LAA Dry-run negotiations

Final Report: Headline Messages
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This research has been undertaken as an assignment under the overarching long-term evaluation of LAAs and LSPs.

The findings and recommendations in this report are those of the consultants, authors and do not necessarily represent the views or proposed policies of the Department for Communities and Local Government.

Contents

Introduction

1. This report outlines the headline findings of the LAA dry-run negotiation process undertaken between April and July 2007. The objectives of the LAA dry-run (formerly LAA Feasibility testing) were to:

    *   Identify critical success factors for negotiating priorities and targets for new LAAs

    *   Identify ways of overcoming specific challenges

    *   Produce a clear and workable framework for local authorities, their partners, Government Offices and Central Government Departments to identify the priorities to be included in LAAs for 08/09 and the negotiation framework for improvement targets.

Background

2. The Local Government White Paper 'Strong and Prosperous Communities' (2006) proposes the development of a new relationship between central and local government based on mutual trust, devolution of decision making, greater freedom to act locally and strong local government leadership. At the heart of the Government's proposals is a new 'lighter touch' performance framework which, among other things, will assess the performance of local authorities (alone and in partnership) against a single National Indicator Set reflecting the national priorities that emerge from the Comprehensive Spending Review.

3. The White Paper also proposes significant changes to Local Area Agreements (LAAs) identifying them as integral to the development of a new central-local relationship and to the delivery of improved outcomes for local areas within the new performance framework. From June 2008 it is proposed that:

    *   LAAs are the only place where central government agrees targets with local authorities and their partners on outcomes delivered by local government alone or in partnership

    *   These targets are focused on a limited set (up to 35) of core priorities (+17 statutory education and early years targets)

    *   LAAs will no longer be about specific funding for specific targets. Delivery against the 35+17 improvement targets will be supported by all local resources

    *   There will be a new unringfenced area based LAA grant comprising all area based funding and with no additional performance reporting associated with it.[1]

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[1] Department for Communities and Local Government (2007) 'Developing the future arrangements for LAAs', February

Approach to dry-run process

4.   In preparation for the introduction of new LAAs and in the spirit of the new central-local relationship the Department for Communities and Local Government proposed to develop and test the new LAA process in collaboration with a sample of local partnerships, all Government Offices (GOs), Government departments, the Local Government Association and the Audit Commission. In support of the objectives outlined in para. 1 above this ''dry-run' of the LAA process explored:

- The sources of evidence available to inform what national priorities and improvement targets should be included in each LAA for 2008/9

- How best to use these sources to inform decisions on priorities

- How the decision process might work – locally, regionally, centrally in reaching final agreement on the improvement targets included in the LAA

- Issues specific to different types of authorities.

5.   The dry-run involved 17 Partnerships, selected to cover as many bases as possible (mix of LAA rounds, counties/single-tier, urban/rural, CPA scores – see Annex A). The emphasis was on allowing all participants to work in a safe environment taking a problem solving approach to the new LAA process and examining what did/did not work in different circumstances. All Participants welcomed the opportunity to be involved.

6.   The dry-run ran from mid-April to mid-July. It was based around 2 one-day workshops with participants undertaking the bulk of the testing in their areas/departments before and after each workshop. At the first workshop in May participants identified their objectives for the process, specified key issues that needed to be covered in the dry-run and began to explore which parts of the process they would test. Partnerships, GOs and departments subsequently confirmed what was to be tested by whom and how. The second workshop offered participants the opportunity to explore a range of policy and process issues in more detail through small group discussions led by departmental policy leads. It allowed key challenges and obstacles to be highlighted in whole group Q&A sessions with Communities and Local Government and other government department/GO representatives. It also enabled participants to share what they were testing with the wider group via a series of 'storyboards' on display throughout the day.

This report

7. This report sets out headline messages emerging from reports submitted by the 17 partnerships, 9 GOs and 7 Government departments (see Annex B) identifying what they had achieved during the dry-run, what remained outstanding and why, and key learning points. It provides first cut coverage of what was tested, what participants felt they achieved and the outstanding issues requiring clarification. It is important to note that some localities and GOs supplied a significant amount of detailed evidence in their reports which warrants further interrogation beyond that we have been able to undertake for this report. Various case-studies drawing on this evidence are being included in a range of guidance for partnerships currently being prepared by Communities and Local Government. Government Offices, working with participating Partnerships, are also considering how best to present and disseminate this information to local stakeholders.

8. Our analysis is based primarily on the perceptions of partnerships, GOs and Government departments as presented in their reports of the dry-run, combined with our experience of facilitating and observing at the two workshops. It is not informed by any separate investigation on our part of the data that is presented in the reports as this was not within the remit of the project.

What was tested?

Central government departments

9. Central government departments used the dry-run to test either their central capacity to determine priorities and co-ordinate policy inputs or their arrangements for working with and supporting GOs. They approached this in a number of different ways including:

- Developing and trying out an internal departmental process for agreeing priorities for improvement in localities

- Assessing the best way of co-ordinating central support for policy leads who may be split across different departments and agencies (HO)

- Assessing the capacity of GOs and regional delivery partners to work together and to align departmental priorities within LAAs, e.g. Department for Culture, Media and Sport (DCMS) and Department of Transport (DfT)

- Testing the effectiveness of central policy teams in providing sound, timely advice to GOs and/or localities on identifying priorities and targets (e.g. health)

- Exploring how central departments can best support GOs in the negotiations on the assumption that they will not be directly involved (Communities and Local Government)

- Considering the role of the 'Priorities for Places' exercise in supporting LAAs (an exercise including mapping policy priorities onto specific localities)

- Exploring the robustness of available data and the draft indicators

10. In testing these different aspects departments involved: internal policy leads, key leads in other government departments, representatives of GOs, regional delivery bodies and less often, local partnerships. Ministers were not usually involved in the process.

Government Offices

11. The role of the GOs in the pilot was to provide support to partnerships participating in the dry run, in developing their approaches to agreeing their priorities and also to challenge partnerships on the robustness of their evidence and the appropriateness of the priorities, in the light of the localities' particular needs. References to the GOs contribution to particular pilots is included in paragraphs 11, 12 and 13 (below). Areas of interest in relation to the role of the GOs which were explored during the dry run included:

- Examining the capacity of the GO to reach a corporate view on the priorities for a locality (e.g. by engaging GO thematic leads and regional bodies, reviewing the robustness of internal data sources, identifying key cross-cutting issues, and assessing locality teams' ability to prepare locality wide position)

- Assessing the scope of the GO role in translating departmental priorities into local places, ie determining the degree of autonomy GOs had in identifying meaningful local targets linked to central government priorities (and how this varied across departments)

- Using the exercise as the key vehicle for exploring and developing thinking about how best to position the GO (post a significant restructuring and downsizing) in order to deliver excellent LAAs with local partners in real time across nineteen areas (GOSE)

- Undertaking a vertical test of priorities and performance of all 35 priorities via interactions with GOs and central government departments to check how far agreement existed on the choice of targets

- Developing approaches to resolving conflict in upward negotiations.

Local Partnerships

12. Most local partnerships used the dry-run to test the process for identifying and agreeing up to 35 priorities. However within this different localities focused on rather different things including:

- Exploring how far the LAA could be used as a vehicle to both deliver an ambitious local vision and improve performance in particular policy/service areas

- Examining how far the process for agreeing 35 priorities could contribute to developing or refreshing the contents of the local Sustainable Community Strategy (SCS)

- Testing the SCS for its 'fitness for purpose' in setting the framework for identification of priorities for the LAA

- Testing new ways of arriving at improvement priorities by assembling and testing the impact of different kinds of selection criteria. For example one locality focused on testing what a combination of 'difficult to improve' outcomes and outcomes where meaningful indicators and targets were difficult to determine would generate. Another approached priority setting by combining the priorities of citizens and users, with outcomes where it was considered that a partnership approach and the LAA could help improve performance, and where change in performance was unlikely without a radical change in service design or delivery

- Developing a process map/decision process to outline overall approach to LAA negotiations from start to finish linking area, with GO and central government departments e.g. Suffolk

- Testing the scope of ambition of the emerging LAA/Comprehensive Area Assessment (CAA) model through the development of a 'whole systems' approach to priority setting, performance management and analysis of the National Indicator Set, exploring the options for spatial differentiation in the LAA and considering the implications of this approach for the structures and governance of the LSP e.g. Westminster

- Verifying the robustness of the proposed 35 priorities by subjecting them to a process of community deliberation, checking the links between the 35 and the SCS and identifying appropriate indicators against which to assess performance e.g. Stockton

- Exploring how to tell the 'locality story' in the most persuasive way, e.g. by establishing a strong locally contextualised narrative closely linked to an overarching vision (expressed through the SCS) e.g. Barking and Dagenham, Kent and the Royal Borough of Windsor and Maidenhead in conjunction with GOSE.

13. In addition some partnerships focused on particular policy areas, cross-cutting issues or themes, using the dry-run to test the priority and target setting process in greater depth. Examples included:

- A vertical test (checking agreement across locality, region and the centre) of the jobs and economy theme to assess evidence needs, data robustness and the appropriateness of structures and systems to deliver improved outcomes, e.g. Hartlepool

- Testing the potential of 'reducing alcohol related harm' as a cross-cutting priority to achieve a range of local and central targets e.g. Sheffield

- Taking difficult priority areas e.g. teenage pregnancy and volunteering and social capital and then exploring the questions that would need to be addressed in negotiating their inclusion in the LAA. For example, Sheffield applied the following questions:

  – Is there sufficient evidence to included this as a priority and what does the evidence tell us?

  – Who needs to be involved in a discussion about this priority and how do we make sure that they are involved?

  – How do we resolve conflict at the different points it may arise and who has the final word (locality, GO, government department)?

  – What are the resource implications of agreeing this as a priority and where might the resources be found?

  – Does this priority help us in meeting a number of central government objectives?

  – What is the quality of the indicators associated with this priority and how could it be improved?

- Developing sub-county targets that would present geographic variation across the county (focusing on reducing crime) e.g. Suffolk.

14. Some partnerships identified other aspects of the LAA process for testing including data sources and quality, indicators and performance frameworks, and funding issues. Examples included:

- Developing a comprehensive data set from post code level upwards with clarification about what is best measured at which level and what different kinds of data collection cost and their benefits e.g. Westminster

- Establishing criteria for different levels of data quality

- Development of an information repository through the Information Management Programme (Oldham, Cumbria). This is a pilot programme on data sharing and performance indicator exchange that is being run by Communities and Local Government and which involves a number of local authorities beyond those participating in the dry-run

- Assessing how well the draft National Indicator Set fits emerging priorities

- Using the LAA process to support changes to the way in which public finance (capital and revenue) is co-ordinated and applied in support of strategic priorities, enabling resources to be deployed more efficiently and services to be delivered more effectively (Oldham)

- Exploring the potential for pooling resources.

15. Most local partnerships sought to involve a wide range of relevant stakeholders in the dry-run. These included:

- In the locality: elected members, local authority and key partners, LAA leads, LSP members and policy/thematic networks including community and voluntary sector representatives

- In the region: GO thematic and locality leads, relevant regional bodies (e.g. health, Regional Development Agency, Environment Agency)

- At the centre: key policy leads from Government departments.

16. This widespread engagement reportedly worked well where local and regional networks were well established, where the LAA dry-run could be linked into existing patterns of network meetings or aligned with ongoing activity around the SCS or LSP e.g. Stockton linked their dry-run to a community involvement priority setting process. Some potential participants were reportedly difficult to engage, most often central government department policy leads (particularly representatives from DWP who were not part of the GO network) and to a lesser degree regional bodies such as the Environment Agency.

17. Case conferences were used quite widely by local partnerships and GOs, sometimes as internal mechanisms e.g. for bringing GO staff together, but also as a means of bringing all stakeholders together, e.g. Coventry's case conference was attended by local, regional and central government participants and was reportedly very helpful in progressing work towards the 35 priorities.

18. Some local partnerships involved a much smaller range of stakeholders in the dry-run. They reported that this was because of the short timescale of the dry-run or because their LAA had only recently been completed or refreshed and partners might be confused or frustrated by being drawn into another negotiation process so soon.

What was achieved?

Central government departments

19. Central government departments all reported that they had benefited from participating in the dry-run. A key achievement reported by all participants was the clear and strong commitment and interest in the LAA process from departmental policy leads.

20. Other specific achievements reported to come out of the dry-run were:

   - The beginnings of a process for exploring how to handle cross-cutting issues (Communities and Local Government)

   - Improved understanding of why policy leads and GO/localities came up with different priorities, e.g. the extent to which this was about a difference in understanding of the purpose of the LAA, or the differences that might arise from relying on different kinds of data

   - Improved understanding of what kinds of inputs GO/regional representatives do or do not find helpful from central policy leads (health)

   - Agreement that GOs/regional delivery partners should have the freedom to identify priorities and/or suitable target within a departmental agenda

   - Identification of a range of possible options for including culture or sport improvement targets in the LAA: targets could be included amongst the 35, aligned to LAA themes in an enabling role; or included amongst local targets (DCMS)

   - Greater appreciation of why environmental issues are or are not considered for inclusion in LAAs and the feasibility of emergent proposals. Of particular significance here was the impact which committed local authority officers appeared to have on the inclusion of environmental priorities in the LAA, rather than the quality of evidence about the need and opportunity for local intervention (DEFRA)

   - Identification of key priorities for localities based on existing central departmental intelligence (which could include local data) and the production of guidance notes to GOs to begin negotiation on these Transport)

   - Production of a time-line of when GOs and localities can expect input or guidance from departments on the development of LAAs (HO).

Local partnerships

21. The dry-run resulted in most local partnerships establishing processes for agreeing priorities separately within localities, some local partnerships and GOs agreeing a process for negotiating agreement on priorities, targets and indicators between localities and GOs e.g. Barking and Dagenham, and all local partnerships and GOs reporting successful working relationships between local partnerships and GOs.

22. Within localities partnerships reported making considerable progress towards agreeing the 35 priorities. Some, e.g., Stockton agreed priorities following consultation (including taking account of the findings of a public opinion survey and a consultation event with LSP partners), tested these further with the GO and other actors and began initial work on performance indicators identifying two types – medium term LAA indicators and longer term Quality of Life indicators. Others e.g. Westminster had agreed a broad set of priorities and developed specific areas (worklessness and skills, crime and drugs) in more depth. Others e.g. Coventry reported a broader understanding of what the key areas of priority were and where important discussions still needed to be had (such as the extent to which economic development priorities should be about 'selling the city' and attracting inward investment), while Northamptonshire reported on the confidence the dry-run process had given them to identify key local priorities outside of policy and service silos by taking a 'hats off' approach.

23. Some localities had focused attention on specific priority issues. Leeds reported that its focus on five priority areas had helped concentrate their attention and enabled them to 'ask the questions that they had not addressed before'. Shropshire focused attention on two cross-cutting targets (transport and congestion, and the economic value of culture) and they reported 'fruitful' initial discussions with DfT and DCMS on these issues. In Suffolk the attempt to develop a new cross-cutting indicator around participation/cohesion/culture embracing Home Office, Department for Communities and Local Government and Department for Culture, Media and Sport drew out important differences between stakeholders about what makes good evidence and enabled a closer examination of the kinds of challenges associated with the development of complex, cross-cutting targets and measures.

24. Other achievements reported by local partnerships included:

   - Clearer articulation of the selection criteria to apply to indicators before they are included in the LAA and protocols for identifying robust or weak indicators and data

   - Better understanding of how the LAA can support the achievement of the SCS and which SCS goals can be delivered some other way, either because they are considered to be 'too big' to be included in an LAA, e.g. some environmental issues, or because the discipline of the LAA might not be appropriate for a particular issue

   - Using the Communities and Local Government sponsored Information Management Project to improve the evidence base for LAAs (ongoing).

Government Offices

25. GOs also reported progress in arriving at 35 priorities to negotiate with local partnerships. Other achievements identified by GOs included:

   - The development of data sets more attuned to the LAA process. This could include data that could more closely link indicators to outcomes; data that could be updated regularly (e.g. monthly, annually) and data that was differentiated spatially (post-codes, neighbourhoods, localities, regions, etc)

- Agreement of roles and responsibilities internally, linking thematic and policy leads and establishing a range of processes for sharing data

- Establishing the principle of a 'place' focus for priorities in GOs, i.e. making sure that GO identified priorities and targets were meaningful in the locality.

26. Where partnerships focused on identifying and agreeing all 35 priorities, GOs were generally able to report a broad consensus on the priorities. While the dry-run did not seek to reach agreement on priorities between central and local government the exercise provided a useful starting point for the identification and agreement of priorities. From the reports provided it was not possible to determine how much consistency there was across localities and regions about which priorities might prove difficult to agree in the actual negotiations.

27. Some local partnerships and GOs reported that they were prevented from making more progress towards agreed priorities in the dry-run because of the lack of input by central government departments to the process. This meant that localities and GOs felt unable to either confirm the list of priorities they had arrived at or enter into detailed negotiations about targets and indicators related to agreed priorities. Conversely in other areas localities reported that unco-ordinated input from central government departments had proved equally unhelpful, in one case increasing the proposed 35 priorities to 64 as policy leads responded to the proposed priorities with ideas about other things that might be included. In addition, the absence of an agreed National Indicator Set meant that some localities and GOs were reluctant to go beyond a broad agreement on a high level set of priorities. However, the reports did highlight Departments that were actively engaged with localities during the dry-run and that this was welcomed by Partnerships (e.g. Departments for Transport and Culture, Media and Sport).

28. Other sticking points in arriving at an agreed set of priorities included disagreement between the GO and the locality about whether a priority should be included in the 35 or should be a local priority', and a reluctance on the part of partners to agree to the identification of potential priorities and indicators to be removed from the 35 in case there were adverse consequences. Specifically partners were reportedly concerned that priorities outside the 35 would not get sufficient attention from central, regional or local stakeholders, resulting in a 'slow-down' in performance improvement.

Key issues outstanding

29. A number of common outstanding issues emerged from the reports. Some are issues for clarification, other broader questions that Government departments, GOs and/or local partnerships believe need to be resolved if LAAs are to work effectively. While many require action from central government, others will need resolving locally. They are grouped under the following headings:

- **Funding**

  – How to align funding streams controlled by NDPBs?

  – How big is the area based grant, will localities know what it's made up of and how much will go via revised RSG?

  – What is the future of pump-priming grant and reward grant (this is considered to be influential in determining the level of partner interest in LAA)?

  – How will capital funding streams be included in LAAs?

- **Links to Multi Area Agreements**

  – How can LAA/MAA be connected – at present there is a risk of remoteness and potential conflict between LAA/MAA in specific areas?

  – Should some things go in an MAA rather than LAA, e g specific issues on economy?

- **Agreeing LAAs**

  – What is an appropriate evidence base upon which to begin negotiating, e.g. partnerships want to negotiate targets based on SCS and long term vision, GO want to start with baselines and targets?

  – (How) can we evolve a shared script that ensures that local indicators get as much focus/funding as the 35 priorities agreed with central government?

  – Will there be mandatory indicators or not and if so, how many? Localities reported a strong preference for no mandatory targets

  – How to deal with targets that link to 'big' issues e.g. climate change. Would targets be more meaningful at sub-regional/multi-authority level and if so, how might localities share these targets?

  – How will Government departments avoid signing off LAAs in silos i.e. looking only for 'their' targets, particularly in cases where one department's priorities can be delivered via another's targets?

- **Managing performance**

  – How will we know how much funding has been required to achieve a particular level of performance improvement if funding streams are disaggregated and LAA priorities can be supported by a wide range of local resources?

  – Where is 'stretch' in the LAA? Competing views about whether to apply stretch to whole LAA or small number of priorities?

- **Transition from 'old' to 'new' LAAs**

  – How will the transition year between the introduction of 'new LAAs' and CAA work in practice?

  – What happens to local partnerships whose LAA finishes in March 2008?

- **Roles and relationships**

  – Need for clarity on roles of GOs and different Government departments. Are GOs in the lead and how much do agreements have to depend on the engagement of central policy leads?

Where appropriate, Communities and Local Government will clarify these issues for all partnerships in forthcoming operational guidance. Any outstanding points will be covered in an updated Frequently Asked Questions document available on the Communities and Local Government website.

Headline learning points

30. In this section we identify the headline learning points for partnerships, GOs and Government departments in the development of the new LAA process from June 2008.

LAA purpose

31. As LAAs become the place where central government agrees targets with local authorities and their partners on outcomes delivered by local government alone or in partnership the tension between whether LAAs are about achieving local vision or addressing performance improvement is likely to intensify at least in the short term. Key messages from the dry-run are that:

- Both central and local stakeholders need to recognise that to succeed LAAs must accommodate both local vision and performance improvement, and be prepared to negotiate on the balance of each

- Local partnerships are in a much stronger position to shape the LAA if they are able to tell a coherent story about 'place', linking context with priorities

- If local partnerships and central government are in broad agreement about priorities then central government policy objectives can be achieved via goals related to local vision – the inclusion of specific policy performance targets in the 35 is not essential

- The move to new LAAs is paralleled by similarly radical changes to policy in other areas of Government. Government Offices have an important role to play in helping local partnerships and central policy leads make relevant connections and make best use of LAAs as a result. GOYH proposals to set up 'policy-labs' with representatives from local areas, central departments and other key organisations is one way of achieving this.

Priority setting

32. Adequate preparation is essential if participants are to be confident about entering into negotiations. The LAA process needs to include sufficient time at the beginning to allow for this preparation to occur and participants need to be aware of the amount of time needed to prepare and to make good use of the early stages of the LAA process.

33. Having early opportunities to deliberate about priorities together increases the understanding of local partnerships and GOs about each others' perspectives and also provides an opportunity to 'test out' ideas before negotiating positions become too fixed.

34. A clear process and set of criteria for establishing priorities provides greater confidence in and ownership of the outcome. At the same time it is recognised that:

- Setting priorities is an art rather than a science; local views and political judgements are important contributions to the mix of technical data and other evidence.

- Local partnerships, GOs and central government departments may employ different rationales/sets of criteria for arriving at priorities. Negotiations will often be based on which rationale takes precedence (improving poor performance/meeting high aspirations/affordability of action) rather than disagreements about evidence.

35. Cross-cutting priorities can provide the opportunity to make progress towards a range of objectives nationally and locally e.g. Sheffield's focus on 'reducing the harm caused by alcohol'. However arrangements need to be in place within local partnerships and across central government departments for agreeing who leads on the negotiation, how final decisions are made and who makes them and how agreed priorities are funded and performance managed.

36. If SCSs are to be a sound basis for LAAs then they need to be of sufficient detail to convey the local narrative to the reader and to be supported by stronger data and evidence bases. This may be an issue for inclusion in future SCS guidance.

37. Complex local issues need to be tackled using joined up and holistic approaches. However, the potential contribution of the whole LAA can be limited by structures and processes that steer participants into developing priorities in silos. The previous LAA structure was considered a powerful inhibitor here as were LSP thematic partnerships, GO divisions and central government department structures. Integral to overcoming these limitations was the adoption of a cross-cutting approach. The dry-run identified a number of ways in which this could be undertaken:

- **Local partnerships:**

  - Beginning from the SCS, e.g. Sheffield began with the 5 themes in its SCS and developed priorities to meet these

  - Developing 'cross-cutting' templates to describe ambitions and related priorities e.g. Kent's 'square wheel' enables priorities to be identified in relation to one or more of Kent's 8 priority themes

  - Taking a 'hats off' approach, e.g. Northamptonshire designed its early workshops in such a way as to encourage participants to discuss priorities from a range of perspectives

  - Making changes to governance arrangements to support a 'cross-cutting' approach e.g. Westminster are considering creating a 'strategic funders' forum' within the LSP in order to support more challenging discussions amongst partners about how finance is deployed in relation to the partnerships' core priorities.

- **GOs:**

  – Early 'round table' discussions involving thematic and locality leads including consideration of local SCS

  – Basing a 'cross cutting' approach around locally distinctive themes, GOSE

  – Use of virtual teams to progress deliberations about cross-cutting issues, used in GOYH and GOWM

  – The development of web-based resources to share good practice in linking culture with LAAs , e.g. GOSE and Culture South East

  – Provide an overarching view of the LAA submission to enable central departments to better integrate their consideration of proposals

- **Central government departments:**

  – Providing specific guidance to GOs about priorities for policy areas such as transport, environment

  – Using the 'Priorities for Places' initiative to identify where best to focus effort and attention e.g. DCMS identified this exercise as important in helping it take an evidence-based approach to place-based priority setting.

Resourcing the process

38. Considerable resources are needed to manage the LAA process at all levels. Particular points of pressure were identified as:

- The impact on Communities and Local Government as lead department, particularly with regard to working out a process for dealing with cross departmental issues

- The need to ensure that sufficient resources are available within central government departments to provide the appropriate level of co-ordination of policy leads and/ or to support the participation of central policy leads in negotiations with local partnerships where they have no presence in GOs, e.g. DWP.

39. Establishing an overarching LAA decision map of who should be involved, when, for what purpose, and for how long could help local partnerships, GOs and central departments resource the process appropriately, though it is recognised that there will be considerable variation in how this process works in practice across departments, regions and localities.

40. As well as being resource intensive the LAA process will also move at a fast pace meaning that participants will need to find ways of balancing efficiency with inclusivity in the process. This is of particular importance to local partnerships with a wide range of stakeholders to engage. Lessons from the dry-run suggest that: early LAA preparation involving a wide range of stakeholders, a clear schedule of activity and effective communication within existing partnership arrangements will help to keep all relevant stakeholders engaged even when they are not directly involved.

Clarifying and supporting the GO role

41. This was a key issue. There was considerable confusion within localities, regions and in some instances central departments about the kind and level of engagement to expect from central policy leads. This had the effect of hampering the negotiation process within the limited timeframe of the dry-run. Key messages from the dry-run suggest that:

    - While the balance of involvement of GOs and central policy leads in LAAs will vary across department and possibly across region, a framework for engagement across all central departments (and particularly the identification of potential priorities) is required within which the empowerment of GOs is the central theme.

    - Clarity about proposed levels of central engagement and how this is to be resourced is important, particularly where departments are not represented in the GOs, e.g. DWP.

    - While central policy leads' involvement may be limited it is important that they have the opportunity to contribute if the LAA process is to become embedded in the departmental consciousness. A number of central government departments have 'standing groups' dealing with LAA issues and these could provide an important conduit for establishing the LAA amongst central policy staff.

    - Central departments will need to find ways of providing the appropriate support to GO colleagues when they are not confident that they have the necessary expertise or are sufficiently closely linked in to local actors that do. For example, the DfT provided each GO with detailed guidance on priorities, while DCMS focused on working through regional partners

    - Government departments with regional resources are better placed to respond to LAAs, e.g. Health/HO/Children, Schools and Families (CSF). In CSF LAAs are reported to fit into existing arrangements that operate to support regions in their work with localities e.g. the development of 'hotspots' performance maps which alert GOs to multiple weaknesses in a given area and are being revised to take account of the National Indicator Set.

42. Some GOs continued to express concerns about their capacity to work as intensively with all local partnerships in the 'new LAAs' as they had done in the dry-run. For some this was about being able to bring to bear sufficient resources to manage the volume of activity. For others there were particular concerns about how to address policy gaps e.g., in relation to worklessness, or technical gaps e.g., in relation to assembling appropriate research and analysis capacity to identify trends on more difficult to determine indicators such as climate change. In response to these ongoing concerns, an expert advisors pool is being established covering the main subject areas identified by GOs that may require additional support.

Engaging partners

43. Local partners need to understand what they are buying in to in the new LAAs; it is likely that their level of ambition and ownership will be different if they know that they are contributing their own resources to priorities rather than just those in an area based pot. Some confusion about what partners should or could be expected to contribute to the new LAAs was evident from the reports. Key messages from the dry-run suggested that:

- Successfully engaging partners may rely less on understanding what the 'duty to co-operate' really means and more on appreciating how to incentivise their engagement

- The existence of 'pump-priming grant' and 'performance reward grant' was very helpful in incentivising partners' participation in the past

- There is a risk that ministerial intervention over a 'failure to co-operate' could seriously damage partnership relationships and should be avoided.

44. At regional level more work is needed with regional bodies to raise awareness of the new LAAs and in some cases to increase understanding of how much responsibility Central Government departments are placing on them.

Negotiation

45. Face to face meetings are reported to be very valuable in helping to progress negotiations. These can either be whole LAA meetings e.g. Coventry's case conference, or a range of bilateral meetings focussing on specific issues. However, these meetings are likely to have significant resource implications for central government policy leads (where they need to be involved) suggesting that their interventions will need to be carefully targeted.

46. Local partnerships and GOs are more confident in their abilities to negotiate effectively than earlier in the LAA process, engaging in robust debates that 'build on each others' work, rather than knocking it down'. At the same time respondents remain keen for better advice on how to resolve disputes and what a 'good process' for this might look like.

Targets and indicators

47. Many issues of concern to both national and local stakeholders cannot be addressed within the three year window of an LAA. Developing a range of targets and related indicators that link to different policy instruments e.g. SCS, LAA, neighbourhood strategies, is one way of contextualising the contribution of the LAA within a broader local vision. Messages from the dry-run suggest that this can also help in:

- Reducing the risk of the 35 targets agreed with central government in the LAA becoming the only ones that 'count'

- Making clearer the contribution of the LAA to citizens and communities e.g. Westminster use neighbourhood profiling to identify the spatial impact of the LAA.

48. Both central and local stakeholders are reluctant to agree targets where the existing indicators are considered to be inadequate (by either side). However both also recognise that innovation may be hampered as a result. Messages from the dry-run suggest that:

- There should be scope within the LAA to test out new approaches to activity and indicators, e.g. Suffolk's proposal to develop an integrated indicator for participation, cohesion and culture, Stockton's proposal to develop local indicators for climate change.

- In some case innovative activity may be best undertaken outside 'the 35'.

Data

49. Having access to, understanding of and confidence in data makes a significant difference to stakeholder confidence in negotiating priorities and targets. At the same time the dry-run revealed that:

- In some priority areas data is limited and investing in its development will consume significant resources. Stakeholders need to exercise judgement about the value of the data against the cost of acquiring it.

- Where local performance data is limited central departments will have to rely on GOs' local knowledge in agreeing targets and in monitoring performance (suggesting a rather more flexible approach to monitoring in some target areas)

- Local, regional and national data have different utilities. Part of the LAA negotiation is to come to agreement about which kind of data is of most use in evidencing particular priorities and targets.

Conclusion

50. The dry-run has given local partnerships, GOs and central government departments the opportunity to test out some aspects of the 'new LAA' negotiation process and to identify obstacles and challenges that need to be addressed. A number of issues remain unknown, including the exact nature of the National Indicator Set and the way the CAA will operate, and the dry-run has provided an indication of how important clarification on these issues will be to shaping future LAAs. The dry-run also revealed that there is still some suspicion amongst local partnerships about the feasibility of the 'new LAAs' and of central government departments' commitment to them.

51. The evidence from the dry-run also points to the importance of clarifying the roles of and relationships between Central Government departments and Government Offices in the operation of the 'new LAAs'. This lack of clarity did inhibit progress to some extent, as did other factors, including the tight timescale of the dry run and the unavailability of the National Indicator Set.

52. Participants in the dry-run valued their participation and there was some agreement that this approach could make a valuable contribution to future policy development. Those that seemed to gain most from it were those who were in a position to treat it as a 'real' rather than academic exercise (the difficulty of which should not be underestimated given the range of demands on stakeholders' time and resources). It also seemed to work best where localities were confident about making the most of the opportunity rather than waiting for central government to tell them what the rules were. This reflects the broader challenge associated with trying to move to a less directive central-local relationship through a process of shared policy making.

53. Participants were also very keen to ensure that opportunities for learning and exchange (on indicators, target setting, and activities to affect change) would continue beyond the dry-run and become an established part of the way LAAs are undertaken.

Annex A

Local partnerships participating in the LAA dry-run

Barking and Dagenham
Bournemouth
Coventry
Cumbria
Derbyshire
Hartlepool
Kent
Leeds
Northamptonshire
Oldham
Sheffield
Shropshire
Stockton
Suffolk
Swindon
Westminster
Windsor and Maidenhead

Annex B

Central government departments participating in the LAA dry-run

Communities and Local Government*
Culture, Media and Sport*
Children, Schools and Families*
Environment, Food and Rural Affairs*
Health*
Home Office*
Prime Ministers Delivery Unit**
Regional Co-ordination Unit**
Trade and Industry**
Transport*
Treasury**
Work and Pensions**

* Participated in workshops, undertook testing of aspects of process and provided report

** Participated in one or both of the workshops 1 Department for Communities and Local Government (2007) 'Developing the future arrangements for LAAs', February