to an apparent dissonance in some cases between a central government department's acceptance to a broad principle at a relatively early stage in the process, and a subsequent refusal or challenging of a specific proposal formulated from the agreed principle at a later stage.

- 5.3.8 Local authorities have learned through the process both that they are less constrained by 'red tape' than they had realised (as through the process they found they already had freedoms or flexibilities they were requesting), and that they need better to communicate to government the realities of service delivery and the impact of constraints.

5.4 Capacity

Resource requirements

- 5.4.1 Generally, those involved in the LAA within GOs made sure that the initiative received the time and attention it needed – all concerned were determined to make the pilot process a success. Only one pilot commented that those within their GO had been slow to respond or insufficiently engaged.
- 5.4.2 The initiative took a large amount of senior time. One GO estimated the time commitment required for the LAA within the GO for each of their pilots as follows:
- Overall co-ordinator /project manager (for both pilots) – full time
 - Area Director (lead negotiator) – 25%
 - Assistant Director – full time
 - 3 block leads – between 10% and 40%
 - Neighbourhood renewal advisor – 20%

This is additional to less intensive involvement by many other staff.

- 5.4.3 In contrast – and this is an exception – another GO lead was only able to spend an hour or so a day on the LAA. This lead had to adopt a very 'hands off' approach, and found it much more difficult to keep abreast of the detail of the bilateral discussions and to add value.
- 5.4.4 Apart from the pilot teams, a large number of other people were involved in some capacity ranging from virtually full time to occasional input.
- 5.4.5 Several GOs reported an unsustainable increase in workload for those most closely involved in the LAA, with average working weeks of 60-70 hours over several months. Regular work had suffered as a result of the amount of time spent on the LAA.
- 5.4.6 Early optimism regarding the additional workload imposed by the LAA process has been replaced by a growing awareness of the time demands, not only as currently experienced but particularly in the light of a possible rollout to an additional 4 or 5 pilots in each region. The fact that the first wave of pilots will require ongoing attention from the GO, initially to complete the agreements then to performance manage them, potentially results in an ever-escalating workload as the number of LAAs grows. Although there should be savings in some areas, for example monitoring the Neighbourhood Management pathfinders and processing claims, no respondents in GOs foresaw savings in their current monitoring workload as being sufficient to offset this. Many recognised this as a major issue for them and we understand that all GOs have applied for additional

funding to RCU. It was however, recognised that if LAAs are going to become part of the 'day job' then GOs could better manage the resources for dealing with them; being in a pilot phase imposed an additional burden upon them because they were learning a new process and a new way of working – for instance having to assemble data that they had not previously required. The extent to which additional resources will be required will depend on the success in removing duplication and parallel processing, and the degree to which other work becomes less necessary because of, or subsumed within, the LAA process.

Skills and knowledge

- 5.4.7 In terms of skills and knowledge, the GOs largely felt that they were up to the job, although they acknowledged areas of weakness. LAA work reinforced the need for a different skill-mix, requiring people who were able to think across policy areas on a strategic basis, multi-taskers able to solve problems and turn their hand to several activities, *'people who think strategically but know enough about detail to make an input'*. While there are clearly people of this calibre in GOs, there are not yet enough. The process required different ways of working; bringing together teams of people with different specialisms, pooling knowledge and using evidence to think creatively about problems. Some GOs reported that the process itself was useful in developing individual skills and team working between departments.
- 5.4.8 Some in central government judged the GOs more harshly, pointing out that the agreements submitted in early March were full of gaps and ambiguities and all required further clarification before they could be signed by Ministers. This seems to be less a question of skills and knowledge than a misunderstanding – by all GOs – of what was required by ODPM in both the agreements and Regional Directors' summaries, and the very tight timetable with a fixed date for signing which meant that the 'agreements' had to be submitted in a less finished state than any of those involved would have wished, with many issues still to be agreed.
- 5.4.9 Several GOs took a pro-active approach to data and knowledge management, devoting considerable effort to assembling information about their pilot areas at the start of the process. This proved invaluable and enabled GOs to offer substantive input. Some felt that whilst they have datasets on specific topics, they may be lacking an overview of needs and activities across the region; some felt they did not have a holistic view of individual local authorities. It seems in some cases as if this issue may be about knowledge management as much as lack of data.
- 5.4.10 A few GOs admit that some GO staff are unused to the role required of them; they are used to assessing, approving and referring up rather than directly challenging or facilitating. Most seemed to rise the challenge well; the LAA process itself proved helpful in developing skills. Some directors have been successfully trying to build up these skills in their teams for some years. What seems to be needed is not simply process skills, such as negotiation, but the seniority capable of making difficult judgements, balancing a range of pressures and negotiating agreements with other powerful interests.
- 5.4.11 Some GOs reported the need to enhance skills in defining outcomes, specifying indicators and setting targets, which will become much more necessary when

LPSA negotiations are devolved to GOs alongside the LAA; this will be a key issue in planning the regionalisation of LPSAs. Others felt that they did not always have sufficient detailed knowledge of policies that were slightly outside of their remit or expertise e.g. education knowledge of social services, and that this made it difficult to take an overall view of blocks. Working in teams was found to be invaluable in obtaining this overview.

5.4.12 However, generally, there was a feeling that whilst the LAA negotiating process had placed everyone on a steep learning curve, the main concern has been with regard to capacity (staff time) rather than skills and knowledge.

5.4.13 While some GOs are considering appointing dedicated teams to support the process, some respondents emphasised that it was important that the roles of lead negotiator and block lead are performed by someone who is handling this policy area as part of their day job, and that a separate 'LAA team' would be undesirable.

Performance management

5.4.14 At the time of our final interviews in early March, GOs seemed unclear as to their role in performance management, and whether they are expected to track outcomes, funding or the process of delivery. Both GOs and pilots expressed concerns that reporting would not be significantly reduced despite expectations (and promises in the Prospectus) that the burden of monitoring would be lightened. It is however ODPM's view that monitoring and reporting has been reduced, and the net impact of these changes will be an important issue for the next stage of the research.

5.5 Conclusions

5.5.1 The nine GOs adopted a very wide variety of structures for managing the LAA process, and what works best may depend in part on the geography of the region and existing working structures and relationships. Everywhere, however, the process was led at a very senior level, and GOs invested considerable time and managerial attention to ensuring that difficult issues were resolved.

5.5.2 On the whole, the balance of evidence indicates that GOs managed the process effectively in difficult circumstances. There was generally clarity about roles and responsibilities within GO teams, although there seemed to be gaps in some GO teams and feedback to pilots was sometimes inconsistent reflecting co-ordination failures. There was less clarity about process in some regions; not all GOs established an overall road map for the process and shared this with localities, and GOs and local partners were not always clear about where they were in the process at any particular time. While some of this reflected a failure on the part of GOs to manage the process proactively, effective process management was made more difficult by lack of clarity from Whitehall about what was required. Some GOs were much more directive in managing the process than others, and approaches from both ends of the project management continuum seem to have had benefits and drawbacks. An approach of providing some degree of structure whilst allowing for flexibility worked well in one region.

- 5.5.3 GOs interpreted their role in the process differently – as process facilitator, critical friend, broker and advocate. This seems to have been a matter of both personal style and the demands of each pilot, and suggests that flexibility of role will be important. The process facilitator and critical friend roles were, on the whole, successful. The broker and advocate role proved more difficult because of cultural resistance in Whitehall to different ways of working (notably an unwillingness to devolve detailed control of budgets, acknowledged in many of our interviews with civil servants) and difficulties in the negotiation process described below.
- 5.5.4 GOs demonstrated that they have the capacity to negotiate agreements within a very tight timescale, although ‘negotiate’ is an inadequate description of the role they played which was more one of challenge than of the ‘head to head’ negotiation that some people expected. Local partners reported timely responses to their queries, and there were few examples of delay on the GOs’ side. This conclusion does however have a caveat: GOs coped with the additional workload but this was at the expense of their other work and the workload was not considered manageable in the longer term without additional resources as well as rethinking the way work is managed if LAAs are rolled out everywhere. Also, GOs appear to have been less successful in ensuring that the agreements put up for signature were clear; the reasons for this seem to lie partly with the tight timetable (which meant that the submissions were less finished than most would have wished), partly with GOs (who should have appreciated that ministers could not sign a document that was ambiguous) and partly with ODPM (who had not expressed sufficiently clearly what was required).
- 5.5.5 However, GOs were not free to negotiate agreements on behalf of government without the need to ‘refer up’, and there were clearly different understandings about the extent of their devolved authority. Many of the issues that arose could not be delegated, since they required involvement of the policy owners and a consistent approach across all regions. The role of GOs in negotiations was always ambiguous; they lacked the authority to negotiate on government’s behalf with pilots, and the in-depth understanding of specific requests to negotiate on pilots’ behalf with Whitehall. GOs were trying to balance judgements about effective solutions to local problems with the expectation that they should automatically know what central departments want. They expressed the need for stronger backing from the centre for the judgements they made, while central departments acknowledge the tension between delegating to GOs and the desire of policy owners in Whitehall to be kept involved and informed. Different expectations of GOs has led to some frustration on all sides, and it will be important to clarify and develop understanding of GO roles in future.
- 5.5.6 GOs’ approach to project management appeared to work best where they imposed a structured framework within which the development of the LAA could take place, which allowed for sufficient flexibility.
- 5.5.7 Whether or not GOs have the skills to act as successful brokers remains only partially tested. No significant gaps in process skills or inappropriate behaviour were observed or reported. Working relationships between GOs and pilots were on the whole very effective; there was mutual respect and openness, and GOs successfully challenged emerging agreements. Their effectiveness in negotiating with Whitehall on pilots’ behalf is discussed in the next chapter.

- 5.5.8 Most pilots reported that their GOs had added value to the agreement and the process. When necessary they assisted in bringing together the key players within an area both locally and at regional level. Some GOs assembled an information base and used this to assess performance, develop their own view of needs and make suggestions. All provided challenge and support and agreements were strengthened as a result of dialogue.

5.6 Implications for policy and practice

- 5.6.1 To help GOs, a range of models of operation could be developed, taking into account the best practice elements of the approaches adopted for the pilots. This will require some focused work involving all GOs. Success factors seem to include:
- Sufficient director-level time is required in the pilot lead negotiator role, from someone with a strategic overview of the locality and who is locally trusted and respected.
 - Full-time support is necessary to conduct day-to-day liaison with each pilot.
 - Leads should be identified for each block, supported by other specialists as required to cover part blocks or cross-cutting themes, all with the ability to provide effective challenge to both the locality and colleagues in Whitehall.
 - The GOs' team will need to include or call on people with a wide range of specialisms. Any gaps in the GOs' expertise need to be identified and filled at an early stage.
 - For leads and block leads, working on the LAA should be integrated with an individual's other work; a dedicated full-time LAA team is not desirable.
 - A mechanism is required for ensuring consistency in response and for taking a view of an emerging agreement as a whole; a virtual core-team approach to each pilot seems to work well.
 - GOs need to be clear about, and to share with pilots, who are responsible for what issues.
- 5.6.2 GOs need to be clear about their own understanding of roles and boundaries and ensure that within their teams there is clarity about the role that GOs will play in the LAA processes – understanding 'givens', agreeing when different roles are appropriate – in order to balance relationship building and problem solving roles at local levels with the role of 'government in the regions' able to secure and deliver government priorities.
- 5.6.3 Across the GO network and with central government departments, discussions are needed to secure clarity about the role of GOs in negotiating all aspects of the LAAs, and the extent to which they act as negotiators with delegated authority to make agreements on behalf of government, or whether they are primarily critical friends, advocates or brokers. If GOs are expected to make the judgements about LAAs in future, considerable work is needed to build up trust within central departments, and a shared understanding of the networks, governance and support needed to ensure this works well.

- 5.6.4 GOs will undoubtedly need additional resources to carry out the work associated with LAAs, particularly bearing in mind the fact that LPSA negotiations will in the future form part of the LAA process. GOs will, however, also need to consider what, if anything, is of a lower priority and can be dropped and to integrate LAAs with their other work wherever possible. Regional Directors will need to think about structures, processes, skill-mixes and training and support requirements to ensure cross-boundary team working and appropriate capabilities. Possible areas to be developed include performance management, outcome and target identification and process skills. Training and support will be essential, but it may be that learning through doing, with built-in coaching, debriefing and development sessions will be more effective when time is short than complicated training programmes.
- 5.6.5 More specifically, in order to develop their new role in negotiating LPSAs as part of LAAs, GOs will need to develop expertise in evidence based identification of outcomes, targets and indicators, and build a network of knowledge about effective practice in the field. This expertise will need to be both generic and policy-specific. They might choose to develop national leads on key areas from whom others could gain advice. They may need to call on support from the centre or to draw on external expertise.
- 5.6.6 There is a need for regular sharing across GOs (and with relevant central government departments) around specific policy areas, to explore the sort of issues that are coming out and what freedoms and flexibilities might be relevant. A better mechanism needs to be found for this than the current RCU database and the Sounding Board (see Chapter 6).
- 5.6.7 Across the board, emphasis should shift from 'negotiation' to shared development of better local solutions that can achieve key outcomes. GOs may wish to be more active in developing creative solutions, and explaining to local partners the rationale behind national policies. The centre will wish to ensure that creative local solutions and a better understanding of local problems are built into the development of national policy thinking. GOs and the centre would benefit from an enhanced dialogue in order to encourage increased mutual understanding of the constraints each faces in achieving their aims.
- 5.6.8 Project management is important and should be well structured, but not constraining. Clarity is the key, and arrangements should be made jointly between the GO and the locality. GO should work with pilots to prepare a structured and joint project plan so that each is clear of the other's role, the purpose of meetings, milestones, deliverables etc.
- 5.6.9 Securing the engagement of the appropriate partners at regional level is important. Large meetings however are not necessarily the best mechanism. It may be helpful to try to clarify which agencies work alongside the GO as 'government' players and which are considered local partners.
- 5.6.10 GOs will need to ensure that they have a good information base, containing both hard and soft information, building on the Audit Commission's Local Area Profiles. This should be used to inform the GOs' views of priorities and to make suggestions. In the interests of openness as much as possible of this should be shared with the locality at an early stage.

6. Central government

- 6.0.1 In this chapter we consider the way in which ODPM managed the LAA policy, how central government departments organised themselves and worked with other departments, and how they engaged with GOs and pilots.
- 6.0.2 The role of central government is judged against the following criteria set out in the evaluation framework:
- The effectiveness of the project management of the pilot negotiation process (in terms of clear and timely communication being provided across central government departments and to GOs and pilots regarding what is expected of them).
 - A commitment and willingness across central government to the principles of the LAA.
 - The effectiveness of the structures and systems in place to be able to respond to proposals from pilots in a clear and consistent way.
 - The extent to which central government departments demonstrated trust in GO officials and willingness to devolve decision making authority.

6.1 Management of the policy and the process

Overall process management by ODPM

- 6.1.1 The LAA initiative was championed by the ODPM, whom GOs and pilots clearly regarded as the driving force behind the initiative. Both GOs and localities expressed admiration for ODPM's role in launching the initiative as *'an example of outstanding leadership in the face of what must be huge internal resistance'*.
- 6.1.2 The policy lead for LAAs was located in the local government division of ODPM. Up until the prospectus was launched in July, a senior civil servant supported by a small number of colleagues led the LAA initiative. Following announcement of the pilots in the autumn, a new lead took over responsibility for LAAs and a dedicated team was formed to support this work.
- 6.1.3 ODPM reported that considerable effort had been made to co-ordinate this policy and to work constructively with other central government departments, GOs and pilots. ODPM worked closely with the RCU and held both group and bilateral meetings with GO regional directors. In addition, each member of the LAA team was assigned a region to track in more detail. Within central government, ODPM held numerous bilateral meetings with policy colleagues and chaired the Programme Board and Sounding Board meetings (see below). LAAs were also discussed at a number of other senior level fora, for example, the Local Government Group, which draws together permanent secretaries from departments that are major funders of local government.
- 6.1.4 Many interviewees acknowledged the complexity of managing a policy initiative of this kind, which spans a large range of government policy areas and involves all levels of government. There was appreciation of the LAA team's work in managing the process and addressing the problems and difficulties that have

inevitably arisen by central government departments and GOs, some of whom reported that the LAA team at ODPM had been helpful in unlocking problems. Central government departments also recognised the degree to which the team's input had helped to contribute to departments' evolving thinking about joining up of funding streams, reducing bureaucracy and devolving power to localities.

- 6.1.5 Inevitably, many GOs, pilots and some central government departments felt that the LAA initiative could have been more tightly managed with greater clarity about key aspects and milestones in the process. For instance, even in early March many interviewees in pilots, GOs, and other central government departments were unclear how the later stages of the process would unfold and what would happen between submission of the agreements and the signing ceremony. Up until the last minute ODPM was requesting GOs to make changes in agreements in order to remove ambiguities; some of these were difficult for the GO to achieve at such short notice, given the consultative nature of the agreements at a local level. All the agreements required some clarification (for instance about the status of requests), while a minority required substantial changes because they contained requests for freedoms and flexibilities that were unacceptable to government. It seems GOs had not appreciated that in order for Ministers to sign, the agreements had to be very clear. However GOs considered that last minute requests from ODPM to produce summary submissions and statements on the status of freedoms and flexibilities, the inclusion of pooled or aligned funding streams and the timetable for agreeing indicators could have been made earlier, allowing more time for consultation with the pilots. This points to the need for better communications between ODPM and GOs so that there is a shared understanding of what is required.
- 6.1.6 Several central government interviewees felt that ODPM should have given greater thought to some issues, for example payment systems and accountability arrangements, at an earlier stage. Interviewees pointed out that these issues are complex and raise difficult questions for departments, which require time to address satisfactorily. An earlier focus on such issues would have reduced the pressure on other government departments towards the end of the process. However, there was recognition that an understanding of these issues was evolving in parallel with the rest of the process – and it was hard for ODPM to find resolutions to so many issues in a short timescale.
- 6.1.7 There was some criticism (at all levels but particularly within central government departments) of the way in which the next 40 pilots had been announced, before the results of the first set of pilots were available. Some interviewees felt that ODPM was pushing too hard too fast, and that a more cautious, evidence based approach was needed in order to secure confidence and buy-in in many departments. However, this indicates a key tension at the centre. If the process moves too slowly, then departments will continue to run parallel systems, they will duplicate effort, not have the resources to support the process, and crucially will not streamline processes or make savings. However, if it moves too fast, it may not have the support or the understanding necessary for success.

Communicating the policy

- 6.1.8 It is clear that there are inherent difficulties in communicating so complex a policy as LAAs, particularly at the pilot phase when understanding of what the policy involves is developing through the pilot process. One GO commented that some

degree of confusion is a normal part of the pilot process. However, in the case of LAAs, the scope for GOs and local authorities to shape the initiative in different ways was unclear and this lack of clarity about 'what game they were playing' led to tensions.

- 6.1.9 Many GO staff felt that a clearer sense of what a good agreement might look at an earlier stage would have been very helpful to them. They observed that whilst messages were circulating from the LAA team and other parts of central government about some agreements being better than others, they were not always aware of the basis for these judgements. GOs perceived that even up to the last week the goal posts were shifting, with inconsistent messages from different parts of ODPM in terms of whether the focus was more on the pooling of funding streams and reduced bureaucracy or on a more radical transformation of relationships between centre and locality. The message 'we will know what we want when we see it' was not thought to be particularly helpful; and yet on all sides, interviewees were aware of the need to avoid an overly prescriptive approach that left little room for local innovation and initiative.
- 6.1.10 Other elements of the scheme were felt to be confusing, or open to multiple interpretations. Some GOs and pilots, for example, felt that the meaning of 'pooling' or 'aligning' was unclear; this may have reflected a lack of understanding by GOs and pilots. However, the issue was not clarified until shortly before agreements were due to be submitted, as was the notion of 'putting mainstream funds into the LAA'. While it appears that central government did not consider the financial aspects to be a relevant factor in developing the agreement, practical considerations of payment (such as frequency, whether payment is in advance or arrears, and the implications for mainstream funding) are of great importance to local partners. Central government respondents also told us they had not had adequate time to consider the complex issues around changes to payment regimes. A number of respondents felt that confusion over issues of this type reflected a lack of financial understanding on the part of some in central government; it may however simply reflect the tight timetable and consequent necessity of developing guidance in parallel with the piloting process.

Advice notes and guidance

- 6.1.11 There was widespread frustration amongst GOs and pilots about the timing of the advice notes. As one GO commented: *'all the issues had been resolved locally before it was available.'* The fact that the first advice note was not available until some time after the pilots had been announced delayed progress in some pilot areas. The advice note on finance came too late to be of any help, since pilots had submitted their final agreement to the GO; one local authority pilot lead commented that if they had been aware of the details of the proposed payment regimes they and their partners would not have submitted the agreement without requiring additional freedoms, as various aspects of the proposed arrangements seemed likely to cause them severe problems⁹. Recognising how difficult it is to develop detailed guidance during a fast-moving

9 For instance, CDRP funds are currently paid quarterly in advance, direct to districts; the proposal in the advice note was to pay monthly in arrears, via the top tier authority, meaning the lead authority has to fund in-month spend which they will in the case of the authority in question find difficult. This regime will also mean that the lead authority has to pay out many small sums on a monthly basis, at considerable administrative cost.

process, GOs would have preferred earlier discussion and lighter touch guidance to serve as a framework for debate.

- 6.1.12 There was less criticism of the content of the advice notes, which was generally felt to be helpful, although some respondents considered the advice note on finance not sufficiently thought through. Excellent authorities would have found it helpful to have their existing freedoms mentioned in the guidance, as GOs were not always aware of these – the ‘one size fits all’ approach led to confusion.
- 6.1.13 GOs and pilots in two-tier areas felt that the guidance was written from a unitary perspective and did not always acknowledge the considerable complexity of generating and delivering an LAA in two-tier areas. Indeed this applies to the initiative as a whole, and will need to be addressed in future development of the policy.
- 6.1.14 Staff in other government departments also expressed some frustration with the advice notes. One or two interviewees noted that during the drafting stages, proposed amendments that were sent to ODPM had not been incorporated into subsequent versions, and ODPM had not provided an explanation for this. This illustrates the strains created when trying to develop guidance conventionally (circulating drafts for comments, etc.) during a fast-evolving process.
- 6.1.15 As has been mentioned earlier, the fact that the negotiation brief for GO could not be shared with pilots came in for criticism from both pilots and GOs, who felt that it served to put up barriers between players at a local and regional level and undermine the trust required for successful negotiation. The fact that the brief was confidential however well illustrates Whitehall’s view of the negotiations as one in which their interests were opposed to those of local authorities and their partners, and in which in order to push localities as hard as possible they should not ‘show their hand’. A number of GO interviewees were also critical of the degree of prescription involved in the negotiating brief.
- 6.1.16 Some interviewees in central government felt that pilots should have been advised to produce shorter, more concise, agreements. With little capacity in central government, reading twenty-one agreements – some of which were over one hundred pages – presented many departments with considerable difficulties. However, pilots felt under pressure to include a lot of detail – not knowing what was required, they ‘played safe’ by including supporting material; this is an important issue that will need to be resolved.
- 6.1.17 ODPM are committed to looking again at the level and type of guidance given to the next 40 pilots to see if this can be improved.

Support from the RCU

- 6.1.18 The RCU have provided an important supporting role for GOs and central government departments. Their involvement has included: making contact with the project managers in each of the GOs and working with them to set up best-practice mechanisms; sharing information about requests for freedoms and flexibilities; sharing examples of innovative working; championing particular issues where several GOs have requested freedoms and flexibilities; and sharing ideas among GOs about what a good draft LAA looks like.

- 6.1.19 Providing a support role of this kind in the context of a rapidly moving policy initiative is clearly a complex task. A number of interviewees within the GO network found the input of the RCU to be useful to them in developing their approach and negotiating with pilots, and in assembling information on innovation.
- 6.1.20 There was limited resource available within RCU with which to support GOs (the role was principally fulfilled by one individual); this may not have been recognised by critics. Several interviewees in both the GO network and in other government departments would have appreciated greater support from RCU through more active management of the process, and more effective sharing of information. Some GOs said that they would have liked more 'real time' information about what was going on in other regions (for example, the sorts of freedoms and flexibilities being asked for by pilots) and found the information provided by RCU difficult to use. Some government departments reported that they were unaware of the RCU's activities – particularly during the early stages of the process. At the same time, however, some GOs and central government interviewees expressed frustration at the amount of information they were required to read, digest and provide for others. One GO reported being '*constantly bombarded by requests for information*'. It seems clear that the appropriate level and type of support required by GOs (and how this links with central government departments) will need to be considered further for the next 40 pilots.
- 6.1.21 Some respondents acknowledged the RCU's role in handling requests for freedoms and flexibilities and the inclusion of funding streams that had been made by several pilots. However, others pointed out that a more pro-active handling of this would have been even more helpful – for instance, asking pilots whether the requests made by some might be applicable to them. There appeared to be a misunderstanding of RCU's role held by some GOs who expressed nervousness, not knowing whether the RCU was actively challenging other government departments on their pilots' behalf, as they would have done. However, the RCU was under an even greater handicap in this than were GOs themselves, in terms of having the information needed to make the case. One interviewee suggested that the RCU had played a useful practical role, but what was needed was a more strategic role, such as helping GOs to anticipate and respond to the different expectations in terms of role, to negotiate more effectively with central departments, perhaps signposting or bringing GOs together to develop shared responses, and helping them to think more widely about the changes to their profile and priorities.
- 6.1.22 The LAA team and RCU reported that they were working hard to link up with each other. However, a number of interviewees at GO and pilot level felt that co-ordination between the LAA team and RCU could have been improved. Some central government departments reported confusion about who was responsible for circulating draft agreements in central government and one or two reported difficulties getting hold of these. GOs also reported some confusion between the RCU and the LAA team roles (that is to say the distinction between ODPM's overall role and RCU's relationship with GOs). They would have welcomed a single point of contact, able to give a definitive response to queries. Whilst some recognised this as being RCU's role, it was less clear to others. One GO expressed the issue as: '*We do not know what they (Whitehall) really want and how to involve them, collectively or individually.*'

Sounding boards, reference groups and LGA support

- 6.1.23 The Sounding Board was a meeting that was held regularly (approximately monthly) and brought together individuals from local authorities, GOs and central government. The meeting was managed by the RCU and chaired by the LAA lead within ODPM. It was an opportunity for pilots and GOs to obtain clarity from ODPM on certain issues, for ODPM to inform pilots and GOs of new developments and for all parties to share their concerns.
- 6.1.24 There was broad support amongst pilots and GOs for having some kind of mechanism to allow them to shape the evolving LAA policy. GOs and pilots also appreciated the opportunity to meet and network with colleagues from around the country and to learn from their experience.
- 6.1.25 The Sounding Board was felt to be a good mechanism for bringing everyone together in order to better understand the policy as it was developing, what was expected of pilots and GOs and to test and share ideas and learning. However, although the Sounding Board was felt to be a good idea in principle, many participants felt that the meetings could have been of greater use if they were managed and organised differently. Meetings were thought to be too big and formal, with insufficient opportunities for detailed discussions. As one GO put it, 'it is one way – they talk we listen'. There was also considerable repetition between the morning and afternoon meetings.
- 6.1.26 Whilst several interviewees felt that the LGA reference group pre-meetings for pilots were well chaired and useful, some GO leads felt that the pre meetings for GOs could have been more effectively managed. One GO lead suggested that a short up date from each of the nine regions would have been useful. This could have been followed by a more in-depth exploration of particular issues.

6.2 Cross government working

Programme Board

- 6.2.1 ODPM chaired a cross-departmental Programme Board, which met on several occasions during the pilot phase. The Programme Board brought together approximately 25 representatives from central government departments, GOs, and other relevant agencies – including the Audit Commission, LGA, and I&DeA. Whilst a DWP representative sat on the Programme Board, the Pension Service was not specifically represented.
- 6.2.2 The majority of central government interviewees felt that the Programme Board had provided a useful opportunity to gain an overview of the initiative across government and to gauge other departments' position on the scheme. Several interviewees commented that there had been some particularly useful conversations towards the end of the process – for example around payment issues. Two of the GO representatives on the Programme Board were particularly appreciative of the chance to influence the development of the LAA policy.
- 6.2.3 However, many Programme Board members felt that the group was too large and met too infrequently to get very much substantive work done. A couple of

interviewees felt that a smaller team with dedicated people seconded from different departments might have been more effective.

- 6.2.4 A number of interviewees felt that some Programme Board members were reluctant to discuss ideas and experiences openly in a group setting. The majority of interviewees reported that more fruitful dialogue was taking place in bilateral meetings. The failure to raise concerns and difficulties and have an open dialogue at an early stage, meant that problems often were only resolved at the last minute. Most interviewees felt that this reflected the culture in the civil service rather than anything specific about the LAA scheme. However, given the importance of joining up across blocks and departments, an effective cross-departmental steer is vitally important. It would be helpful to explore ways to ensure greater openness and sharing of difficulties and a more problem solving approach.
- 6.2.5 Interviewees in a number of government departments recognised that they could have done more to link up with policy colleagues in other departments outside of the programme board structures. There may be a need to set up more effective working arrangements beneath the programme board, with a greater emphasis on learning, practical problem solving and creative thinking.

ODPM as policy champion

- 6.2.6 Other government departments appreciated the difficult role the LAA team had to play in championing the policy across Whitehall. The timetable was as tight for government as it was for pilots, and this inevitably led to some tensions. Some departments reported experiencing considerable pressure from ODPM, which they did not always feel was warranted or constructive. Some felt that ODPM did not fully understand the constraints under which they were operating and the pressure they were under to deliver departmental and political priorities. Interviewees reported that the timescale did not always allow sufficient time for departments to address some of the more difficult and challenging questions revealed through the LAA scheme. A few interviewees felt that ODPM did not fully take into account the time consuming and capacity intensive nature of the initiative – with one interviewee commenting that *'not all departments can produce a huge team to work on LAAs at the drop of a hat.'* It is to be expected that during a pilot process when everyone is learning there may be an increased workload – it will be important to track the cost of this across the system and find ways to strengthen the process so that aims to reduce resources are achieved in the long run.
- 6.2.7 It was also ODPM's role to translate into reality the desire of Ministers that the scheme should be ambitious in its scope, and in pursuit of this to encourage other departments to include as many funding streams as possible within the scheme. However some interviewees in other departments felt that they were under unreasonable pressure from ODPM to include funding streams, even where – for example in the DH – departments no longer had many area based funding streams in place. This reflects differences in understanding about the nature of the scheme and how this may vary across sectors, with some emphasising funding streams, others the potential for joined up working involving mainstream funds.

6.3 Management of LAAs in other government departments

Structures, capacity and organisation

- 6.3.1 In central government departments other than ODPM, named leads for the LAA initiative appear to have been identified. In some cases, one or two other colleagues supported these people. In the majority of instances, these individuals and teams also had responsibility for a number of other related areas – frequently for LPSA and other initiatives relating to local government or local relationships.
- 6.3.2 Some interviewees felt that the location of responsibility for LAAs within departments was crucially important in raising awareness, securing buy-in and helping to address concerns. For example, in one department, there were concerns that the location of the LAA team within one particular directorate could give the impression that LAAs were only of relevance to some policy areas, rather than a ‘corporate’ initiative of relevance to the whole department. For other interviewees, the location of responsibility in itself was less critical than senior level backing for the scheme and a commitment by people at the top of departments to intervene to unblock problems.
- 6.3.3 Capacity, in terms of staff resources, within central government departments to manage the LAA process was a major constraint for some. This was a particularly critical issue for departments that had recently experienced deep cuts in staff numbers. In these departments, devolving responsibility to regions and localities through the LAA was regarded as particularly important, given reducing capacity at the centre. However, staff in these departments felt that there was a need for greater capacity at the centre for this pilot phase, to manage the risks associated with this challenging transition.
- 6.3.4 Departments varied in the extent to which they attempted to manage the LAA process. Some departments, for example DfES, appear to have worked quite hard to co-ordinate responses to requests and track freedoms and flexibilities through their central LAA team. In other departments, the LAA lead or team provided advice and answered queries, but did not attempt to fulfil this coordinating function – sometimes because this was considered to be too resource intensive.
- 6.3.5 Some interviewees in central government felt that more effective project management within departments (and across government) would have been helpful. Policy and performance leads reported that they were asked for comments by their LAA lead at short notice and that a more structured work plan for the process, with a timetable and key milestones, would have been beneficial.

Approach and internal communication

- 6.3.6 Those departments that had closer relationships with localities – and a larger number of funding streams that fell within the blocks – understandably appeared to place greater significance on the LAA at first. For those departments that are less integrally involved with local government it took some time at the start of the process to work out what the LAA could offer and how they might contribute. However, as the process progressed, these departments were reporting increasing levels of awareness and interest in the scheme.

- 6.3.7 Interviewees in some of the Departments with fewer or no funding streams to put in to the LAA, felt that the early emphasis from ODPM on area based or non-mainstream funds was misguided, and that the real emphasis should have been on mainstream budgets and on strengthening partnership working.
- 6.3.8 Whilst central government interviewees in those departments with a central involvement in LAAs reported a good level of awareness about the scheme amongst senior officers, this did not necessarily extend very far throughout departments. Whilst departments did take action to raise awareness, it seems clear that the evolving nature of the LAA initiative presented difficulties in determining the extent of communication that was required. Some departments reported difficulties in engaging colleagues responsible for funding streams where there was little expectation at first that they would be included in LAAs. This led to instances where subsequent requests to these teams came as a surprise and they were not well prepared to respond to them.
- 6.3.9 Central government interviewees also reported a greater degree of support for LAAs amongst senior level officials than amongst those responsible for managing particular funding streams. A sense, reported by interviewees early in the process, that middle ranking civil servants were 'blocking' the process turned out to be more complex; policy holders were often under considerable pressure from within their own departments and from the Prime Minister's Delivery Unit to deliver on key priority areas – especially where their policy areas were politically sensitive. For these civil servants, the central thrust of the LAA towards greater relaxation of central control was felt to be in tension with requirements to secure objectives and maintain a robust source of performance data. A number of central government interviewees pointed out that these tensions only reveal themselves when the detail of funding streams, performance indicators and management are considered. They felt that some senior officers, who are supportive of LAAs, might not be fully aware of the detail and without this in depth knowledge it is difficult for them to appreciate the challenges faced by some policy colleagues in realising the principles behind LAAs.

Communications with the regions and with local agencies

- 6.3.10 Most departments reported that they tried to build on existing links with regions and localities to develop a coherent response to LAAs and to raise awareness of the department's line on the agreements. In the DfES, for example, the department sought to join up the LAA process with the activities of advisors around the annual priorities conversations.
- 6.3.11 Nevertheless, many GOs reported receiving mixed messages from central government departments about the nature of the LAA scheme and its significance and scope. Several GO representatives felt that whilst politicians and civil servants at the most senior levels were encouraging pilots to be ambitious, junior officials were far more cautious and risk averse. The tone of messages was also heard to change over time, typically becoming less open and more restrictive.
- 6.3.12 GOs and pilots reported that at a local and regional level, some partners did not appear to have been fully informed about the nature of the scheme by their parent departments. For instance, it appears from our interviews as if the police were not made aware and actively encouraged to participate in the scheme by

the Home Office. Whilst GOs and pilots recognised that they had a shared responsibility in engaging partners, they felt that it was critical for messages to be conveyed from a senior level within central government.

6.4 Negotiations over funding streams and freedoms and flexibilities

Navigating central government departments

- 6.4.1 GOs reported considerable frustration in navigating their way through some central government departments. A number felt that they were not always put in touch with the right people, were passed around between different staff, and had difficulty in getting hold of senior level civil servants directly when they needed someone to unblock the process. One GO, for example, had been asked to negotiate several related freedoms and flexibilities on behalf of a pilot but did not know who owned these policies, or what the process was for getting the freedoms and flexibilities agreed. The departmental contact was unable to provide names and contact details, so the GO had to resort to picking people out of the phone directory, leaving phone messages and sending emails with no response.
- 6.4.2 GOs reported that the process of negotiation worked best where a lead person in a central government department took responsibility for brokering relationships with policy colleagues and acted as a central point of contact. There was positive feedback for DfES, for example, where this active brokering was felt by GOs to have been quite effective.
- 6.4.3 Whilst leads in some of the central government departments were aware that more effective brokering of relationships would have been helpful, many felt that they did not have the resources to undertake what would have been a very time intensive process.

Keeping Whitehall informed

- 6.4.4 The majority of central government interviewees reported little contact with GO staff during the early stages of the process. Interviewees were not sure if this was because the process was developing well at a regional and local level, or whether it reflected a concern on the part of GOs to be seen to be acting independently. Whilst some interviewees appeared to be content with this situation – particularly those in departments where capacity was very tight – others reported that this ‘silence’ made them nervous. (In fact, the lack of early contact reflected a lack of concrete, detailed proposals from the pilots, so that GOs had nothing to ‘refer up’ as pilots were not coming up with requests until the later stages of the process, when more detailed work shed light on those areas where central government might be able to help by removing barriers.)
- 6.4.5 Across the board, interviewees in central government felt that requests for freedoms and flexibilities had not been raised by GOs at a sufficiently early stage. Requests for proposals at the last minute did not leave departments with enough time to respond. In some instances, Departments reported that they had first heard of contentious proposals by flicking through early drafts of the

agreements, when they were circulated by ODPM in February. At this point, *'they started to set off alarm bells'*.

- 6.4.6 Some departments, such as the DfES, felt that better agreements had been produced in those areas that had been in regular contact with the department through GOs and /or advisors and in a better position to share ideas and develop solutions.

Dealing with requests for freedoms and flexibilities

- 6.4.7 Responses to requests were generally prompt, and this was contrasted favourably with experience in negotiating LPSAs.
- 6.4.8 The majority of central government interviewees expressed the hope that their policy and performance colleagues were responding in a consistent way to requests from local areas. However, many suggested that they could not be sure that this was happening. Most interviewees at the centre felt that it would be appropriate and justified for different responses to be given to different local areas – depending on a range of issues including performance, culture, strength of partnership working and so on. However, leads were generally relying on policy colleagues to make these judgements, rather than having a list of agreed departmental criteria for decisions.
- 6.4.9 Several central government interviewees reported that many of the requests that were eventually made were not for 'true' freedoms and flexibilities, as they understood them. Some requests were in areas where pilots were already empowered to take action. Others were requests for further information or on-going conversations with departments. Several of the pilots agreed that it had been difficult to come up with 'genuine' freedoms and flexibilities. In some cases, they felt this was because they did not have time to explore the issues fully. In others, they suggested that the negative experience of asking for freedoms and flexibilities under the LPSA initiative had resulted in reluctance on the part of some colleagues at a local level to put time into this aspect of the scheme. However, in some cases pilots used the initiative deliberately to push the boundaries of the relationship between centre and locality, and were encouraged by senior politicians to see this as a legitimate aspiration. Central government departments reported that some pilots chose to raise difficult issues, which they knew would not be acceptable under this scheme – for example changes to taxation and benefits policy, or requests that had been previously refused.
- 6.4.10 Central government, GOs and pilots all raised the issue of the information and knowledge required to negotiate on particular freedoms and flexibilities with any success. A number of interviewees at all levels felt that GOs did not always have an in-depth understanding of the issues and so were not able to make the case for freedoms and flexibilities in a very convincing way. In one area, for example, the pilot raised two issues they considered fundamental blockages to joint working between health and social care. Yet these were interpreted by the GO as arcane and trivial matters that the local partners could sort out themselves.
- 6.4.11 GOs and pilots reported that some departments had received their proposals positively and progress had been achieved. By the time of signing in late March some 59 requests for freedoms and flexibilities had been agreed and 177 were ongoing. Although many of the more contentious issues remain to be resolved,

there was at least a feeling on all sides of receptivity and a willingness to make things work.

- 6.4.12 Even where requests were denied, the way in which departments handled unsuccessful proposals was seen by GOs and pilots to be very important. Some departments – e.g. DfES – were praised by pilots for providing helpful responses to requests for freedoms and flexibilities, including reasons for refusals. However, for the most part, GOs were critical of the way that central government dealt with requests of this kind. There seems to have been little or no opportunity for discussion. It was common for a GO to receive a bald 'no' to a request without an explanation. Several interviewees at pilot and GO levels felt that an opportunity was lost for central government departments to learn about the realities of service delivery on the ground. A better understanding of the purpose of the LAA process across departments might help policy holders to move beyond simply saying 'no' to exploring the problems identified and instead coming up with other imaginative solutions. Blanket refusals without explanations from some departments seem to have led senior staff in some GOs to lose some faith in the process as it developed – with cautious optimism being replaced by increasing scepticism about what might be possible.
- 6.4.13 GOs reported that several central government departments, when rejecting proposals or putting them on hold for further discussion, cited the Prime Minister's Delivery Unit (and sometimes HMT) as the key reason why changes could not be agreed. Pressure from these stakeholders was perceived as real and immediate by some central government interviewees. However, amongst some GOs and pilots, this pressure was felt to be overblown – with some regarding it as a convenient excuse for inactivity. What was interesting throughout was a sense that despite expressed support, the LAA process seemed to come up against a powerful culturally reinforced set of assumptions, which in practice made flexibility very difficult. There was a tendency to point upwards into the shadows of government to a 'they' – policyholders, ministers, the Treasury, Number 10, to identify barriers to change. What is not clear is whether these barriers really exist, or are simply part of powerful internalised cultural assumptions that flexibility will not be possible.

6.5 Issues relating to specific government departments

Office of the Deputy Prime Minister

- 6.5.1 Much of the work of the ODPM has been discussed in the overall management of the process above. In addition, the central LAA team held discussions with ODPM policy leads in a range of areas – e.g. liveability issues, sustainable communities, Supporting People. ODPM also sought to link work on the LAA with that undertaken by the NRU by, for example, seconding two NRU staff on to the central LAA team. The LAA team recognise that engagement with colleagues in housing and planning could have been more extensive and plan to address this issue for the next 40 pilots.
- 6.5.2 Despite these efforts to join up with the department, some GOs reported difficulties negotiating with policy colleagues in other parts of ODPM. Several GOs cited problems negotiating with the NRU and despite NRU feeling they had been clear from the start NRF was aligned there still appeared to be a lack of

clarity at the end of the process about whether NRF is aligned or pooled. Areas in receipt of NRF had an ongoing commitment to carry out performance management self-assessments and have an annual review with their Government Office to discuss progress against neighbourhood renewal outcomes. This led to some frustration and disappointment – for many pilots, a relaxation of performance management from the NRU was seen as a big prize. However, subsequently NRU did relax the timeframe to allow LSPs to hold their annual review at the same time as their LAA mid-year review.

The Treasury

- 6.5.3 The Treasury reported that it was, in general, happy with the process. There was some nervousness in a number of spending teams about some funds and targets, but it was felt: *'if we're true to our word about devolved decision making, this was an opportunity to make it work.'* There was some recognition that the Treasury was treated by others as a reason not to explore freedoms and flexibilities: *'in some cases departments have said there's no way Treasury will allow this, and then we've said actually we'd be interested in exploring that.'*
- 6.5.4 Nevertheless, there were areas where clearer guidelines would be helpful, to clarify those rules that could not be broken. The Treasury felt more comfortable with those agreements that included specific outcomes, indicators and targets – and expressed the hope that specific numbers would be added to other agreements as they progressed. They recognised that in some areas, such as prevention, indicators were hard to identify: *'we want to learn from this.'*
- 6.5.5 The LAA process was seen as one of transition, running dual systems, but the Treasury was hopeful that if processes are streamlined, much of the current process control and duplication could be radically reduced. However, from the Treasury point of view, letting go depended on the quality of performance information and performance frameworks.
- 6.5.6 The experience of interviewees in pilots and GOs was mixed. One interviewee was very impressed by the pro-active and open stance taken by HMT. Once the pilot had an opportunity to explain their requests and reassure HMT that they would still be able to deliver outcomes, they found HMT to be responsive and positive about their ideas. However, other pilots requested freedoms and flexibilities on regulations for which the Treasury was said to be the owner, and were unable to enter into any discussion to explain their case. The Treasury felt under pressure to meet local authorities and was not willing to do that without involving GOs.

Department for Education and Skills

- 6.5.7 DfES sought to integrate the LAA process with the activities of regional advisors around the annual priorities conversations¹⁰. Interviewees in DfES stressed that they had taken steps to encourage close cooperation between the regional change advisors, children's services improvement advisers, CSCI representatives and GO DfES staff.

10 These are conversations between DfES and local authorities to discuss their local priorities for improving outcomes, in the context of national priorities and of the developing national framework for change.

- 6.5.8 GOs and pilots were generally positive about the approach taken by DfES, who were regarded as much more pro-active and enthusiastic than many had anticipated. The department, GOs and pilots recognise that this reflects the fact that LAAs fit well with other current initiatives that the department is pursuing, notably Change for Children and the development of Children's Trusts. The priorities conversation approach was also seen as helpful, and a good fit with the partnership approach to LAAs.
- 6.5.9 There were concerns expressed, however, about the conditions attached to DfES funding (especially Sure Start and the Children's Fund), which were felt to be overly onerous. Some GOs also experienced difficulty in securing agreement for the inclusion of funds that were not mentioned in the advice note. For instance, a number of pilots reported difficulties with CAMHS funding (shared with DH) even though this was subsequently agreed in three pilots. Several areas were told at the last minute that they would have to provide a robust business case for inclusion despite this being clear from the start in the confidential negotiating brief given to GOs. They would have found it helpful to have clear information up front about the requirements for including funding streams. However, this fails to appreciate the exploratory nature of the pilot in which pushing boundaries was an inherent part of the process.
- 6.5.10 Several interviewees in the department expressed concerns about the way in which regional advisors were being engaged in localities. They felt that it was the GOs' job to manage the process – with the advisors providing professional advice and input where appropriate. However, they observed that in some areas, advisors were being drawn into managing the children and young people's block, leading to problems with workload.
- 6.5.11 A few of the pilots suggested that the number of different players involved in negotiations around the children and young people's block made it more difficult to get a coherent sense of what would or would not be acceptable to the department. A number of pilots felt that more work was required to ensure that a seamless front was presented at a regional level. One GO reported receiving different sets of advice from the regional change advisors and DfES. GO staff and pilots felt that these staff could benefit from a unified core brief.

Department of Health

- 6.5.12 The department devolved responsibility for the LAAs to regional public health groups, who are co-located in Government Offices.
- 6.5.13 Recent cuts in the department appear to have had an impact on the ability of central staff to engage in the detail of the LAAs as they were evolving. At least one GO had difficulty in locating the right people to contact about the adult social care agenda, both in the region and in Whitehall.
- 6.5.14 The department reported that it had taken steps to encourage the active involvement of regional public health teams, SHAs and PCTs by setting up an LAA forum to bring regional health groups together and organising meetings for NHS groups to discuss both the LAA and the LPSA initiatives.
- 6.5.15 Most pilots reported positive and active involvement of the regional public health team in the development of the LAA. Engaging the NHS itself proved more difficult. Several pilots suggested that SHAs and PCTs were slow to engage in

the process. A letter sent by the DH in late December to SHAs appeared to help to secure buy-in and engagement, though some pilots felt that earlier intervention by the department would have been helpful¹¹. One region successfully involved the SHA from the beginning to work with the pilots alongside public health team staff.

Home Office

- 6.5.16 Interviewees in the HO reported strong support for the principles behind LAA at the top of the Office.
- 6.5.17 Nevertheless, the HO appears to be the department where the greatest degree of tension existed between the need to deliver on political priority areas and maintain a robust source of performance data and the central thrust of the LAA towards greater local devolution. This lay behind the mandatory crime targets and the refusal of some requested freedoms and flexibilities for instance over crime recording.
- 6.5.18 Many felt that the HO imposed too many restrictions on the LAA, which limited the potential for innovation and increased efficiencies, and tended to provide blanket refusals to requests, rather than provide explanations for their decisions.
- 6.5.19 Staff in the HO appeared to confirm the negative stance of some policy colleagues. However, it also seems to be the case that some GOs made pre-emptive negative judgements about the Home Office's position on particular issues and so did not actually take these forward. In fact, the department felt that it would have been open and positive had it been approached.
- 6.5.20 The principal area within the HO that seemed to be the most contentious was around the drugs agenda. Several GOs and pilots expressed frustration about the National Treatment Agency's initial position that they would only agree to the inclusion of funding streams in the LAA in return for stretched performance, and later decision to exclude their treatment funding. However, central government interviewees were concerned that inclusion of drug treatment funding in the LAA might result in these monies being diverted to deal with alcohol abuse issues, whilst drugs remained a critical issue and a political priority.
- 6.5.21 Several GOs and pilots felt that the SSC block was skewed towards the 'safer' rather than the 'stronger' agenda. One GO felt that this might have been because the 'safer' part of the block had a stronger champion – in the HO – than the other areas of this block where 'ownership' was less clear (HO Active Community Unit for the VCS, plus ODPM for sustainable communities).
- 6.5.22 The HO appeared to have a slightly different understanding of the role of GOs – regarding them less as 'critical friends' or 'brokers' (the view of GO network, pilots and some other departments) and more as performance managers of partnerships. The HO expected their GO staff to challenge pilots and negotiate hard.
- 6.5.23 Perhaps for this reason, interviewees in the HO appeared less concerned about the pilots producing many radical proposals. Instead, the department's

11 The department is in fact very constrained in how it can communicate with PCTs

preference appears to be that LAAs develop organically over time – in a way that does not jeopardise performance in key areas.

- 6.5.24 However, towards the end of the process, several interviews in the department felt that the presence of the HO Delivery Managers¹² in the pilots had helped to contribute to more creative thinking in these areas. GOs and pilots also confirmed this view.

Department for Work and Pensions

- 6.5.25 A number of GOs and pilots commented on the positive stance and strong cooperation that they had received from local managers in Job Centre Plus. Nevertheless, some pilots felt disappointed that Job Centre Plus funding was not included within the LAA; some felt that DWP had been slow to see the benefits of getting involved with the LAA initiative and that involvement had therefore been driven from local level.

- 6.5.26 Some pilots and GOs were aware of the efforts being made by GOL, on behalf of the GO network, to continue discussions with DWP and were hopeful of finding a positive resolution to these issues.

Department for Culture, Media and Sport

- 6.5.27 DCMS do not have direct funding or regulatory relationships with local authorities – working instead through a series of NDPBs. As such, the department recognises that it may have taken them a little longer to work out what LAAs could offer them and how they might contribute to the scheme. As the process progressed, however, the department reported a growing interest in the scheme and realisation of its potential.

- 6.5.28 At a pilot level, DCMS were reported by GOs and pilots to be making a positive effort to get involved, both by encouraging pilots to be more comprehensive in their coverage of DCMS policy areas, and by encouraging their NDPBs to explore opportunities for joint working.

Department for the Environment and Rural Affairs

- 6.5.29 DEFRA reported that they were very supportive of the central principles behind LAAs. However, the department's involvement in the LAA to date seems to have been less extensive than in some of the other departments, due to the lack of major funding streams in each of the three block areas.

- 6.5.30 However, the LAA is seen by the department to sit well with other DEFRA initiatives – e.g. the rural pathfinder schemes – and with current concerns to develop a stronger corporate relationship with local government. For this reason, it is felt that interest in LAAs in the department is likely to grow over time.

12 The Local Delivery Managers Project has been set up to improve performance against Home Office objectives and outcomes that require cross-cutting partnership working. In carrying out this role Delivery Managers are expected to identify and remove barriers to delivery, challenge the way areas are performing, establish the reasons for failure to meet targets and act as decisive agents for change and improvements. Delivery Managers are also expected to provide feedback to the Home Office and other Government Departments in particular on ways in which central policies and requirements can be changed to better support effective delivery. The team works across all areas of Home Office business.

- 6.5.31 The department acknowledged that proactive communication with GOs around LAAs had been quite limited in this first round of pilots. However, interviewees reported that rural directors in GOs have been centrally involved in shaping the development of the LAA in some areas and that regional and local players were finding ways to integrate work carried out under the rural pathfinders. DEFRA reported an interest in more contact with GO staff for the next set of pilots.

Department for Trade and Industry

- 6.5.32 DTI has not been closely involved in the initiative. There is a feeling that DTI 'missed a trick' by not being involved since it is keen for GOs to make sure that economy and enterprise issues are reflected in transport and planning, and this was an opportunity for them to increase dialogue. However, in a few pilots the department had agreed to put in RDA money.

Department of Transport

- 6.5.33 None of our interviewees mentioned their experience of working with the DfT.

6.6 Conclusions

- 6.6.1 Managing and communicating such a complex and fast-moving initiative was challenging for all – for the LAA team in ODPM trying to orchestrate the policy, for the RCU supporting the process, for leads within government departments often left to fight battles with intransigent policy colleagues, and for policy owners faced with requests that appeared to jeopardise that achievement of departmental objectives. The open and responsive approach taken by those managing the process was appreciated. There was positive endorsement for the ODPM's leadership in launching the LAA initiative.
- 6.6.2 The timetable was a challenging one for central government departments as well as for the pilots and GOs. It proved difficult to produce guidance reflecting the views of all departments since there were different understandings and perspectives on the initiative. In aiming for guidance that was clear, comprehensive and detailed, timeliness was sacrificed. As a result, the guidance – while helpful – was less useful than it might have been to pilots and GOs. In round two it will be possible to assemble guidance at the beginning of the process; but once negotiations have started, face-to-face dialogue and cross-boundary problems solving will be more useful than trying to draft documents to keep pace with a moving process.
- 6.6.3 Whitehall became more involved than was perhaps expected – many of the issues that arose could by their nature not be delegated, since they required involvement of the policy owners and a consistent approach across all regions. The negotiating brief set out a clear and consistent negotiating position on the issues that were foreseen and GOs were able to negotiate these on government's behalf; the problem came with requests that had not been anticipated where departments had to develop a position and make judgements as to how this was to be applied in particular circumstances. While it may be possible to develop fuller guidance on what is allowed for the next wave of pilots based on requests made in this first round, there is a danger that this will lead to

rigidity that would be contrary to the spirit of LAAs. We consider that on balance concise, shared guidance at the start of the next round of pilots would be helpful, but inevitably much will have to be decided on a case by case basis.

- 6.6.4 Our sense is however that once the second round pilots are underway, it would not be helpful to issue detailed guidance in an attempt to keep up with the process – and other more innovative ways to guide the process should be considered. More face to face discussion of problems involving central government departments, GOs and pilots, practice exchange and cross-departmental teams working together to solve problems would be welcome. It is important to ensure that policyholders at the centre, even if negotiation is led at regional level, continue to learn from the process about how policy works on the ground through these mechanisms also.
- 6.6.5 It proved difficult to offer early clarity about the process, in particular the procedures for sign-off of the agreements by Ministers and the Regional Directors' role in this process, confusion about which persisted until the final weeks. Greater transparency about the criteria on which agreements would be judged, and consistent messages about the nature of the scheme, would also have been helpful to pilots and GOs and might have avoided the situation in which many last-minute clarifications of the agreements were required before they could be signed. Again, in phase two this will be easier. Support from ODPM for GOs and government departments in the process was helpful, but modifications may be required for the next wave of pilots. Mechanisms for liaison and problem solving across departments appear in general to have worked reasonably well, although it may be useful to review the membership and mode of operation of the Programme Board. There may be a need for more effective working arrangements underneath the Programme Board, with the board operating at a more strategic level.
- 6.6.6 Departments, through GOs, appeared committed and willing to engage in open and exploratory conversations around outcomes. Although capacity was a major constraint for some departments and there was often insufficient time to consider the challenging issues that were raised, departments in general made timely decisions about availability of funding streams and conditions attached to their use. However Whitehall's reluctance to accept many of the freedoms and flexibilities was a source of disappointment to many pilots. GOs expressed frustration at the difficulties they encountered navigating central government departments, and disappointment at the apparently limited trust in them and the lack of willingness to devolve decision making authority. On the other hand, central departments point out that many of the requests were not evidence based or were clearly impossible to meet and that some local authorities used the process to make requests that had repeatedly been turned down before.
- 6.6.7 There is a valuable role to be played by the centre in facilitating the negotiations, but if GOs are to be empowered this should be one of support, rather than 'taking over'. The LAA team and RCU have important roles to play in signposting and enabling the GOs to network better within Whitehall. The RCU needs to take a more strategic view, supporting GOs in resolving issues around their own role and capacity within the process, and helping to build trust in their judgement, and add weight to their capacity to negotiate.

- 6.6.8 The most successful working between locality and centre was when the centre did not simply wait for formal proposals and then say 'no' – but engaged in dialogue: understanding the problems faced and finding alternative ways to solve them if the freedoms and flexibilities asked for were not possible. This was however difficult, since requests for freedoms and flexibilities often only arrived at the very last minute so putting departments under great pressure – not because GOs were failing to pass on such requests, but because many localities came to this issue only at the end of the process. The next stage will provide a better test of this part of the negotiations. It is in the nature of a negotiation that both sides develop a better understanding of the other's concerns and both are prepared to move, and this can only come through dialogue. This aspect of the process needs to be developed. If this dialogue does not develop, or the agenda is seen to be circumscribed, many of the more ambitious localities will conclude that the scheme has not lived up to its promise.
- 6.6.9 There is a need for creative thinking at the centre – to find less onerous ways of working, release resources and streamline bureaucracy. Respondents in both GOs and central departments commented that LAAs will require widespread change in departmental culture and ways of working if their potential is to be realised. Dialogue is needed to identify and resolve conflicting pressures at the centre, which means that currently policy holders are 'caught' between conflicting imperatives.

6.7 Implications for policy and practice

- 6.7.1 There is a balance to be struck between clarity of purpose and too much prescription. It is very clear that there is no single model of a Local Area Agreement, and if government should attempt to impose one an opportunity for innovation will have been lost and many authorities may find that the policy holds nothing for them.
- 6.7.2 Clearer process planning of the whole scheme by ODPM would help departments, GOs and pilots to develop their own project management. The arrangements for cross-department working – at programme board level and below – might also usefully be reviewed, and processes introduced with a greater emphasis on learning, practical problem solving and creative thinking.
- 6.7.3 Government departments need to ensure that they develop and communicate consistent messages about their approach to LAAs within their own department, across government, to Government Offices, and regional arms and delivery agencies. Where a number of players are involved at the regional level – e.g. in the children and young people's block – joint briefings may be advisable.
- 6.7.4 Early, timely and simple advice is useful to pilots and GOs. Carefully crafted, comprehensive advice that comes too late in the process may have detrimental effects. A complete set of guidance needs to be available before the start of the next wave of pilots. The current guidance should be reviewed; this review should involve central government departments, GOs and the first round of pilots. Future guidance should aim to be sharp and concise, providing a clear framework within which there is local flexibility. Once the second round pilots are underway, it would not be helpful to issue detailed guidance in an attempt to keep up with the process. Other more innovative ways to guide the process should be

considered such as more face-to-face discussion of problems, practice exchange and cross-departmental teams working together to solve problems.

- 6.7.5 A 'negotiation brief' (although this is the wrong term) is helpful as far as it makes 'no-go' areas clear and helps pilots to understand the legitimate concerns of government departments. The current brief will need updating and in the next wave of pilots departments should seek to reduce the 'no-go areas', with the LAA team in ODPM encouraging this. The brief should be shared with pilots, as part of the guidance.
- 6.7.6 ODPM, the GO network, I&DeA, the LGA and pilot authorities need to assess what worked well and less well about the process in terms of support and explore options for strengthening support in the future. It may be that in the next round the RCU could usefully adopt a more strategic role.
- 6.7.7 Whilst LAAs generally reflect the direction of travel that most departments are already committed to, it is clear that the scheme has revealed some significant tensions between devolving responsibility and keeping a tight rein on performance issues – particularly in some politically sensitive areas and in terms of the delivery of PSA targets. Departments need to be aware of these tensions and manage the LAA process accordingly. They need to consider the appropriate location of responsibility for the LAA – given the need to draw in and secure buy-in from policy and performance staff from across the department and to work effectively across Whitehall. Senior level backing for lead officers and a willingness to engage with some of the detail is also critically important.
- 6.7.8 Tight project management of the process within departments also seems to be important in securing satisfactory outcomes. Active brokering between GOs and policy colleagues by a lead person is required to ensure that GOs are given consistent advice from the most appropriate people. A project plan with key tasks, dates and milestones would help to ensure that key performance and policy staff are engaged effectively at the most appropriate time.
- 6.7.9 Although one of the central aims behind LAAs is to devolve responsibilities to local areas and reduce performance management from the centre, effective brokering does require adequate resources at the centre – particularly during this transition phase. It will however be important to consider, in preparation for roll-out, ways in which Whitehall departments can respond in ways that are effective, but less resource intensive.
- 6.7.10 The role of GOs in negotiating things outside the core brief and the way in which requests common to more than one pilot will be handled needs further consideration. Much greater clarity is required about how much delegated authority GOs have and the extent to which freedoms and flexibilities could be individually negotiated, in which case it needs to be clear whether one pilot can be refused a freedom and flexibility given to another because, for example, it has made a weaker case.
- 6.7.11 GO negotiators need to encourage pilots to explore ideas for freedoms and flexibilities and make suggestions based on what is being sought elsewhere. This process should take place as early on in the process as is possible, in order to give central government departments the opportunity to respond.

- 6.7.12 To ensure that GOs – by taking on the role of negotiations with Whitehall – do not impede feedback from service delivery into policy, GOs and pilots need to work together to make a reasoned case for change. It may be that alternative mechanisms have to be found to establish a dialogue between Whitehall and localities on common issues.
- 6.7.13 Central government departments need to commit to providing explanations for their responses to requests for freedoms and flexibilities – in the spirit of a continuing dialogue between localities, regions and central government. The emphasis should be not on simply saying ‘no’ but in understanding the problems and trying to find an alternative way of solving them. GOs should ensure that localities are better at explaining the reasoning behind the freedoms asked for, and should help to ensure that the case made for changes is evidence based and robust.
- 6.7.14 A minimal package of possible freedoms and flexibilities should be drawn up, based on requests granted during the first round, to which all pilots would be entitled should they want them (perhaps with certain provisos). A longer list should also be compiled and made public, of freedoms requested in the first round that might be made available if a pilot can make the case, together with the criteria to be applied in judging whether an adequate case has been made. This list should however not imply that things outside the list will not be considered. Future guidance should make it clear how a request for freedoms and flexibilities should be made.
- 6.7.15 ODPM should encourage those departments that have hitherto not been engaged (notably DTI and DWP) to engage in the next wave, in line with the current vision of the purpose and potential scope of an LAA.

7. The Agreements

- 7.0.1 In this section, we examine the agreements that resulted from the process examined in the previous chapters. We consider perceptions of the agreements held by the pilots, GOs and central government departments, the general approach adopted in writing the agreements and the content. This chapter is based on a quick perusal of all the agreements, and on respondents' views on them.
- 7.0.2 The agreements are judged against the following criteria set out in the evaluation framework:
- The extent to which they are clearly written, effectively communicated and evidence based.
 - The extent to which they have a limited number of 'loose ends' and clearly spell out accountabilities and monitoring and reporting procedures.
 - The extent to which they are integrative and link across the blocks.
 - The extent to which they meet the aims of the LAA policy by providing for new ways of tackling problems, balancing local and national priorities, and including the funding streams necessary to deliver agreed outcomes.

7.1 Overall perceptions

Views of pilots

- 7.1.1 Most of the pilots felt positive about their agreements at the end of the process and felt that they had come a long way in developing them. From the early drafts in late December and January, many of the agreements developed significantly over the last few weeks. A typical judgement was '*could be better ... but it's come together well.*'
- 7.1.2 Many pilots felt that they had made significant progress in drafting their agreements in terms of clarifying their thinking and focusing their priorities, and that the process had given them impetus to move from talking to doing.
- 7.1.3 There was a significant focus on innovation at the outset, with ambitions running high. The gain was felt to be radical changes to ways of working at local level and with central government. This initial enthusiasm was soon tempered, by the realisation of how much needed to be done within a very short timescale, the difficulty in engaging partners and getting them quickly up to speed, and the (often negative) early reactions from central government to the pilots' proposals. Many pilots described the resulting agreements as pragmatic and felt they could have been more innovative. It seems as if the scale of ambition (for the life of the agreement) has for most players lowered significantly from initial expectations. The agreements are seen as the starting step in a process that could, however, ultimately achieve these ambitions.
- 7.1.4 There were, exceptions to this view. Several of the more ambitious pilots felt that their original aspirations were reflected in the agreement and that the agreement offered the potential to bring about transformation locally, provided that the funding

is realised through freedoms and flexibilities and that other negotiations are successful.

Views of GOs

- 7.1.5 GOs felt relieved that their pilots had, in the end, produced an acceptable document. They recognised the scale of the task and of the achievement. One GO commented that their pilot *'felt they had been made to do five years work in four months – it was a good learning experience for them'*.
- 7.1.6 However, many GOs felt that they would not be clear about the impact of the agreements until they are implemented. In the words of one GO: *'They have come a long way, but still have a long way to go before achieving any difference on the ground. But I am clear that things will be different – more so in some blocks than others. How far this will be attributable to the LAA however is a difficult question to answer'*.
- 7.1.7 There is generally a feeling that agreements have been not sufficiently ambitious and creative, that the thinking and presentation could have been more rigorous, and that much work remains to be done – which pilots would by and large accept. This could be explained by the time available, lack of clarity about what was required, the difficulties of working in partnership, initiative fatigue and the extent to which people really feel they can make a difference through this process. It is easier to judge creativity and ambition than to apply it, and perhaps the approach suggested elsewhere based on shared problem solving might generate greater creativity.
- 7.1.8 One GO was, however, more cynical about the process, and felt that the imperative to have a signed agreement by a fixed date meant that pilots have got away with agreements that would not have been accepted in a more open ended process.

Views of central government

- 7.1.9 Despite the fact that ODPM had not articulated what a good agreement would look like, they did seem to have some implicit criteria. Judgements about the quality of certain agreements seemed to have been circulating around the system. Some interviewees in the pilots said they would have found it helpful if ODPM could have spelled their criteria out more clearly, although others suggested that they would have found this prescriptive and unhelpful.
- 7.1.10 Central government departments became increasingly pragmatic throughout the process. One departmental interviewee reflected that building on what was already there was really more important than innovation for its own sake. Central government departments had felt that they were under significant political pressure to sign up to the agreements, despite their reservations about some of them.
- 7.1.11 On reading the agreements, ODPM's view was that they were a 'mixed bag', some were very clear, but most needed further work as targets and indicators were missing and it was not clear which freedoms had been agreed and which were still under negotiation. They felt that the agreements that had followed their template were clearer. However, after last minute changes – mainly in the interests of greater clarity – all the agreements were judged by the LAA team to

be satisfactory, most good (although others in government judged them more harshly). While some agreements were recognised to be much more ambitious than others, the variety was seen to reflect the scope the initiative offered for authorities of differing ambitions and capacity. ODPM also considered that a major potential gain was in the focus on prevention apparent in many agreements.

- 7.1.12 The DfES also shared the view that the agreements were not as far advanced or innovative as had been expected, but the department was increasingly realising that they will be living documents that change over time and was by the end reasonably comfortable with the Regional Directors' conclusions that they could be signed off. They were pleased to observe the strong focus on the five departmental outcomes for CYP. The department broadly felt that the agreements in which they had had close involvement through GOs and/or advisers were stronger in terms of targets and indicators.
- 7.1.13 The DH team had been unable to look at all of the agreements in detail by the time of the last interview. From a cursory look, however, and the comments of the regional public health teams, they felt that the agreements were much too long and that it was difficult to see what was new in them. They also commented that some showed only limited understanding of the local drivers of health outcomes, while some seemed too ambitious and should have been tempered with more realism. They recognised however that the process marked a hugely important step forward in engaging local partners in the public health agenda.
- 7.1.14 The HO team commented that most of the agreements were advisedly conservative. They were however concerned that some pilots were using the agreements to open up arguments between partners and with central government, for example, where an agreement included freedoms and flexibilities on behalf of a partner whose funding stream had not been included within the agreement.
- 7.1.15 Departments' comments highlighted the variety of expectations and the difficulty of making judgements. For instance, one department was disappointed that the outcomes in the agreements just repeated back the outcomes they had set and felt that this reflected a failure to analyse local problems; in contrast, another department was very pleased to see their outcomes framework reflected in the agreements. One department was disappointed at the lack of innovation, another pleased at the level of realism and prudence. One department commented that a particular agreement was very good and ambitious, another official commented that the same agreement lacked ambition! The most consistent comment was how difficult it was to tell exactly what was proposed, and to judge how relevant and how stretching this was – despite the level of detail provided in the documents, which all agreed was too much. This underlines the importance of making the criteria for a 'good agreement' transparent, without constraining variety.

7.2 General approach

- 7.2.1 Pilots did not, in the main, see the agreements as contracts but as the start of a dialogue with both government and partners. The fact that, because of time constraints, the March agreements would be 'developmental' was recognised by

all parties at an early stage. As a result, at the time of submission there were many thorny issues left to be resolved locally and in negotiation with government, including which funding streams were included (and what this means) as well as details of action planning, PIs and targets and freedoms and flexibilities. They are far from the tight agreements with no 'loose ends' envisaged at the start of the process, and most pilots and GOs see the agreement as 'work in progress'.

- 7.2.2 The agreements vary widely in the degree of focus. There appeared to be a tension between the desire of some to focus on a few key issues (and advice from some GOs to do this) and GO pressure to add in new priorities reflecting the government agenda. This raises the issue described above (in Chapter 3) regarding clarity in the purpose of LAAs and whether the agreements are seen as delivery plans for Community Strategies or should be focused on a few things that can only be done with partners. There is the issue of the extent to which the agreement as a rolling document was accepted by government. The majority tended to opt for an all-encompassing framework, often with a particular focus on one or more themes or geographical areas. A small minority was focused on a small number of themes only.
- 7.2.3 There is wide variation in the scale at which the agreements and blocks within them are pitched; some single tier authorities took the opportunity to focus on particular localities (for instance, an entire block focused on one ward in one agreement); this would have been politically unacceptable for two-tier areas whose agreements typically cover the county as a whole. This must be borne in mind when judging the scale of the task and the achievement.
- 7.2.4 Most of the agreements were based on the Community Strategy, and the fit between the themes within the Community Strategy and the 3 blocks of the LAAs worked to varying degrees. In one agreement, where a strong connection between the two was made, the three blocks were mapped neatly onto the Community Strategy's themes, with an explanation of the specific aspects that would be addressed through the LAA. Similarly in another pilot, the priority outcomes from across the blocks were set out against the Community Strategy ambitions. However, many explicitly focused on just a few things from the Community Strategy that needed to be delivered in partnership and where a new approach was required. Several pilots also saw the LAAs as an opportunity to tackle their neighbourhood renewal priorities and 'narrow the gap'.
- 7.2.5 In view of the fact that many were based upon existing plans it is sometimes difficult to see what has been achieved through the LAA that is over and above what could have been achieved without it. For example, many describe activities that were already in place prior to the LAA and see the agreement as a means of continuing to move in the same direction, but also as a means of 'getting there sooner'. This does not mean there will be no additionality, as many pilots are clear it has added impetus and developed thinking. One pilot, for example, considers the benefit gained from the LAA to them is the ability to extend existing initiatives that are successful in some parts of their pilot area across the whole area. Another pilot expressed the benefit as follows: *'The LAA has provided an extra impetus to implementation and development of existing plans and strategies ... designed to ensure more integrated and effective services and to achieve greater impact.'*

- 7.2.6 In contrast, a minority of agreements are quite radical in their approach. These – all quite different – set out ambitious proposals for new ways of doing things locally, and a new relationship between the centre and locality. For instance one proposes ‘a radical new way of doing business’ and proposes a long-term goal of ‘joining together the totality of public expenditure and through better co-ordination, innovation and joint working to radically improve public services.’ It was, however, the most innovative proposals that were subject to the most last-minute changes.

7.3 Content

Clearly written and evidence based?

- 7.3.1 The standard of clarity varied – some submissions were clearly written, others lacked structure and were difficult to follow. The agreements were generally very lengthy, much longer than had been envisaged at the outset to the process. They ranged from just under 40 pages to almost 120 pages. Many of the shorter ones tended to lack detail and in consequence, it is difficult to see what is proposed. How far this matters is unclear – it depends on what LAAs are supposed to be for. More important and of great concern to ODPM was the fact that it was not clear from the agreements submitted in early March (and the accompanying GOs’ summaries) exactly what had been agreed so far and what was still to be agreed, and what the timetable for working up the missing detail was.
- 7.3.2 It is not easy to gauge the extent to which the agreements are evidence based as in most cases they rely on other local strategic plans e.g. Community Strategy, Local Delivery Plan etc, which are presumably underpinned by analysis and consultation. Some referred to key facts and this was helpful. This raises a possible issue for GOs in being able to objectively assess the robustness of the evidence and analysis behind the pilot’s thinking.

Balance national and local priorities?

- 7.3.3 Many pilots felt that the agreements reflected a good balance between local and national priorities. Indeed, in many areas the government’s agenda is fully shared, although there may be dispute at the margin. As stated above, for some pilots, the LAAs provided added impetus for neighbourhood renewal to become integrated into the development and delivery of mainstream services.
- 7.3.4 However a small minority of pilots felt disappointed that their agreement was too much a centrally defined document rather than a local document, with outcomes in some blocks in particular reflecting national rather than local priorities, for example *Every Child Matters*’ outcomes in the children and young people’s block and mandatory targets for safer communities. This minority had felt under pressure to include things that they had consciously decided to leave out because they were not the highest priorities for additional action or could not be most fruitfully delivered through the LAA. These pilots found that mandatory outcomes crowded out local ones. This caused particular resentment where mainstream funds were involved. As one pilot put it: ‘*We were required to include things with no understanding that these will have to come from our budgets and we may not have the money.*’ This highlights the difficulty of negotiating an agreement that includes a mixture of funding streams against which government expects to be

able to specify outcomes and outputs in some detail and funds where there is much more local discretion, across sectors where the central/local relationship is quite different.

Integrative?

- 7.3.5 Although some pilots found the blocks to be initially helpful as a focus, the block structure appears to have hampered cross block thinking. It led some authorities to engineer what they were doing to fit the blocks rather than taking a holistic view of priorities and cross-cutting issues and, with the exception of the Children and Young People block, the blocks felt artificial and incoherent.
- 7.3.6 Many of the blocks look and feel very different in style and tone within the agreements. Some are radically different in their approach or scale of geographical focus. Reasons given for difficulties in integrating the blocks have been a lack of time to join up effectively, and central government's own silo approach to freedoms and flexibilities and funding streams. Furthermore, it is believed that some local authority and GO structures reinforce the separate identities of the blocks and that there is a lack of integrated working systems to tackle this problem. Some also saw the blocks as giving mixed messages – was the LAA about integration or silos; how much was it defined by the financial parameters of the three blocks or was it about a more creative relationship between central and local government and partners?
- 7.3.7 Many of the agreements identify cross-cutting themes that run across all three blocks or sit outside them. This approach was used either to introduce local priorities that did not sit neatly within the blocks (such as housing, environment, economy, transport) or underlying principles such as reducing inequalities, social inclusion, and diversity. A small number of agreements have introduced a fourth block, which is around sustainable communities, whereas others have tried to incorporate the elements of this into their three blocks; several pilots had a major focus on sustainability in their 'safer and stronger communities' block. Some pilots included regeneration in this block, while others had it as a cross-cutting issue. However, the lack of a fourth block including economic development, regeneration and skills may have limited consideration of these issues in detail in some pilots. This may not be entirely attributable to the block structure; it may also reflect the ways in which local authorities view their responsibilities.
- 7.3.8 The 'safer and stronger' block presented particular difficulties, several pilots focussed on 'safer' and struggled with 'stronger'. Others felt that putting older people with healthier communities labelled them as a problem and did not provide a structure for considering health and other issues across all age groups.
- 7.3.9 The single pot pilot, with very little non-core funding to put into the pot, and as an excellent council with access to a number of flexibilities already, has perhaps led to a somewhat limited testing of the single pot approach in terms of integration. Although the lack of non-core funding meant a reduced ability to move or integrate resources across the blocks, the pilot has focused integration on tackling specific priorities/needs and customising service delivery at locality level. Potentially innovative Locality Management arrangements and locality programmes (sub-LAA agreements) will bring separate funding streams together *'to increase efficiency, add value and narrow the gap in our most deprived communities'*. The single pot has also given the opportunity to develop an

integrated 10-year regeneration programme to transform the area, bringing together a package that aims to align additional external resources together with local partners' resources. A further 40 LAAs would give the opportunity to test out a single pot approach in a number of different settings.

Phasing and timing of the delivery of the agreement

- 7.3.10 Most of the agreements do not envisage substantive activities taking place in year one as a result of pooling funds, acting upon freedoms and flexibilities and changes in the way of working.
- 7.3.11 The agreements highlight, however, a set of actions (more clearly set out in some than others) that will be conducted in the first year in order that more significant changes to working practices can be implemented in years two or three. Typical examples of these proposed actions include action planning, development of a joint approach to service delivery, strengthening partnership and governance arrangements, bringing additional partners into the agreement, agreeing indicators and targets, ensuring that a fit for purpose monitoring and review system is established, and identifying and negotiating further freedoms and flexibilities. Some pilots explicitly see this as a 'holding' year, when partners' trust and confidence will be built up, enabling more ambitious changes in following years.
- 7.3.12 A number of pilots see the first year as the opportunity to be able to negotiate further with government in order to develop some of their proposals for freedoms and flexibilities, where these may have been put on hold or rejected.
- 7.3.13 Some agreements also flag up more innovative ideas which they have not yet had time to work up in the same amount of detail as the rest of the agreement, but which they intend to develop over the coming year.

Accountability and governance

- 7.3.14 Accountability and governance arrangements were thought to be more important as the process has developed and there was much concern from interviewees at local level that the pilots had not had enough time to consider these issues. Most agreements express their governance proposals in terms of structural arrangements (e.g. existing partnerships, new partnerships, PSB) although where no suitable partnerships exist, arrangements for some blocks have had to be left vague. Several agreements provide for new governance structures, such as the development of a high level 'board' to ensure delivery of the whole cross-agency older people's agenda and the development of a county-wide partnership for community safety which currently exists in name only. Governance, however, is more than the establishment of appropriate structures, but also involves the clarification of a range of processes through which funding streams will be managed and accountability ensured.
- 7.3.15 How governance will work in practice therefore, given the degree of development of some of the partnerships concerned, remains to be seen. Several pilots are concerned about how a partnership that is not a legal entity can exert control over pooled funds; they worry about who will pick up the pieces if things go wrong, what will be the formal basis for decision making (will there be power of veto, for instance?) and whether partners will have the power of exit. There is limited

explanation (if any) about the governance arrangements through which commissioning, the letting of contracts, appraisal, monitoring or audit will be handled.

- 7.3.16 Several LAAs are being overseen by embryonic PSBs, but there is little evidence yet of the changes to governance and accountability arrangements that this may entail.

Performance management

- 7.3.17 Many pilots intend to use the performance management systems used by the LSP or countywide strategic partnership. However, outside the NRF areas and at county level, LSPs' performance management systems are typically embryonic. In these circumstances, the local authority's own system will provide the basis at least initially. The LAA process provided pilots with an opportunity for reviewing their performance management systems, and many pilots have allowed for this as a key activity in year one, some having ambitious proposals for the development of an integrated system shared by all local public agencies and the GO. One pilot has already developed its system, which is commercially available and is to be shared across the LSP and the GO.
- 7.3.18 Some agreements are quite explicit about PIs and targets. However, central government departments expressed concern at the number of performance measures that had not yet been specified in the agreements, although pilots were asked to put in an end date for when they hoped to have agreed these. Some agreements have not even specified the indicators they intend to use, or have included an unmanageably long list that will need refinement. Others have indicators but no specified targets. In view of the fact that some of the performance measures were new, for example, where areas were measuring at neighbourhood level where they had previously not done this, some pilots set themselves timescales within which to set baseline measures.
- 7.3.19 Few agreements make explicit the 'golden thread' linking funding, activities, outputs and outcomes. It seems that this, and the careful choice of targets and indicators, have not in general been the focus of discussion between GOs and pilots, although in some cases this has been discussed at block lead level. This is understandable given the breadth of the agreements and the limited time available. This is in contrast to LPSAs where the more detailed dialogue, though difficult, has led to greater rigour and clarity of thought.
- 7.3.20 Most agreements lack clarity about how performance management (as opposed to monitoring) will work in practice, and much remains to be resolved in the next stage. A few pilots have designated lead organisations for each target that will be held accountable by partners. Performance management will form an important part of the follow up discussions, and might be expected to bring to the surface tensions around accountability and governance.

Funding streams – pooled and aligned

- 7.3.21 There was a mixed approach to including funding streams; for some the emphasis was on non-core funds and for other localities – with no NRF or additional non-core funding – the emphasis was on mainstream budgets. The number of funding streams included in the agreement varied widely depending

on what was available locally, what government had been prepared to include, and on the imagination of the pilots. (Part of this apparent variation however simply reflects differences in terminology – for instance whether the Education Standards Fund was counted as one or many streams.) One contained over 100, and the GO considered more could have been included. It was clearly much more difficult for localities with few funding streams to be specific; where mainstream budgets were included, the contribution was often not quantified. Some of the less ambitious and more focused pilots had made much greater progress with identifying funding streams than had some with greater ambitions. While some agreements included full details of proposed funding, a few agreements were completely unclear on this point.

- 7.3.22 There was some confusion about what it means for funding streams to be included, where these related to mainstream funding e.g. Connexions, PCTs, and where they were budgets that were already committed and which will in general just be passported to their current recipient at least in year one. It felt to some as if this was just a re-badging exercise. One pilot, in which funding streams had caused such tensions with partners that it was agreed to leave them out of the LAA, found it was required, at the last minute, to include them; decisions had to be forced through by the Chief Executive and Chief Constable, and agreements made to 'passport' resources back to current allocations.
- 7.3.23 Throughout the negotiation process, there was much confusion about aligning and pooling funds; a definition was ultimately contained within Advice Note 3. Generally there was a greater number of funding streams aligned rather than pooled in year one because of existing commitments, the nervousness of partners and the difficulty of reaching agreement in the time available especially over mainstream funding. Even where there was pooling, money is often to be passported by the local authority in year one. Some agreements identify significant additional funds to be pooled from year two onwards.
- 7.3.24 The reaction of central government departments was that they were not clear about the added value of pooling funding streams in many of the agreements, since in many cases this was not clearly articulated. Funding streams therefore present a continuing dilemma: are they included because they make sense in terms of the outcomes to be achieved locally (in which case it is reasonable to expect a rational explanation for how they fit) or does central government require them to be included in order to achieve rationalisation (in which case there may be no particular logic)? Central government departments need to decide which of these objectives matters to them most in order that they can give clearer guidance to GOs and pilots.

Freedoms and flexibilities

- 7.3.25 There was significant variation in the number of freedoms and flexibilities agreed (or proposed) within each agreement from a handful to 30 or 40. Most tended to be on the low side of this range – between 10 and 20. The definition of a freedom and flexibility was quite broad. Mostly they were around the inclusion of funding streams, relaxation of reporting and monitoring.
- 7.3.26 Some were requests to have a conversation about particular issues – central government departments thought it was strange that they would need to request these, but this is an indication of how difficult most authorities find it to make their

views known in Whitehall. Some were more of a wish list of ways government could do things differently.

- 7.3.27 Many of the freedoms and flexibilities were very vaguely worded, for example, 'simplification of reporting mechanisms' or 'acknowledging rural context in relation to flexible models of delivery of children's services.' The significance of many others is unclear to non-specialists.
- 7.3.28 In a minority of pilots, however, the opportunity was taken to push for quite challenging freedoms that would require a strong dialogue with government, although agreement on these has not yet been reached. For example, requests included freedom from detailed Home Office guidance for the police, that benefits and taxation should remain in the area, and that the PSB should take control of any performance failures in public bodies.
- 7.3.29 The rationale for freedoms and flexibilities was not always given, although when probed pilots tended to be reasonably clear about this. It seems pilots had not understood the need to explain the rationale for what was requested, and assumed that government would understand.
- 7.3.30 As requested by ODPM the final agreements specified which freedoms and flexibilities had been requested and the status of these – which had been accepted and which were still under consideration. One pilot reported that it had been put under pressure to exclude mention of freedoms and flexibilities that had been refused, but was adamant that *'we have a duty to show local people where government is getting in the way'*; others were keen to include refused requests in order to raise the issue with ministers. It seems that eventually ODPM supported the inclusion of requests that had been refused. Many pilots anticipate identifying many more freedoms and flexibilities in the next stage as they get into detailed planning. They also intend to pursue further those that have been refused so far. Some GOs have deliberately pushed many of the more tricky issues into the next stage.
- 7.3.31 As was the experience in LPSA, it was recognised by some of the pilots that the need for freedoms and flexibilities was not as great as had been anticipated, as they realised that in many instances they had sufficient flexibilities available to them. This was especially the case for excellent authorities. This learning was a benefit of the initiative.

7.4 Conclusions

- 7.4.1 Judged against the generic criteria agreed at the start of this research, the agreements are a mixed bag. Some are more effectively communicated than others – some very good, some surprisingly weak. The evidence base is generally implicit and difficult to judge; government will need to trust that GOs have adequately challenged and assessed the analytical basis for proposals. The agreements vary widely in the general approach and level of ambition – some are radical and visionary, others pragmatic; this is helpful as they will provide a range of exemplars for those that will follow. Most have achieved a balance of local and national priorities satisfactory to both sides, and given the variety of local circumstances this is an achievement.

- 7.4.2 However, details of funding, indicators and targets are often lacking sufficient detail and little has been achieved so far in the way of freedoms and flexibilities. Although the freedoms and flexibilities inherent in LAAs themselves (for instance pooling of funds, reduced reporting, carry-over of underspend) are very important, particularly for localities with large amounts of non-mainstream funding, some pilots were hoping for much more in the way of specific freedoms and flexibilities and at the time of signing few such additional freedoms had been agreed. In many cases it is difficult to see from the agreements what will be different on the ground as a result of the LAA. The agreements contain many 'loose ends' and all concerned have accepted that they are to be seen as the start of a dialogue rather than an end and that much remains to be agreed. Whilst this may be acceptable, even welcome, to all parties, it makes the practicalities of implementation unclear. Governance arrangements will need to be put in place to ensure that funding is effectively allocated, spent, monitored and audited.
- 7.4.3 The concept of the blocks helped focus thinking. The current structure of the blocks was however generally found to be unhelpful and led some authorities to pick off bits of what they were doing to fit the blocks rather than taking a holistic view of priorities and cross-cutting issues. On balance we would conclude that a pre-determined block structure was not helpful, and that if one is retained it needs to be reconsidered.
- 7.4.4 In anticipating widespread pooling of budgets and change on the ground in the first year, government seems also to have overestimated the ease with which agencies can quickly change patterns of service delivery, given that budgets have now been set for 2005-6 some months before the agreements were concluded, and that there are commitments to both staff and clients. This is a problem of timing; it would be helpful if future agreements could be concluded well before the start of the financial year.
- 7.4.5 Many stakeholders, at all levels in the system, argue that success should not be measured by the agreements alone. The pilot process has demonstrated very clearly that there is no 'one size fits all' model of a LAA. The real benefits for many pilots lie not in what they have gained or will gain from government but in the process they have gone through and the resulting alignment of delivery that had previously been talked about but never put into effect. Nevertheless, one aim of LAAs at the outset was that there should be effective reduction of bureaucracy, and while ODPM's view is that there will be a reduction in bureaucracy, several pilots expressed disappointment that the system improvement and reduction of bureaucracy have been downplayed. How much streamlining there has been in practice should become evident in the next stage of our research.
- 7.4.6 There seem to be very different views about whether or not LAAs are primarily about targeting and focussing additional resources and area-based initiatives in order to achieve agreed outcomes, or whether they are stepping-stones towards aligning mainstream funding. The implications of a wider role for LAAs in relation to other ways of measuring success (CPA, for example), the balance between delivering services to customers, meeting national targets and responding to neighbourhood priorities – have not yet been explored.

7.5 Implications for policy and practice

- 7.5.1 The most productive part of the LAA process is local partners sitting down together to move from a vague Community Strategy to practical plans to move resources and change delivery systems to achieve better social outcomes. In the early stages the LAA may simply set out this early thinking – but if LAAs are to succeed, this will need to become more detailed and specific over time. There is a need to develop a shared view as to where along this road the signed agreement should sit – and if this needs to be the same in all localities. Does the LAA have to include details of delivery, or is it just about outcomes and funding?
- 7.5.2 Without constraining localities' ability to shape the agreement to their own needs, some basic guidance on length, content and format would facilitate the drafting process and help to ensure that agreements are easier to understand and meet any minimum requirements, and that pilots provide sufficient detail but do not waste time producing information that is not needed. All parties need to be included in this shaping process and care would be needed to prevent the shape becoming, or being seen as, a straitjacket so as not to reduce LAAs to their lowest common denominator and stifle creativity.
- 7.5.3 In place of the three blocks, localities would prefer to be allowed to develop their own structures based on their Community Strategy or perhaps to choose from a much longer menu.
- 7.5.4 Successful implementation of the agreements signed off in round 1 will require good governance arrangements to be put in place and the application of programme management processes – project development, appraisal, commissioning, monitoring and audit.
- 7.5.5 There has been somewhat limited testing of the single pot approach in this phase and this should be tested further in the next round of pilots. Whilst localities will probably still need to develop pots of funding, the single pot and blocks of funding around themes are not mutually exclusive. There may be the potential to have the flexibility of one pot of funding, but in practical terms, a pilot could sub-divide this on the basis of locally determined priorities.
- 7.5.6 Forcing the inclusion of specified funding streams when they do not fit well with local outcome targets might damage the trust that central policyholders have in the process (as well as that of local players). If the inclusion of certain funding streams is to be mandatory, then this needs to be understood as a process of streamlining bureaucracy – and localities should not be subject to onerous additional performance monitoring. GOs should be given greater delegated authority to negotiate targets and funding streams that are appropriate locally.
- 7.5.7 There needs to be recognition that the pooling of funding streams will only lead to changes of resource allocation to implement new programmes in two or three years' time. The next phase should aim to maximise pooling where local partners are willing; be clear from the beginning about any restrictions on funding streams; and incorporate more non-core and mainstream resources.
- 7.5.8 There is still a question about whether efficiency savings can be achieved through the process; it is therefore important that across the different parts of the system (at national, regional and local levels) that costs are tracked carefully in order to identify any savings made.

8. The outcomes

8.0.1 In this section, we examine the evidence so far in order to identify things that have already changed as a result of LAAs and the emerging signs of their potential impact. In particular we consider the extent to which LAAs will:

- Help central government and local areas to meet their key priorities
- Help to deliver more appropriate and higher quality local services
- Stimulate new ways of working and innovation
- Help to improve efficiency
- Contribute to more effective, joined up and inclusive local governance
- Improve relationships at all levels.

8.1 Meeting national and local priorities

8.1.1 As a result of LAAs, local partners have signed up jointly to pursuing outcomes that reflect key priorities for government; this formal joint ownership – and the joint performance management that will flow from the LAA – are important advances. However, the targets are not ‘stretched’ against some notional ‘no LAA’ situation, and it will not be easy to quantify how much difference the LAA has made. Whether forcing national priorities up the local agenda is always a good thing is an open question; local capacity and resources are limited, focus on some things means others receive less attention, and pursuing outcomes that do not reflect local circumstances inevitably mean that less attention can be paid to what local people see as most important. The potential existed in some blocks to have an evidence-based conversation about needs and priorities; in other blocks there was less room for dialogue. Commitment to LAAs seems likely to be reduced if they are seen primarily as a way of central government achieving its purpose, particularly when mainstream funds regarded by localities as ‘theirs’ are involved.

8.1.2 The process of developing their LAA has helped to build amongst local partners a shared understanding of priorities across each locality that require joint action. This understanding builds on but is in general more focused and more explicit than that in the Community Strategy – it has involved hard choices, whereas many Community Strategies fudged these. While government expected most localities to have this vision at the outset, it has in fact been a beneficial outcome of the process in many localities. The process has made partners realise how many of their issues are cross cutting, and to appreciate the need for joint action to take a preventative approach and to tackle inequalities. In two-tier areas, the extent to which the agreement has been able to reflect a differentiated picture of truly local needs is limited, but it has brought the beginnings of a more strategic approach. The initiative therefore has the potential to help local partners to meet their priorities.

8.1.3 In the case of both national and local priorities, the process has stimulated local partners to start to consider what additional joint actions are required to deliver the outcomes to which they have agreed, although this work has some way to go

in most cases. The ability to pool funding streams and any freedoms and flexibilities offered by government may help towards this in some cases – more so in some localities and some blocks than others. Often the commitment to joint working and alignment of mainstream funds will be far more significant than what has been granted by government; simply identifying all the funds that are spent on achieving shared priority outcomes is a major achievement, particularly in two-tier areas. This could have happened without government, but required external stimulus and facilitation to build commitment, to make partners begin to confront some of the difficult choices to be made, and to move partners from talking to doing.

8.2 Improving local services

- 8.2.1 Implementation of the agreements has the potential to deliver more appropriate and higher quality local services. There are many examples in the agreements of things that should improve the lives of local people. Examples include: joint commissioning of services between health and social care with greater involvement of local people; joint working between partners at county and district levels to reduce homelessness for families and vulnerable young people; proposing to 'industrialise' a pilot's health trainer work and to link it to the recruitment of young people from deprived communities; developing a new Partnership Framework Agreement for joint health and social care delivery and commissioning that also provides the basis for similar formal arrangements between other parties in the LAA; and bringing together all youth support agency funding into a single virtual pooled fund to tackle the needs of disaffected young people not engaged in education, employment or training (NEETs) in the most disadvantaged neighbourhoods.
- 8.2.2 Whether or not this promise is realised remains to be seen; some respondents are confident that it will, while others are more cautious and point out that a lot of thinking about how it will work in practice is still required. Many are not at all clear that tangible improvements will follow.

8.3 Stimulating new ways of working

- 8.3.1 Judging the extent to which the LAA initiative has led to innovation is not easy. Many agreements contain proposals for new ways of working that could have been put in place without the LAA, but required the process as a catalyst to reach agreement between partners. It is often difficult to tell which of the apparently new ideas were in fact already planned. The focus of many agreements was on outcomes rather than the means of delivering them, and the capacity of the LAA to generate new ways of working seems something to be tested as it develops. This high level was in many agreements deliberate because of the need to involve partners in the detail more closely than had been possible in the negotiation stage.
- 8.3.2 Moreover, 'new ways of working' can mean different things in different places. To many authorities, simply applying leading edge practice in joint working would bring significant improvements and true innovation may not be a sensible ambition – certainly not one to be imposed by government. It depends partly on context – what would be easy in a single tier authority can be innovative in a two

tier context. Some pilots did not see the LAA as being about innovation, but consolidation and improvement.

- 8.3.3 Some started with high ambitions about the degree of innovation, and found that creativity was crowded out by the timetable and the requirement to focus on targets and funding streams. Step change in organisational arrangements needs a lot of discussion, between and within organisations, and there has not been time for this. For many the opportunity to do new things in the first year is very limited, given the timing of the agreements and existing commitments. Some GOs acknowledge their lack of local knowledge limited their ability to stimulate innovation, while some local partners referred to the difficulty of seeing possibilities that might exist beyond everyday conditions.
- 8.3.4 Others feel disappointed by the less than positive reaction to their proposals within central government, and consider that an opportunity for radical thinking about service delivery in the context of freedoms and flexibilities around funding streams has been missed. Some feel that ODPM raised expectations too high at the outset about 'thinking outside the box', while at a later stage talking about pragmatism and realism, and this led to a tempering of ambitions.
- 8.3.5 One pilot (which asked for few freedoms and flexibilities) commented: *'We have been given a licence to be innovative – given permission to think the unthinkable, and our partners' sponsors in Whitehall have been challenged to let them think in this way. This message has percolated into the atmosphere and people are thinking in a different way. There is an excitement that was not there before.'*
- 8.3.6 What was missing was an awareness of the scope for innovation at the centre, and the extent to which through engaging with localities in different ways, more effective and innovative solutions could be found to proposals put forward by localities. Overall, the extent of problem solving and practice exchange involving the centre could be far greater. Improving the quality of dialogue between central departments and between the centre, region and locality could create more space for problem solving and radical thinking.

8.4 Improving efficiency

- 8.4.1 The focus for all the pilots was on effectiveness rather than reducing costs. However, since there will in general be little additional funding, improvements in outcomes will involve achieving more for the same money or making savings at the margin through increased efficiency and cost reduction.
- 8.4.2 Some localities with many funding streams envisaged some savings resulting from streamlining of monitoring and reporting, but were unable to assess the significance of these. Many areas have no confidence that such savings will materialise. Several county authorities are very concerned that administering the LAA will impose additional burdens on them as they take over the monitoring and financial management of money spent at district level or below. They are worried that they will not be recompensed for this or able to top slice funds to cover their costs.
- 8.4.3 Some saw that redeployment of resources might bring greater efficiency for instance by reducing duplication, achieving economies of scale, targeting resources where they can have the greatest impact; this seemed to be particularly true in two-tier areas where spreading resources across many

relatively small CDRPs can lead to inefficiencies if they do not work together. Others saw efficiencies from co-location of staff, unified assessment processes and shared management arrangements enabling more funds to be channelled into front-line services. One pilot proposes to carry out an audit of the fully developed proposals; another, atypically, is strongly committed to this agenda and plans to continue to explore the potential for efficiencies that can be ploughed back into the LAA. In general, however, the emphasis in negotiations has been on the establishment of an agreement and on the funding streams to lie within it, rather than upon the operational aspects of managing pooled/aligned resources.

- 8.4.4 A major potential gain comes not from short-term efficiencies but from the focus on prevention apparent in many agreements, although these savings may only be realised in the longer term and will be difficult to quantify.
- 8.4.5 There were, however, no signs of determination to make savings at the centre or any sense of where these might come from; concern about short-term demands of the process led central departments to feel a greater, rather than a reducing workload. Ways of working, processes and assumptions will need to be far more radically challenged, if streamlining at the centre is to be achieved.

8.5 Improving local governance

- 8.5.1 It is evident that the LAA process has the capacity to help to build stronger and more effective partnerships. The process has begun to strengthen LSPs, given focus to existing theme partnerships and helped to stimulate the establishment of new ones where necessary. It has highlighted that some existing arrangements are no longer fit for purpose and local partners are agreed that new governance arrangements will need to be put in place. In some instances, the process has accelerated the establishment of a Public Sector Board and local partners feel that it is this that will make the difference, in others this option was considered but rejected or postponed.
- 8.5.2 However, in some two-tier areas, district level LSPs feel disempowered; the accountability of district level LSPs to the county strategic partnership is politically impossible in some areas. There is also a concern at district level about local democratic accountability, and suspicion about the potential establishment of PSBs.
- 8.5.3 The fact that the agreements will be public documents, with outcomes to which partners are formally committed supported (eventually) by clear targets, should help to make partners more accountable to local people, to each other and to government for the delivery of priorities which until now have often slipped between the cracks in silo based performance management processes.
- 8.5.4 Joined up performance management systems across partners and effective performance management of partnership activities – required since money is involved and a radical step in most localities – will help in this. Success will depend however on how effective performance management is. There is a recognition that in many areas a lot will need to be done to increase the capacity of local partnerships especially in relation to performance management.

- 8.5.5 The involvement of the GO in the development of the agreement and in its subsequent performance management, and the commitment of government to the shared outcomes in the agreements, should also help to deliver more holistic local governance. How this works in practice remains to be seen; many pilots and GOs are unsure how far government will let go and relax silo-based performance management so that local partners can 'join up' locally, and GOs are unsure of their role in performance management as opposed to monitoring.
- 8.5.6 The approach taken by the inspectorates will have the potential to reinforce or cut across mutual accountability at local level. It will be important that the criteria applied in all inspections give due weight to work in partnership towards locally agreed outcomes, or local authorities and other public agencies – for whom the ratings from inspections are powerful drivers – will shift their focus back into 'core' areas.

8.6 Improving relationships at all levels

- 8.6.1 It is clear that at local level the process has in general cemented existing relationships and opened the doors to new ones. For many pilots, this is one of the most important benefits of the process. The process has not been a smooth one however, particularly in some two-tier areas where it placed existing relationships between the county and districts in particular under great strain. Some groups feel that they have not been adequately included in the process, partly because of the time available; many commented that the initiative had been potentially destabilising because of the speed with which it was implemented. Tensions remain in some areas, and over the coming year relationships will need to be worked on. There is still a danger that things will fall apart, with partners saying that they will walk away if agreement cannot be reached, since the sums of money involved are so small. In particular, there is extreme nervousness about pooled budgets.
- 8.6.2 Relationships between local partners and the GO have been strengthened at a variety of levels – more so where direct contact has been diverse. Many local partners have a better understanding of government's agenda and appreciate the support and challenge they have received from their GO; GOs have a more rounded appreciation of local problems, priorities and capacities. In general, mutual trust and respect have been built; more so where the local authority has welcomed constructive engagement from a pro-active GO, less so where one side has been defensive, the other passive or overbearing.
- 8.6.3 The process also seems to have strengthened the regional networks of GOs and in one region initiated thinking about the need for more regional agency working and some kind of informal 'Regional Area Agreement'. It has also improved relationships within GOs, leading to a better understanding of different teams' agendas.
- 8.6.4 A few GOs have used the process to help their pilots to extend their networks into central government, but this has been the exception. It has however been hard for the minority of local authorities that are used to having a direct relationship with Whitehall and in this process have had to rely on the GO as intermediary. GOs will need to be able to demonstrate to their pilots that they are effective in arguing for sensible local solutions, or risk finding themselves bypassed.

- 8.6.5 For many local partners, improved outcomes locally are dependent on changes in the way central government conducts itself, both generally and in the context of LAAs. Whilst there has been a welcoming of progress to date there are demands for more clarity of purpose, more openness, less silo working, less micro-management and a greater devolution of control to localities. Those close to the LAA process within central government appreciate the scale of change required in ways of working, and there are signs that particularly within the final stages of the pilot process significant progress was made. However, for most local partners the jury is still out on whether central government is willing to let go, and much will hang on progress in negotiating freedoms and flexibilities and additional funding streams over the coming year. How critical this is varies; for one pilot *'the success of the agreement is very much in the hands of Ministers'*, but for another *'if government were to pull out now we would barely notice, and we would still have gained a lot'*.

8.7 Conclusions

- 8.7.1 Success means very different things in different pilots, and is often not what participants thought it would mean when they embarked on the process. For some, it has been a catalyst rather than a driver as many things were already happening. In others, time pressure has enabled things to be agreed on which partners had previously been stuck. For some the benefits have come almost entirely from the stimulus the process has provided to partnership working. For others, the chance to rationalise funding streams will bring real benefits, although there is disappointment that so many strings have been attached. Other areas have not given up hope of a more radical transformation of relationships between centre and locality with a genuine devolution of strategy, prioritisation and responsibility over resources to local level, and a more equal partnership between both levels of government. It is important not to underestimate the change to culture and assumptions about ways of working required at all levels to make this work.
- 8.7.2 In all cases it is too soon to reach definitive judgements about what will eventually be achieved, and there is a sense amongst all respondents that *'the proof of the pudding will be in the eating'*. The main central government departments involved remain committed to the process and optimistic about the long term benefits, while recognising that these will take time and will require change centrally as well as locally. On the whole, GOs are more enthusiastic than the pilots about what has been achieved and local authorities more optimistic than their partners. A minority of GOs and local partners question whether it has all been worth it, and see very little benefit so far in return for a huge amount of effort. Many are waiting to see whether the potential will be realised, as evidenced by the number of comments to the effect that *'the jury is out'*. Nevertheless others see it – in the words of one GO lead – as *'the most exciting government initiative in years'*. There is a feeling that *'the genie is out of the bottle'* and an unstoppable process has been put in train. There is a strong sense of achievement and at local level some important breakthroughs that will focus action and delivery on important social outcomes. The process has led to better dialogue and joint planning and hastened the development of holistic policies. While many of the other benefits are as yet unproven the level of continuing enthusiasm and support demonstrates the opportunities that are there to be grasped.

- 8.7.3 There is, in some localities, a feeling that the signing of agreements is only one step in the process, which will be undermined if LAAs are seen as finished, and the promises made are not fulfilled. So far, on all sides, a lot is being taken on trust. Few freedoms or flexibilities have been finally agreed, and outcomes will not be achieved in some cases for several years. Our sense is that the current agreements are precarious – and much will depend on whether GOs, central departments and localities follow through and ‘keep faith’ with the spirit of agreements made, whether any real progress is made on the freedoms and flexibilities still in negotiation; or whether the pooling of funding streams leads to any change in practice. While several central government interviewees expressed the view that *‘freedoms and flexibilities were not all that important’*, they are seen by local partners as powerfully symbolic of a change of relationship.
- 8.7.4 It would be possible to envisage a ‘vicious circle’, in which central departments become increasingly jumpy about what will be achieved and therefore insist on more and more detailed control. This would lead to localities becoming cynical, never achieving any step-change in delivery and LAAs slipping back into being simply another initiative amongst many, adding to the bureaucratic burden instead of reducing it. An alternative ‘virtuous circle’ might be created if the process continues to be conducted in ways that model open, problem solving behaviours and helps to improve dialogue and understanding at all levels. When things become difficult, the reactions of key players will send out important messages about the seriousness of any claims that the LAA process is different from preceding initiatives.
- 8.7.5 It is important not to underestimate the change required at all levels to make this work, and the extent of change to culture and assumptions about ways of working which will be needed over the next few months and years.
- 8.7.6 At the same time, there is a strong sense of achievement; and at local level some important breakthroughs in terms of partnership working that will focus action and delivery on important social outcomes. The process did lead to better dialogue and joint planning in areas requiring partnership action, such as public health and community safety, and in most pilots hastened the development of holistic policies for children and young people. The process strengthened partnership working locally and helped partners to resolve issues where they had been previously unable to agree. The benefits of this should not be underestimated. While many of the other benefits are yet to be proven, the level of continuing support for the initiative demonstrates the opportunities that are there to be grasped.

9 Effective implementation

- 9.0.1 Implementation relates on the one hand to how the first round LAAs move forward from agreement to realisation, and on the other hand to how the second round of LAAs can be chosen and how the process for that second round can be improved.
- 9.0.2 In this chapter, we consider what needs to happen in order to maximise the effectiveness of the implementation of the next round of pilots. We start with some overall reflections on the process. The remainder of the chapter is a compilation of the implications for policy and practice set out at the end of each of the preceding chapters. We have distinguished messages for ODPM, other central government departments, GOs and potential pilots. We also draw some lessons about piloting in general.

9.1 Lessons for roll-out

- 9.1.1 Our sense is that overall, the pilot LAAs have been successful at achieving many of the goals set, and even though agreements are at a very early stage there is widespread support for a continuing process. In any process evaluation of this sort, it will be inevitable that the criticisms of the process are seen to outweigh the expressions of support – since expressions of support tend to be general, and many people say similar things, while criticisms are specific and more varied. Nevertheless, it is important to identify the issues and dilemmas that need to be addressed carefully in preparation for rollout.

Clarifying purpose

- 9.1.2 There is a need for some focused work to define more clearly what a LAA is for, taking into account the needs of localities with few funding streams and of two-tier areas, as well as urban authorities. Localities need to have their own understanding of what an LAA is for, and there is a need for widespread debate about the direction of current policy. It is possible for the objectives of achieving outcomes, improving dialogue, streamlining processes, reducing funding streams, reducing central control, improving partnership working to all play a role in LAAs, but without a clear understanding of which objectives matter most to which players, tensions are likely to increase over time.

Timetable

- 9.1.3 The five months available from the announcement of the pilots on October 4th until the deadline for submission of the supposedly final agreements on February 28th was clearly insufficient. None of the ‘agreements’ is final, all require further work and many tricky issues remain to be agreed locally and with government. However, there is consensus that a relatively tight timetable was helpful in focusing attention and creating momentum. The timetable needs to be longer but not too much longer, and staged.
- 9.1.4 There is no doubt that the time could have been better used. Many pilots did not really start substantive work until early December; the first two months were

largely spent in starting to engage partners and trying to work out what the LAA meant locally, delays in waiting for guidance also slowed things down. Round 2, therefore, will be enormously helped by gathering together and issuing guidance at the very beginning of the process. We have suggested that keeping up with a fast moving process with more documentation is unlikely to succeed – and more face-to-face contact and problem solving will be needed.

Agreed 'starting conditions'

- 9.1.5 Government seems to have assumed that much would be in place that was absent in many localities. This included strong working relationships between key public agencies, inclusive partnerships fit for the governance of service delivery, a clear sense of local priorities, a knowledge of all the funding streams coming into an area, and clarity about the way in which government regulations are impeding local action. Even authorities that had, as part of the work of the Innovations Forum, been considering these issues for some time found that they had more work to do than they had anticipated. The pilot process therefore proved valuable in highlighting a number of weaknesses at the local level, which are pre-requisites for LAAs; this will be of great benefit to LSPs, Community Strategies, and partnership working more generally.
- 9.1.6 If the range of second-round pilots is going to be wider (including fair and weak authorities, for example), it will be important not to expect miracles in the short term. GOs need a clear sense of what are realistic expectations, for example about what counts as 'good enough' partnership working.

Project management

- 9.1.7 Better project management will be helpful on all sides, including an overall timetable with clear milestones – shared between the pilots and GOs. This will increase the sense of joint working between pilots and GOs, and will permit more dialogue over requests for freedoms and flexibilities by allowing central government departments to be given earlier notice of these.

Workload and skill-mix

- 9.1.8 The process was extremely resource intensive both locally and for GOs, a significant addition to 'normal' workloads, and we cannot see at this stage that efficiencies have been achieved. These might well come at a later stage in terms of reduced performance reporting and monitoring, and this will need to be tested in the next stage of the research. Some local authorities worry that the burden of financial management and reporting for lead authorities might be increased and that they will not be funded to cover this; the balance of changes in process costs across the system will need to be kept under review.
- 9.1.9 As to whether the LAA process itself could have been managed more efficiently, a pilot of this nature is probably not a fair test; all concerned were learning as they went, and this has inevitably led to scope for streamlining in later pilots. One important aspect of this is greater integration of LAAs with LPSAs, as proposed by ODPM. The impact on management costs at all levels should be kept under

review; and an effort made to track additional costs. The real test may be, however, not whether the process consumes more (or less) resources than what went before, but whether it is effective in deploying resources in line with needs and producing better outcomes for local people.

- 9.1.10 The level of work involved in the first round of LAAs, however, will not be sustainable into the second round. The first 20 agreements will all require further work, in addition to the negotiation of another 40 agreements. Ways need to be found to reduce the burden of work, without bureaucratising the process. GOs and central government departments need to discuss whether the process can be streamlined without impairing the quality of dialogue. It needs to be recognised that there is a trade-off between senior level resource and the quality of the process. There may be a need to invest (in the dialogue) before being able to disinvest (in the day to day monitoring) – a period of double funding is normal in any change process.
- 9.1.11 Whatever happens, GOs will need more support or to work differently if they are to cope with roll-out. GOs will need to think about their skill-mix over the next few months and about how their approach to managing LAAs will affect organisational structure. In the short term there is the need to maximise practice exchange, training, debriefing and learning from round 1, and consider ways of sharing specialist resources between GOs (for instance in relation to target setting).

Links to other processes

- 9.1.12 The process did encourage better cross-silo working and a more holistic view of local problems and priorities within GOs, particularly when the process allowed for block leads to be involved in discussions about the agreement as a whole. The linking of the LAA negotiation with processes such as DfES priorities conversations was helpful in ensuring that links were made with mainstream priorities, and demonstrated the importance of the LAA process being seen as an integral part of GOs' working rather than an add-on. This linkage with the mainstream seems to have been less successful in other policy areas (for instance, the local development planning process for PCTs), primarily because of timing.

Pooling and aligning budgets

- 9.1.13 It may well be that the scope for efficiency gains in the first year are limited because of the level of commitment of funds. A number of pilots, however, will be taking at least some decisions about allocating pooled and aligned funds, about contracting for spend, about monitoring systems, and about establishing audit trails. Much work remains to be done, for example, on the reconciliation of the various approaches to risk assessment and risk management currently applicable to different funding streams. GOs themselves will need to engage with central departments on such issues and the National Audit Office (NAO) and Audit Commission will also have views about the most effective ways of auditing pooled funds.

Shared learning

- 9.1.14 One of the most successful aspects of the process was the extent to which mechanisms and processes were put in place to ensure that maximum advantage has been taken of the learning throughout the pilots. Although inevitably some participants considered that mechanisms such as the Sounding Board, LGA reference group, RCU database and I&DeA website could have been improved, they were better than the informal feedback arrangements across many pilot initiatives. The contributions from these fora helped inform thinking, which in some instances was fed into the guidance notes, for example, the increased clarity provided in the definition of pooling funds. The major factor impeding shared learning was probably the speed of the process which left participants at all levels with little time in which to share.
- 9.1.15 The process facilitated dialogue between departments on cross cutting issues, notably through the mechanism of the Programme Board. However our interviews with government departments indicate that the engagement in such dialogue of the wider circle of policy holders within departments was limited. This may reflect the tight timetable, or the fact that – unlike LPSAs – Whitehall was not directly involved in discussions about targets, only about funding streams and freedoms and flexibilities. Neither did the process seem to facilitate a greater understanding within Whitehall of the realities of service delivery and the impact of government regulations, because negotiation with Whitehall was largely dealt with by GOs on behalf of pilots and in general seems to have involved little debate. This aspect of the process needs to be developed, with localities better explaining the reasons for their requests, and government the reasons for their response. We are not convinced that the model of GOs acting as intermediary between localities and Whitehall is the most effective one in this respect. It will be important to ensure that in round 2 the process does not result in policy making becoming even further divorced from delivery. We have suggested practical steps to ensure policy holders learn from the process as it evolves.

Demonstrating results

- 9.1.16 It is currently very difficult to separate out any potential outcomes from the LAA process from outcomes that might have been achieved anyway. There will be considerable pressure on all sides to demonstrate results, and developing effective performance management systems will be a next step – but again there will need to be very clear shared understanding of the purpose and scope of these systems, how information will be used and by whom. However, as experience with LSPs has shown, effective performance management will not be sufficient to demonstrate the value that LAAs have added; this is something to which the pilots, GOs and research team will need to give explicit attention.
- 9.1.17 Below, we set out proposals for possible refinements to the policy and process, to maximise the effectiveness of the implementation of the next round of pilots.

9.2 What should central government do?

Possible refinements of the policy

- 9.2.1 The most productive part of the LAA process is local partners sitting down together to move from a vague Community Strategy to practical plans to move resources and change delivery systems to better achieve social outcomes. In the early stages the LAA may simply set out this early thinking – but if LAAs are to succeed, this will need to become more detailed and specific over time. There is a need to develop a shared view as to where along this road the signed agreement should sit – and if this needs to be the same in all localities. Does the LAA have to include details of delivery, or is it just about outcomes and funding? (Chapter 7)
- 9.2.2 There is a need for some focused work to clarify the vision of what an LAA is. This should be an interactive process bringing together representatives from central, regional and local government, and their partners, to build agreement and stronger shared understanding. Clarification is needed, but care needs to be taken to clarify those things that will empower players on all sides to take action, without reducing scope for dialogue and experimentation. (Chapter 3)
- 9.2.3 There has been somewhat limited testing of the single pot approach in this phase and this should be tested further in the next round of pilots. Whilst localities will probably still need to develop pots of funding, the single pot and blocks of funding around themes are not mutually exclusive. There may be the potential to have the flexibility of one pot of funding, but in practical terms a pilot could sub-divide this on the basis of locally determined priorities. (Chapter 7)
- 9.2.4 Forcing the inclusion of specified funding streams when they do not fit well with local outcome targets may damage the trust that central policy holders have in the process (as well as that of local players). If the inclusion of certain funding streams is to be mandatory, then this needs to be understood as a process of streamlining bureaucracy – and localities should not be subject to onerous additional performance monitoring. GOs should be given greater delegated authority to negotiate targets and funding streams that are locally appropriate. (Chapter 7)
- 9.2.5 There needs to be recognition that the pooling of funding streams will only lead to changes of resource allocation to implement new programmes in two or three years' time. The next phase should aim to maximise pooling where local partners are willing; be clear from the beginning about any restrictions on funding streams; and incorporate more non-core and mainstream resources. (Chapter 7)
- 9.2.6 In line with developing thinking about the fit between LPSA and LAA, expectations about stretched or enhanced performance through LAAs need to be clarified. (Chapter 3)
- 9.2.7 Pilots would have benefited from more time to develop their proposals, but not too much more. Provided local authorities have had enough lead time to put the necessary working arrangements in place, and central government departments respond promptly to requests, a number of stakeholders amongst pilots and GOs were of the view that three months should be adequate to agree on outcomes and the strategies to address them. It would take a further three months to agree

indicators, targets, freedoms and flexibilities and indicative funding, and another six months to sort out stretch LPSA targets where more dialogue may be needed, action plans, a business plan, governance and performance management arrangements. This allows six months to produce an agreement and a further six months during implementation to iron out LPSA2 targets. (Chapter 4)

- 9.2.8 The pilots showed that to facilitate partner engagement, timing should be linked to other planning and budgeting cycles including those of partners. This is particularly important in making other partners feel that their priorities are also part of the whole picture. (Chapter 4)
- 9.2.9 In place of the three blocks, localities would prefer to be allowed to develop their own structures based on their Community strategy or perhaps to choose from a much longer menu. (Chapter 7)

Managing the process: ODPM and RCU

- 9.2.10 Clearer process planning of the whole scheme by ODPM would help departments, GOs and pilots to develop their own project management. The arrangements for cross-department working – at Programme Board level and below – might also usefully be reviewed, and processes introduced with a greater emphasis on learning, practical problem solving and creative thinking. (Chapter 6)
- 9.2.11 There is still a question about whether efficiency savings can be achieved through the process; it is therefore important that across the different parts of the system (at national, regional and local levels) that costs are tracked carefully in order to identify any savings made. (Chapter 7)
- 9.2.12 Based on the perceived lack of transparency for the first round of pilots it will be necessary to set clear criteria for round 2. It may be useful to supplement the hard criteria with softer ones which could include strong leadership by senior officers (particularly, the Chief Executive), a strong LSP with the capacity to deliver; partner engagement and commitment in public sector agencies; a balance across the region; and where appropriate strong partnership working between authorities (Chapter 4)

Providing support and guidance to pilots and GOs

- 9.2.13 ODPM, the GO network, I&DeA, the LGA and pilot authorities need to assess what worked well and less well about the process in terms of support and explore options for strengthening support in the future. It may be that in the next round the RCU could usefully adopt a more strategic role. (Chapter 6)
- 9.2.14 Without constraining localities' ability to shape the agreement to their own needs, some basic guidance on length, content and format would facilitate the drafting process and help to ensure that agreements are easier to understand and meet any minimum requirements, and that pilots provide sufficient detail but do not waste time producing information that is not needed. All parties need to be included in this shaping process and care would be needed to prevent the shape

becoming, or being seen as, a straitjacket so as not to reduce LAAs to their lowest common denominator and stifle creativity. (Chapter 7)

- 9.2.15 Early, timely and simple advice is useful to pilots and GOs. Carefully crafted, comprehensive advice that comes too late in the process may have detrimental effects. A complete set of guidance needs to be available before the start of the next wave of pilots. The current guidance should be reviewed; this review should involve central government departments, GOs and the first round of pilots. Future guidance should aim to be sharp and concise, providing a clear framework within which there is local flexibility. Once the second round pilots are underway, it would not be helpful to issue detailed guidance in an attempt to keep up with the process. Other more innovative ways to guide the process should be considered such as more face to face discussion of problems, practice exchange and cross-departmental teams working together to solve problems. (Chapter 6)
- 9.2.16 A 'negotiation brief' (although this is the wrong term) is helpful in so far as it makes 'no-go' areas clear and helps pilots to understand the legitimate concerns of government departments. The current brief will need updating, and in the next wave of pilots departments should seek to reduce the 'no-go areas', with the LAA team in ODPM seeking to encourage this. The brief should be shared with pilots, as part of the guidance. (Chapter 6)
- 9.2.17 A minimal package of possible freedoms and flexibilities should be drawn up, based on requests granted during the first round, to which all pilots would be entitled should they want them (perhaps with certain provisos). A longer list should also be compiled and made public, of freedoms requested in the first round that might be made available if a pilot can make the case, together with the criteria to be applied in judging whether an adequate case has been made. This list should however not imply that things outside the list will not be considered. Future guidance should make it clear how a request for freedoms and flexibilities should be made. (Chapter 6)
- 9.2.18 There is a need for regular sharing across GOs (and with relevant central government departments) around specific policy areas, to explore the sort of issues that are coming out and what freedoms and flexibilities might be relevant. A better mechanism needs to be found for this than the current RCU database and the Sounding Board. (Chapter 5)
- 9.2.19 Across the GO network and with central government departments, discussions are needed to secure clarity about the role of GOs in negotiating all aspects of the LAAs, and the extent to which they act as negotiators with delegated authority to make agreements on behalf of government, or whether they are primarily critical friends, advocates or brokers. If GOs are expected to make the judgements about LAAs in future, considerable work is needed to build up trust within central departments, and a shared understanding of the networks, governance and support needed to ensure this works well. (Chapter 5)
- 9.2.20 GOs will undoubtedly need additional resources to carry out the work associated with LAAs, and particularly bearing in mind the fact that LPSA negotiations will in the future form part of the LAA process. (Chapter 5)
- 9.2.21 Resourcing within pilots has been a significant issue and localities need to be prepared for this. The bringing in of outside advisers to support pilots e.g. a Neighbourhood Renewal Adviser, appears to have worked well in terms of

increasing capacity. Consideration needs to be given to the support that can be provided to pilots outside areas eligible for NRF. The support required may be of two types – general process facilitation, and input on specific policy areas. The latter support, if centrally resourced, would help to spread best practice round the pilots. (Chapter 4)

Engaging in the process: other government departments

- 9.2.22 Central government departments need to ensure that they have a shared corporate response to LAAs. This needs to include both a ‘big picture’ assessment of what the scheme is about and how it fits with departmental priorities and other initiatives, as well as a detailed understanding of the department’s ‘line’ on particular issues and policy areas. (Chapter 3)
- 9.2.23 ODPM should encourage those departments that have hitherto not been engaged (notably DTI and DWP) to engage in the next wave, in line with the current vision of the purpose and potential scope of an LAA. (Chapter 6)
- 9.2.24 Departments need to ensure that clear and unequivocal messages about the nature, scope and importance of LAAs and their departmental ‘line’ on these agreements are communicated to their local and regional delivery agencies. (Chapter 3)
- 9.2.25 Government departments need to ensure that they develop and communicate consistent messages about their approach to LAAs within their own department, across government, to Government Offices, and regional arms and delivery agencies. Where a number of players are involved at the regional level – e.g. in the children and young people’s block – joint briefings may be advisable. (Chapter 6)
- 9.2.26 Whilst LAAs generally reflect the direction of travel that most departments are already committed to, it is clear that the scheme has revealed some significant tensions between devolving responsibility and keeping a tight rein on performance issues – particularly in some politically sensitive areas. Departments need to be aware of these tensions and manage the LAA process accordingly. They need to consider the appropriate location of responsibility for the LAA – given the need to draw in and secure buy-in from policy and performance staff from across the department and to work effectively across Whitehall. Senior level backing for lead officers and a willingness to engage with some of the detail is also critically important. (Chapter 6)
- 9.2.27 Tight project management of the process within departments also seems to be important in securing satisfactory outcomes. Active brokering between GOs and policy colleagues by a lead person is required to ensure that GOs are given consistent advice from the most appropriate people. A project plan with key tasks, dates and milestones would help to ensure that key performance and policy staff are engaged effectively at the most appropriate time. (Chapter 6)
- 9.2.28 Although one of the central aims behind LAAs is to devolve responsibilities to local areas and reduce performance management from the centre, effective brokering does require adequate resources at the centre – particularly during this transition phase. It will however be important to consider, in preparation for roll-

out, ways in which Whitehall departments can respond in ways that are effective, but less resource intensive. (Chapter 6)

- 9.2.29 The role of GOs in negotiating things outside the core brief and the way in which requests common to more than one pilot will be handled needs further consideration. Much greater clarity is required as to how much delegated authority GOs have and the extent to which freedoms and flexibilities are to be individually negotiated – some may be unique, but many will not be in which case there needs to be some clarity about whether one pilot can be refused a freedom and flexibility given to another because, for example, it has made a weaker case. (Chapter 6)
- 9.2.30 Central government departments need to commit to providing explanations for their responses to requests for freedoms and flexibilities – in the spirit of a continuing dialogue between localities, regions, and central government. The emphasis should be not on simply saying ‘no’ but in understanding the problems and trying to find an alternative way of solving them. GOs should ensure that localities are better at explaining the reasoning behind the freedoms asked for, and should help to ensure that the case made for changes is evidence based and robust. (Chapter 6)
- 9.2.31 Across the board, emphasis should shift from ‘negotiation’ to shared development of better local solutions that can achieve key outcomes. GOs may wish to be more pro-active in developing creative solutions, and explaining to local partners the rationale behind national policies. The centre will wish to ensure that creative local solutions and a better understanding of local problems are built into the development of national policy thinking. GOs and the centre would benefit from an enhanced dialogue in order to encourage increased mutual understanding of the constraints each faces in achieving their aims. (Chapter 5)

9.3 What should Government offices do?

- 9.3.1 GOs need to be clear about their own understanding of roles and boundaries, and ensure that within the GO team there is clarity about the role that the GO will play in the LAA process – understanding ‘givens’, agreeing when different roles are appropriate – in order to balance relationship building and problem solving roles at local level with the role of ‘government in the regions’ able to secure and deliver government priorities. (Chapter 5)
- 9.3.2 To help GOs a range of models of operation could be developed, taking into account the best practice elements of the approaches adopted for the pilots. This will require some focused work involving all GOs. Success factors seem to include:
- Sufficient director level time is required in the pilot lead negotiator role, from someone with a strategic overview of the locality and who is locally trusted and respected.
 - Full time support is necessary to conduct day to day liaison with each pilot.

- Leads should be identified for each block, supported by other specialists as required to cover part blocks or cross cutting themes, all with the ability to provide effective challenge to both the locality and colleagues in Whitehall.
 - The GO's team will need to include or call on people with a wide range of specialisms. Any gaps in the GO's expertise need to be identified and filled at an early stage.
 - For leads and block leads, working on the LAA should be integrated with an individual's other work; a dedicated full-time LAA team is not desirable.
 - A mechanism is required for ensuring consistency in response and for taking a view of an emerging agreement as a whole; a virtual core team approach to each pilot seems to work well.
 - GOs need to be clear about and to share with pilots who is responsible for what issues. (Chapter 5)
- 9.3.3 Regional Directors will need to think about structures, processes, skill-mixes and training to ensure cross-boundary team working and appropriate capabilities. A skills review across GOs has been completed recently. Possible areas to be developed include performance management, outcome and target identification and process skills. However, there will not be time for a long complex review that reports once the process is finished! Training and support will be essential, but it may be that learning through doing, with built-in coaching, debriefing and development sessions will be more effective when time is short than complicated training programmes. (Chapter 5)
- 9.3.4 More specifically, in order to develop their new role in negotiating LPSAs as part of LAAs, GOs will need to develop expertise in evidence based identification of outcomes, targets and indicators, and build a network of knowledge about effective practice in the field. This expertise will need to be both generic and policy-specific. They might choose to develop national leads on key areas from whom others could gain advice. They may need to call on support from the centre or to draw on external expertise. (Chapter 5)
- 9.3.5 Securing the engagement of the appropriate partners at regional level is important. Large meetings however are not necessarily the best mechanism. It may be helpful to try and clarify which agencies work alongside the GO as 'government' players and which are considered local partners. (Chapter 5)
- 9.3.6 Project management is important and should be well structured, but not constraining. Clarity is the key, and arrangements should be made jointly between the GO and the locality. GOs should work with pilots to prepare a structured and joint project plan so that each is clear of the other's role, the purpose of meetings, milestones, deliverables etc. (Chapter 5)
- 9.3.7 Where GOs and pilots agreed a format for the agreement, this avoided changes over time and inconsistencies between blocks. (Chapter 4)
- 9.3.8 GOs will need to ensure that they have a good information base, containing both hard and soft information, building on the Audit Commission's Local Area Profiles. This should be used to inform the GOs' views of priorities and to make

suggestions. In the interests of openness as much as possible of this should be shared with the locality at an early stage. (Chapter 5)

- 9.3.9 GO negotiators need to encourage pilots to explore ideas for freedoms and flexibilities and make suggestions based on what is being sought elsewhere. This process should take place as early on in the process as is possible, in order to give central government departments the opportunity to respond. (Chapter 6)
- 9.3.10 To ensure that Government Offices – by taking on the role of negotiations with Whitehall – do not impede feedback from service delivery into policy, GOs and pilots need to work together to make a reasoned case for change. It may be that alternative mechanisms have to be found to establish a dialogue between Whitehall and localities on common issues. (Chapter 6)

9.4 What should potential pilots do?

- 9.4.1 LAAs offer a number of possible benefits (e.g. enhanced partnership working and a focus on a few local priorities, freedoms and flexibilities, pooling of funding, relaxation of performance monitoring and reporting requirements). Pilots need to develop a shared, focused understanding of the nature of the scheme and what it might offer them in their particular context. They need to work hard to share this vision throughout the authority and with partners. (Chapter 3)
- 9.4.2 The quality and commitment of high-level leadership is important. The process needs to be led by someone with a strategic overview who can also manage the networks – probably the local authority Chief Executive – with input at director level from people able to pick up on cross cutting issues and to commit resources. Political leaders should be engaged early on. (Chapter 4)
- 9.4.3 The LAA coordinator role is key; this person must be sufficiently senior to command respect within the authority and partner organisations, and have the skills to manage the soft aspects of the process as well as to produce a quality output. Block leads need to be sufficiently senior to have clout and breadth of vision, but not so senior that they cannot give the task enough time; Assistant Director level may be most appropriate. (Chapter 4)
- 9.4.4 Drawing from the structural approaches adopted, the following comprises the most successful features. A steering group involving partners and the GO team, which meets infrequently (at the key milestones); a small operational group comprising the overall lead, block leads, theme leads, which meets often (preferably with the GO lead coming sometimes); and block working groups to which GO block leads might come sometimes. Clearly exact membership will vary. (Chapter 4)
- 9.4.5 Early engagement with partners is crucial in raising awareness, generating enthusiasm, securing buy-in and support for the process. It is important that partners are engaged at LSP level so that the LSP is involved at an early stage but this may not be sufficient and other channels – and other partners – may be needed. Links need to be established at all levels of partner agencies – but particularly at the top. Partners should be involved in early conversations about whether or not to apply to be a pilot, rather than expected to engage once this decision has already been taken. Localities can start work on this now, even if they do not intend to apply for the next wave of pilots. Partners need not only to

be represented at meetings, but also to make substantive contributions to the work of developing the agreement. (Chapter 4)

- 9.4.6 The strength of partnership arrangements is critical to the success of LAAs (both in terms of negotiation and implementation) and where localities consider that their partnerships are not sufficiently strong they will need to consider how they can strengthen these and make them fit for the purpose of LAAs. In two-tier areas this will require looking at relationships between the county and district partnerships. (Chapter 4)
- 9.4.7 Particular care is required in two-tier areas to ensure that the process does not appear to be too strongly led by the county council. Care should be taken to ensure all district councils and local partnerships are engaged. An audit trail from the LAA back to district-level plans often help to engage the local community and councillors. (Chapter 4)
- 9.4.8 Recognition must be given to the particular problems posed for the fragmented Voluntary and Community Sector, and care taken to ensure that there is support to the sector so that it can participate more effectively. (Chapter 4)
- 9.4.9 One key risk that was highlighted was focusing on the development of a written document at the expense of developing their thinking and their relationships. (Chapter 4)
- 9.4.10 Pilots recognise the need to find time for some in-depth, 'first principles' thinking with key players in partner organisations, especially with leaders, to identify the key areas where a deeper kind of partnering would be of benefit and work out how to make it happen. Localities can start work on this before even applying to be an LAA. (Chapter 4)
- 9.4.11 It would be helpful for this vision for the LAA to be communicated effectively at all levels across partner agencies and the Council. It would have helped if there had been a communications and stakeholder management strategy in place at the outset. Face-to-face communication appears to be critical. Pilots cannot assume that people will always read emails or other written communication. Multiple channels of communication are required, in the event that leads from other agencies, or within the Council, move on during the process, or are not communicating back to their teams or agencies. (Chapter 4)
- 9.4.12 Many LAAs benefited from good project management principles. A plan for the process, complete with defined tasks, responsibilities, timescales and milestones is likely to result in a better outcome. (Chapter 4)
- 9.4.13 Thinking about the whole agreement first and about specific blocks second, appears to be important in generating an agreement that is joined up and integrated across the blocks. Funding streams would then be amongst the last elements to be considered. However, it would be essential at the earliest possible stage to bring together finance officers across the partners and do a complete mapping of funding, and focused work with partners to identify government rules that impede joined up working locally. (Chapter 4)
- 9.4.14 Local authorities have much to learn from each other on points of substance in their LAA; and further information sharing would avoid time being spent reinventing the wheel. (Chapter 4)

- 9.4.15 Successful implementation of the agreements signed off in round 1 will require good governance arrangements to be put in place and the application of programme management processes – project development, appraisal, commissioning, monitoring and audit. (Chapter 7)
- 9.4.16 The private sector has had very little involvement with this phase of LAAs. This reflects its limited engagement in LSPs more generally. However, if economic development is to feature more prominently in the next phase, councils and LSPs should be looking at involvement of the private sector from the outset. (Chapter 3)

9.5 General points about piloting

- 9.5.1 In future piloting processes, Government should clarify the aims, any criteria or rules and what is meant by a 'pilot' authority and the extent to which experimentation and creative thinking is welcomed. ODPM are moving away from calling them pilots to reduce this confusion. (Chapter 3)
- 9.5.2 There was some evidence of some in Whitehall underestimating the difficulties of partnership working and this may lead them to underestimate both the magnitude of the task of developing an LAA and the progress that has been made. (Chapter 4)

Appendix 1 Acronyms

ABI	Area Based Initiative
BCU	Basic Command Unit
CAMH	Child and Adolescent Mental Health Services
CDRP	Crime and Disorder Reduction Partnership
CEN	Community Empowerment Network
CSCI	Commission for Social Care Inspection
CYP	Children and Young People
DCMS	Department for Culture, Media and Sport
DEFRA	Department for Environment, Food and Rural Affairs
DfES	Department for Education and Sciences
DH	Department of Health
DTI	Department for Trade and Industry
DWP	Department for Work and Pensions
GO	Government Office
HCOP	Healthier Communities and Older People
HMT	Her Majesty's Treasury (The Treasury)
HO	Home Office
I&DeA	Improvement and Development Agency
LAA	Local Area Agreement
LGA	Local Government Association
LNRS	Local Neighbourhood Renewal Strategy
LPSA	Local Public Service Agreement
LPSA2G	Local Public Service Agreement second generation
LPSB	Local Public Service Board
LSC	Learning and Skills Council
LSP	Local Strategic Partnership
NDPB	Non Departmental Public Body
NRA	Neighbourhood Renewal Advisor
NRF	Neighbourhood Renewal Fund
NRU	Neighbourhood Renewal Unit
ODPM	Office of the Deputy Prime Minister
PCT	Primary Care Trust
PI	Performance Indicator
PSA	Public Service Agreement
PSB	Public Service Board
RCU	Regional Co-ordination Unit
RDA	Regional Development Agency
SHA	Strategic Health Authority
SLMC	Single Local Management Centre
SSC	Safer, Stronger Communities
VCS	Voluntary and Community Sector

Appendix 2 Interviewees

List of proposed interviewees for medium- and in-depth case studies

Interviewee	Medium-depth case studies		In-depth case studies	
	Single tier	Two tier	Single tier	Two tier
At top tier level				
Co-ordinator	1	1	1	1
Chief Executive	2	2	2	2
Lead for children's block	3	3	3	3
Lead local negotiator for older people/health	4	4	4	4
Lead local negotiator for community safety	5	5	5	5
LSP (chair or co-ordinator)	6	6	6	6
Police			7	7
PCT			8	8
LA leader or scrutiny member			9	9
CDRP (chair or co-ordinator)			10	10
C&YP or Children's Trust (chair or co-ordinator)			11	11
Learning partnership (chair or co-ordinator)			12	12
Possible additional interviewees depending upon how LAA operates, for example:				
Corporate policy centre/lead on community strategies			13, 14	13, 14
Voluntary and/or Community sector				
Locality/neighbourhood renewal				
Finance department				
For two-tier areas – additionally for districts (2 in each)				
(spread across districts to get a range of views)				
LAA Co-ordinator		7,8		15, 16
Chief Executive		9,10		17, 18
Lead local negotiator for community safety		11,12		19, 20
Police				21, 22
PCT				23, 24
LSP (chair or co-ordinator)				25, 26
CDRP (chair or co-ordinator)				27, 28
Leader or scrutiny member				29, 30
At regional level				
Regional Director	7	13	15	31
LAA co-ordinator	8	14	16	32
Education/children's lead	9	15	17	33
Community safety lead	10	16	18	34
Public health lead	11	17	19	35
Neighbourhood renewal lead	12	18	20	36
Others (e.g. RDS, LSC, field forces)			21, 22	37, 38
Total	12	18	22	38

Appendix 3 Evaluation framework

This framework will be used to help us evaluate the pilot Local Area Agreement process. It will guide our evidence collection and help to structure our analysis. A framework like this is necessary because it is not self-evident what an effective process or good agreement would look like and different stakeholders may well have different views. By making our evaluation criteria explicit, and subjecting them to debate, we hope to ensure that these differing perspectives are reflected in our final evaluative judgements. However, given that this is a pilot and the policy is evolving rapidly, we anticipate that this framework may need to be revised in the course of our work; we will ensure that our data gathering is sufficiently open ended that important issues not covered by our initial framework are not missed.

This framework draws on a number of sources including findings from scoping interviews with stakeholders, analysis of the ODPM LAA prospectus, and discussions at LGA and ODPM led meetings.

In order to make judgements about whether LAAs are a useful and appropriate tool to help improve outcomes for local people, research will be needed at three key levels – the process of preparing and negotiating an LAA, the agreements themselves and the longer-term impacts and outcomes of the initiative. The focus of the current work will be primarily the process of preparing and negotiating LAAs. However it is important that the framework we develop now allows us to begin to explore and make some judgements about the likely longer-term success of the scheme, particularly in so far as this may be affected by the preparation and negotiation process. This framework therefore sets out for each of these three aspects of the research some key success criteria and the data that the research team would expect to be able to collect as supporting evidence.

The basic assumption underlying this framework is that preparation and negotiation processes that fulfil more of the success criteria should lead to ‘better’ agreements and that these in turn are more likely to have positive impacts over the longer term. We have not at this stage tried to articulate a theory of change for how this might happen in practice. Whilst we have tried to be as clear as possible about the evidence that we would be looking for, we need to ensure that we are not implying there is a set way of getting to a successful outcome – i.e. developing an implicit theory of change at this stage. We also need to ensure that we are not imposing impossibly high standards for the pilot process, which are unlikely to be met!

The evaluation will draw on two major types of evidence – the views of those who are party to negotiations and if we can some views of those excluded from negotiations on the one hand, and the documentation that underpins both the negotiation processes and the emerging agreement. It is possible that a poor negotiating process may nevertheless produce a good agreement, and conversely that a good process may produce a weak agreement, or even no agreement at all by the due time.

In thinking about local we recognise that this needs to be interpreted within the context of the pilot. We recognise that to a two-tier authority this could mean something different than for a single tier authority, for example, in a two-tier authority this might be a district and in a single tier authority this might be a parish or ward. In practice, however, the evaluation will not be able to extend to the level of detail of parishes or wards.

The process

SUCCESS CRITERIA	INDICATORS	SOURCES OF EVIDENCE
NATIONAL		
Relevant officials in CG departments are aware of LAAs and have a clear view of how they can help to deliver departmental priorities	CG interviewees report awareness of LAA and a consistent departmental 'take' on what it might offer GO interviewees report high level of awareness and consistency amongst their contacts in CG	CG interviews and GO interviews
Relevant Ministers and senior central government officials are committed to the principle of devolved decision making underlying LAAs, and committed to making the pilots a success	Whether Ministers use LAAs as a mechanism for new funding streams into areas Officials report that Ministers view the scheme as important Evidence of Ministerial involvement in removing blockages All participants in the process report that officials show a willingness to be flexible and to make the scheme work CGDs send consistent messages to their local agencies emphasising the importance of the scheme and the need to participate	CG interviews GO interviews Local partners interviews
CG has effective and timely systems for liaison and problem solving within and across CG departments and with GOs	CG interviewees demonstrate awareness of systems for cross departmental liaison and problem solving and messages flowing from these Regular meetings of programme board and appropriate level of attendance from across CG departments Programme board members and wider stakeholders feel the group is playing an effective problem solving and communication role and can point to examples GOs report timely and appropriate responses to their requests for information and advice GOs report that CG departments keep them abreast of relevant policy changes and developments Frequency and nature of contact between CG departments and GOs – appropriate balance between seeking/giving support and advising/directing	It would be helpful for CG departments to produce a map of how they are organised for LAAs, identifying who has responsibility for which parts and can track who has made which decisions Minutes from programme board meetings CG interviews GO interviews Journals
CG Departments make timely decisions about availability of funding streams and any 'conditions' attached to their use within an LAA	Clear and timely statements about which funding streams are available, and in which regions/LAAs	CG guidance notes to GOs and local partners CG, GO and Pilot interviews (LA and partners)
Departments have a clear and consistent negotiating position on particular issues and are able to communicate this effectively up, down and across government, to GOs and where relevant directly with local partners	CG stakeholders report awareness and clarity about their departments 'take' on particular issues Staff in different GOs report consistent CG stance on particular issues	CG interviews GO interviews

SUCCESS CRITERIA	INDICATORS	SOURCES OF EVIDENCE
CG departments are committed and willing to engage in open and exploratory conversations around LAAs	GOs report open and constructive dialogue with relevant contacts in CG departments GOs and CG stakeholders report few examples of breakdowns in relationships/few blanket refusals GOs and local partners report central government flexibility in responding to local circumstances, and willingness to engage in evidence-based dialogue about both targets and freedoms and flexibilities. There is evidence of localities having prevailed in their arguments. CG enters into exploratory conversations with inspectorates to identify whether they are incorporating the performance management thinking of LAAs into their inspection mechanisms.	CG interviews GO interviews Pilot interviews (LA and partners)
CG departments demonstrate trust in GO officials and willingness to devolve decision making authority	GOs feel they have the confidence and trust of CG departments GOs report that they have felt empowered by CG departments – balance between being given a free hand and imposing pressure from the centre There is no undue interference in the process by CG departments; in particular there is no evidence of CGDs trying to unpick agreements that have been reached between GOs and localities.	CG interviews GO interviews
CG has put in place effective and efficient procedures for sign off	CG has agreed systems in place for Ministerial sign off Local and regional stakeholders are aware of this process CG, GO and local partners report that sign off is swift and does not result in significant changes to agreements at 11th hour	CG interviews CG documentation regarding sign off Advice notes or other forms of communication from CG to GOs and local partners GO and Pilot interviews (LA and partners)
CG produces clear, timely and consistent guidance representing the viewpoints of all departments		Advice notes or other forms of communication from CG to GOs and LAs
REGIONAL		
GOs have the authority, trust, and confidence of CG departments to negotiate on their behalf	See above CG departments report confidence in GOs Local partners report confidence in GOs and minimal bilateral conversations direct with CG Most aspects of the negotiation are handled by the GO without having to refer up to CGDs	CG interviews GO interviews Local partners interviews Journals

SUCCESS CRITERIA	INDICATORS	SOURCES OF EVIDENCE
GOs demonstrate that they have the capacity to negotiate on behalf of CG	See above GOs report manageable workload and no adverse impact on other work Local partners and CG report timely responses to queries etc Few examples of significant delay on GOs' side GOs able to assess the resource implications of a rolled out process, and have proposals for meeting this requirement	CG interviews GO interviews Pilot interviews (LA and partners) GO documentation setting out their assessment of resource implications for roll out
GOs demonstrate that they have the skills to act as effective brokers	GOs report no significant gaps in skills GOs regarded as skilled and effective by local partners and CG contacts. Partners identify skill gaps or inappropriate behaviour. GOs and others identify steps taken to address skills gaps. GOs report that they are able to access decision makers within CG and ensure they are kept abreast of relevant policy changes and developments 'No surprises' – All stakeholders report few examples of agreements being renegotiated or overturned by CG at the end of the negotiating period	CG interviews GO interviews Pilot interviews (LA and partners) Documentation regarding skills development eg courses
GOs manage the process so that there is clarity about roles, responsibilities, process and progress	GOs have established negotiating teams with appropriate representation from departments. (Evidenced by a statement of who is on, and empowered to take decisions, on (all three) GO negotiating teams) Local partners report certainty about who they are negotiating with GOs establish an overall 'road map' for the process and share this with localities. Both GOs and local partners are clear about where they are in the process at any particular time	It would be helpful for GOs to produce a map of how they are organised for LAAs, identifying the autonomy of individuals and so that we can track which decisions were referred back to CG departments. This map should also include other regional bodies. GO interviews Notes from GO team meetings Pilot interviews (LA and partners)
GOs are able to add value to agreements	GOs have assisted in bringing together the key players within an area GOs report having sufficient information (some of which is their "own" information), and are using this to assess performance and act as 'critical friend'; also that this information is shared within GO and with local partners Local partners report that GOs provided challenge and support Local partners and GOs can point to examples of where agreement has been strengthened through dialogue GOs are able to demonstrate how they have engaged with other regional bodies in the LAA process GOs are able effectively to challenge CGDs where requested freedoms are unreasonably refused (and can evidence success in this)	Map (as above) GO interviews Documentation identifying GO evidence and research Pilot interviews (LA and partners) Interviews with regional partners (where different from local partners)

SUCCESS CRITERIA	INDICATORS	SOURCES OF EVIDENCE
LOCAL		
Local partners have clear view of how LAAs can be used to improve outcomes for local people	Local partners report clear views about how LAA can be used to improve outcomes at local level and how this scheme fits with the wider LGMA and broader developments at national, regional and local level Service leads in relevant areas report good level of awareness of LAA and are familiar with and share corporate view of what LAAs can offer	Pilot interviews (LA and partners)
Partners buy in to initiative	Key decision makers and relevant front line managers in partner agencies demonstrate good level of awareness of LAA Partners regard LAA as an initiative that can benefit whole area, not just as a Council owned scheme Partners have a shared notion of what can be achieved through LAA All partners report willingness to include 'their' funding streams in LAA, and this is evidenced	Pilot interviews (LA and partners)
Partners have developed agreements in an inclusive way	All partners report appropriate representation at key decision making fora Partners feel that bilateral conversations have involved appropriate players Behaviours at key meetings and style of discussion regarded by all partners as constructive, open and honest All partners feel they have had the opportunity to influence the agreement GO feels that the process has been inclusive Voluntary sector compact principles have been adhered to (not sure this is possible within current timescales)	Pilot interviews (LA and partners) Minutes of meetings (to identify representation and decisions taken) Observation of meetings Journals GO interviews Voluntary sector interviews (if not within local partners group)
Partners have managed the process effectively	Locality has clear view about which partners are to be engaged in which negotiations and precisely which people are in the local negotiating team(s). Statement of who is on negotiating team(s) and who is empowered to take decisions/how joint decisions are to be reached All partners report awareness of the process, key milestones and progress Local partners and GOs feel satisfied that appropriate attention has been given to implementation planning, risk assessment and PM	Documentation of who is involved at a local level (eg LSP/PSB membership) Documentation to illustrate thinking about implementation planning, risk assessment and PM, and meeting minutes Pilot interviews (LA and partners) GO interviews
The process in two tier areas works effectively	County and district councils and LSPs report involvement in and satisfaction with process The need for GO mediation has been minimal, and where needed it has been effective	GO interviews Pilot interviews (LA and partners)
Partners have developed effective local governance arrangements	Evidence of devolved decision-making i.e. sideways between partners	Pilot interviews (LA and partners) Governance documentation

SUCCESS CRITERIA	INDICATORS	SOURCES OF EVIDENCE
ALL LEVELS		
The timetable is appropriate, and the time available is allocated effectively	<p>Completion of an agreement within the designated time period.</p> <p>Participants report that the overall timetable and the time available for each part of the process was adequate for the preparation and negotiation of a robust agreement</p> <p>The time available for each part of the process is proportionate to the amount of work involved (as evidenced by participants' views and evaluators' judgement)</p>	<p>Agreements</p> <p>GO interviews</p> <p>Pilot interviews (LA and partners)</p> <p>Journals/time mapping documentation (at all levels)</p>
The process allows for joining up at all levels and across the three blocks	<p>We observe and participants report that at some point the blocks were considered together, and that content of one block influenced consideration of other blocks</p>	<p>CG, GO and Pilot interviews (LA and partners)</p> <p>Agreements</p> <p>Observation of meetings/ minutes of meetings</p>
The process is efficient	<p>The process consumes less (or does not consume significantly more) resources overall than equivalent current processes for the funding streams covered</p> <p>There is clarity about how other processes, such as LPSA, link with LAA.</p> <p>The initiative is agreed by all participants to have simplified the process of agreement of outcomes and targets</p>	<p>Journals/time mapping documentation (at all levels)</p> <p>CG interviews</p> <p>GO interviews</p> <p>Pilot interviews (LA and partners)</p> <p>LPSA – interview(s) with others within ODPM??</p>
The process is replicable	<p>The level of resource and the capacity required by the process (taking into account both negotiations and ongoing management) is such that participants judge that it could be replicated in other localities and future years</p> <p>CG and local partners report that they have confidence in GOs managing a roll-out of LAAs</p>	<p>Resource/time mapping documentation (at all levels)</p> <p>CG interviews</p> <p>GO interviews</p> <p>Pilot interviews (LA and partners)</p>
The process builds on shared learning across all levels throughout the process	<p>All feel that appropriate mechanisms and processes have been put in place to ensure that maximum advantage has been taken of the learning throughout the pilots</p>	<p>Documentation regarding networking events (agendas, levels of attendance)</p> <p>Interviews with CG, GOs and local partners</p> <p>Interviews with LGA, RCU and others</p>

The Agreement

SUCCESS CRITERIA	INDICATORS	SOURCES OF EVIDENCE
An agreement that effectively balances local and national priorities	<p>CG departments feel confident that their priorities are reflected in the LAA</p> <p>Local partners feel that the agreement reflects local priorities (as revealed in Community Strategy, LNRS, consultation, relevant service plans), and has helped to focus these where necessary</p> <p>Both parties understand and accept the rationale for parts of the agreement reflecting the priorities of the other</p> <p>CG, GOs and local partners feel satisfied that the agreement has met their expectations</p>	<p>CG interviews</p> <p>GO interviews</p> <p>Local partners interviews</p>
An agreement that has been unambiguously approved, with limited number of 'loose ends'	<p>Absence of conditions within agreement, or reservation of areas for 'further discussion'.</p> <p>Delegation to GO of final decision on any issues subject to conditions/reservations</p> <p>Clear timetable for delivery by government of any agreed freedoms and flexibilities.</p> <p>Satisfaction expressed by all parties to the agreement that it adequately meets their requirements</p>	<p>CG interviews</p> <p>GO interviews</p> <p>Local partners interviews</p> <p>Agreements</p> <p>Documentation regarding CG timetable for delivery of freedoms and flexibilities</p>
An agreement that provides for new ways of tackling problems	<p>Local partners, GOs and CG contacts feel that the LAA process will facilitate new ways of working and the agreement commits partners to doing new or different things. Evidence of this in the agreement</p> <p>Localities are able to identify desired freedoms and flexibilities, and where these are refused localities understand and accept the reason for this. A significant proportion of requested freedoms are granted.</p> <p>The agreement focuses on outcomes, and allows appropriate level of local discretion as to how these will be delivered.</p> <p>Local partners, GOs and CG contacts feel that there has been an appropriate and relevant level of risk (in terms of process rather than how money is spent) taken at the pilot stage.</p>	<p>CG interviews</p> <p>GO interviews</p> <p>Local partners interviews</p> <p>Agreements</p>
An agreement which includes the funding streams necessary to delivery agreed outcomes	<p>Local partners and GOs report that all the funding streams needed to deliver agreed outcomes are included in the agreement</p> <p>Where there are differences between localities in the funding streams included, this is justifiable in the GO's and research team's judgement</p> <p>Local partners report that the agreement will influence mainstream programmes; this is corroborated by GOs</p>	<p>CG interviews</p> <p>GO interviews</p> <p>Local partners interviews</p>

SUCCESS CRITERIA	INDICATORS	SOURCES OF EVIDENCE
An agreement that is integrative	<p>Partners report, and the agreement demonstrates, that funding within each pot has been brought together and that this will change resource allocation and activities</p> <p>Partners report, and the agreement demonstrates, that the three pots have been brought together in some way (targets and approach)</p> <p>Evidence that Telford, with a single pot, produces a more integrated agreement than LAAS with three pots</p> <p>It is possible to identify from the agreement the added value that will come from the removal of ring fencing</p>	<p>CG interviews</p> <p>GO interviews</p> <p>Local partners interviews</p> <p>Agreements</p>
An agreement that makes appropriate, innovative, added value use of neighbourhood funds	Partners report involvement of 'neighbourhood' partners in negotiations and explicit use of neighbourhood funds as in prospectus	<p>Local partners</p> <p>Neighbourhood partners</p>
An agreement that is evidence-based	<p>Partners report that the agreement is based on sound evidence</p> <p>Partners feel that that definitions of key indicators and targets are clear and can be measured, and are good reflections of desired outcomes.</p> <p>Both GO and local partners consider the targets stretching but realistic.</p> <p>Research team views the agreement as clear and evidence – based</p>	<p>CG interviews</p> <p>GO interviews</p> <p>Local partners interviews</p> <p>Agreements</p> <p>Documentation identifying evidence and research (if not contained within agreement)</p>
An agreement that clearly spells out accountabilities and monitoring and reporting procedures	<p>Partners feel that agreement reflects shared understanding of how outcomes will be achieved</p> <p>CG and GOs feel that the agreement demonstrates how outcomes will be delivered through the contribution of the partners, and provides them with confidence that the local partners are able to achieve the specified outcomes eg has proper safeguards in place for failure</p> <p>Responsibilities for action are clearly set out in the document</p> <p>Partners have agreed processes for monitoring and review and document reflects these</p> <p>Partners have committed to collecting data and holding each other to account and the document reflects this</p> <p>The agreement demonstrates how single pot fund will be allocated to specific projects/activities</p>	<p>CG interviews</p> <p>GO interviews</p> <p>Local partners interviews</p> <p>Agreements</p>
An agreement that is clearly written and effectively communicated	<p>CG, GO and Local partners feel that agreements are clearly written and of a manageable length</p> <p>Partners have discussed and agreed procedures for publicising the document</p>	<p>CG interviews</p> <p>GO interviews</p> <p>Local partners interviews</p> <p>Agreements</p>

Longer term impacts and outcomes

SUCCESS CRITERIA	INDICATORS	SOURCES OF EVIDENCE
LAA's have helped CG to meet key priorities	CG report confidence in LAA as a means to achieving national PSA targets CG stakeholders express support for the roll out of LAA's	CG interviews
LAA's have enabled a shared vision amongst partners of what can be achieved at a local level	GO and local partners express a shared vision for the local area Number/range of partners involved in the LAA who share this vision	GO interviews Pilot interviews (LA and partners)
LAA's have helped local areas better meet local priorities	GO and local partners report confidence in LAA's as a means to achieving local targets GO and local partners express a shared vision of what can be achieved at local level	GO interviews Pilot interviews (LA and partners)
LAA's have helped to deliver more appropriate and higher quality local services	Local partners report that LAA's have helped to provide further clarity about priorities at a local level. Local partners and GOs feel that LAA's have enabled them to better focus resources and effort on meeting local needs. There are early indications of a shift of resources and movement between funding streams Local partners feel that LAA has helped to raise profile and increase understanding of local issues within CG Local partners and GOs express support for the roll out of LAA's LGA and other local government networks are supporting roll out	Pilot interviews (LA and partners) GO interviews LGA and other local government network interviews (LGA, RCU and others?)
LAA's have contributed to more effective, joined up and inclusive local governance	Robust arrangements are put in place for delivery and performance management of the LAA. Local partners report that they are happy with these arrangements and that PM arrangements satisfy local as well as national requirements. Local partners feel that indicators and targets are being used more effectively and are more robust	Pilot interviews (LA and partners) GO interviews CG interviews

SUCCESS CRITERIA	INDICATORS	SOURCES OF EVIDENCE
LAAs have helped to improve efficiency	<p>CG, GO and local partners feel confident that LAAs can contribute to efficiency savings in the system as a whole i.e. by reducing overall transactional costs.</p> <p>The agreements have resulted in a reduced number of funding streams and less duplication.</p> <p>The agreements have resulted in a reduction in the number of PIs against which localities have to report (especially PIs measuring essentially the same thing in different ways) and the number of separate monitoring reports that have to be submitted</p> <p>The agreements have permitted additional freedoms and flexibilities (also in Agreements above)</p> <p>Resources released from the reduced transactional costs of the funding streams are invested into service delivery (at every level?)</p> <p>Stakeholders have a developing sense of how efficiencies might be gained over time (i.e. as funding streams are combined and posts can be streamlined, jobs carried out differently and 'back-office' gains).</p> <p>All stakeholders believe that LAAs have contributed to further rationalisation of partnership plans and activities</p> <p>CG, GO and local partners feel that the effort and time put into LAAs has been worth it given the likely returns</p>	<p>CG interviews</p> <p>GO interviews</p> <p>Pilot interviews</p> <p>Business plans may help identify savings</p>
LAAs have helped to improve relationships at all levels	<p>Partners report higher level of more fruitful dialogue as a result of LAA and can point to examples of positive spin offs from this</p> <p>Partners report better understanding of other agencies pressures, priorities, and development needs</p> <p>CG and local partners feel that relationships with GOs have been strengthened and GOs have more clearly defined role</p> <p>Local partners feel that LAAs have helped to drive partnership working at a local level and enabled them to work differently and better together</p> <p>LA and partners perceive that LAAs have helped to enhance councils' community leadership role.</p>	<p>CG interviews</p> <p>GO interviews</p> <p>Pilot interviews (LA and local partners)</p>