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**Fieldwork commissioned by the former Office of the Deputy Prime Minister (ODPM and now Communities and Local Government)**  
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On 5th May 2006 the responsibilities of the Office of the Deputy Prime Minister (ODPM) transferred to the Department for Communities and Local Government.

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This report sets out the results of a short piece of fieldwork that was commissioned by the former ODPM (and now Communities and Local Government) to identify examples of the early impact of LAAs.

Initially the aim had been to identify 5 or 6 of the 21 pilot areas who would be willing to participate in more detailed analysis. However the majority of those approached by Communities and Local Government/Government Offices were unwilling to devote further staff time and capacity to such an exercise, on top of the workload of managing their LAAs and responding to many other requests to share their experience.

Site visits were therefore carried out at 3 councils (Derbyshire, Derby, and Suffolk). Other material was assembled from phone interviews and review of LAA material published by councils and/or available to GOs or the LGA.

## Overall conclusions

After a first year of LAA implementation, the views of the pilot authorities remain in line with earlier OPM evaluation. The main benefits attributed to LAAs are

- better ways of joint working across agencies, often with significant improvements in local partnership commitment and energy
- acceleration of integration of services within the main LAA blocks (particularly services coming together under Childrens Trusts, social care/health, and council/police co-operation)
- a recognition that such joined up working was leading not only to improved outcomes and performance, but the beginnings of efficiency savings through e.g. merging and simplification of financial administration of funding streams

None of the pilot areas visited or interviewed felt that the introduction of the LAA, as a major 'change' programme affecting councils and partners, had put at risk during the year of introduction the ongoing delivery of core national and local targets. The process had taken up significant time and capacity, across all partners, but was generally seen as a positive one in terms of reinforcement of focus on outcomes, dissemination of good practice, and strengthened joint working.

Speed of introduction of LAAs had proved testing, and some aspects of the process (such as the changing deadlines for the 6 month review) had been problematic. But there were no perceived performance drops on national PSA targets attributed to LAAs as a de-stabilising or distracting influence on delivery.

In terms of cost savings from the LAA process, there is very little evidence to date of significant efficiencies through streamlining or rationalisation of performance reporting requirements. There is a continued expectation from localities of such streamlining in the future. In the meantime councils are experiencing a double burden of developing and implementing new performance management arrangements around the LAA, on behalf

of their LSPs, while also maintaining existing reporting requirements to Government Departments and GOs.

The new 'accountable body' role for LAAs is resulting in a shift of certain workloads from Government Offices, across to county councils in particular. It was beyond the brief of this short study to attempt to capture resultant efficiencies and savings at GO level.

The process of identifying, defining, measuring and managing the hard and soft benefits that accrue from a LAA is itself a challenging one. One of the councils visited in this fieldwork (Suffolk) is making a serious and structured effort to build a process, at LSP level, that fulfils this task. Another county (Kent) has done work on programme management that similarly seeks to capture and track all forms of LAA benefit, in a structured way.

**During the third round of LAAs, it would be worth CLG considering how best to disseminate such experience more widely, introducing the concept of 'benefits management' to all LSPs/council undertaking LAAs.** Such processes would fit alongside a unified LAA performance management framework, and the type of risk management approach that a number of areas are also adopting. The principles of benefits realisation and management proposed by Suffolk provide a coherent approach to tracking softer benefits, as well as hard performance data and efficiencies/financial savings.

## SUFFOLK

Suffolk is a pilot LAA area, with well developed governance arrangements that bring together the county, districts, and local partners. The LAA is based around a set of priority outcomes (11 in the original LAA, now extended to 14 with the addition of an economic and enterprise block for Year 2).

The county council is working with Customer Service Direct (SCC's joint venture company with BT) in developing, on behalf of the Suffolk Partnership, a 'benefits realisation and management' framework for the LAA.

This is a structured approach to the identification, capture, and management of the benefits (and any disbenefits) flowing from the LAA, over its 3 year initial lifespan. Benefits are structured into four groups:

**Observable** – using collectively agreed criteria and perceptions of partners/stakeholders to assess realisation of benefits

**Measurable** – measuring and tracking performance, without knowing how much performance will change when the LAA is completed

**Quantifiable** – where sufficient evidence exists to forecast improvement/benefit from changes made through the LAA

**Financial** – where a financial value can be placed on the benefit

The approach and methodology has been drawn from best practice promoted via the Office of Government Commerce, the Gershon Efficiency programme, the NHS Integrated Service improvement Programme, academic research and private sector experience.

The methodology, and the data collections systems behind it, are designed to be sufficiently straightforward to achieve buy-in and adoption across all those LSP partners with responsibilities for delivering different elements of the LAA. This is not is not an easy goal to achieve, but current discussions with partners are making good progress.

This framework will be integrated with a risk assessment process for the LAA, adopted by the Suffolk Partnership, and the annual Gershon efficiency statements submitted by the county and each district.

The aim is to capture better outcomes, performance improvement, and other 'hard' and 'soft' benefits derived in each of the four blocks of the LAA. A further set of benefits, applying across the totality of the LAA will also be categorised. These are defined under headings of productivity/efficiency, priority setting/decision-making, stakeholder relationships, and workforce motivation.

Anticipated benefits have been identified for each outcome in each of the four blocks. The process of capturing data for these remains in its early stages, other than for performance data provided for GO East for the 6 month review (Oct 2005) and LAA annual refresh (March 06).

In operating such a system, judgements will need to be made by the Partnership on the cost and affordability of data capture and collation, as balanced against the value of being able to track benefits realised through the LAA. For many outcomes and targets, costs will be incurred in securing good baseline data, before any exercise in measuring benefits can even begin.

As accountable body, the county council inevitably shoulders a responsibility for tracking LAA outcomes, but is reliant on partners for collective effort in capturing and managing information.

The LPSA process, now integrated into the LAA, provides both a requirement and some financial incentive to all partners, for establishing baseline, trajectory, and quantifiable improvement data (measurable improvement being linked to 'reward' grant, which is then shared back to the relevant partner). For other LAA outcomes, there may be fewer incentives for partners to track change at this level of detail.

## Results from first year of the LAA

Prior to this benefits management and realisation programme becoming fully established, Suffolk CC are able to provide some evidence of efficiencies and benefits achieved through the first year of the LAA, and to point to scope for more significant results in the years ahead.

At a general level, the county has seen a similar pattern to Derbyshire in the changing workloads resulting from the accountable body role:

- new workloads in financial administration of funding streams that previously were handled between GOEast and Districts or other LAA partner agencies

- offset by some reduction in workload where funding streams have been aggregated and/or simplified.
- No significant reduction to date in performance management or reporting requirements, to GOEast, Government Departments, Audit Commission (e.g. BVPIs). Instead an increase in performance management demands arising from new requirements for 6 monthly LAA reporting, yet to be offset by reduction or disappearance of requirements elsewhere in the system. This is coupled with locally generated workloads in improving the quality and relevance of measures and indicators used at Suffolk Partnership level, and in developing the benefits realisation methodology outlined above.

## Aggregation of funding streams

The best Suffolk example of the benefits flowing from aggregation and simplification of funding streams is in the Children and Young Peoples block of the LAA. Funding streams for the Youth Service, Connexions, Sure Start and the Childrens Fund are now being handled as a single combined budget, directed to LAA outcomes, as opposed to a series of separate processes.

The Connexions Service for Suffolk is now fully integrated with the county council, with merged management and financial administration. This reflects a history in which the county council previously provided financial support to Connexions as a separate agency. The LAA has prompted full integration, with 100% of Connexions funding now managed via the Suffolk Partnership Accountable Bodies Group, and administered via Customer Services Direct, as part of a combined budget for the Children and Young Peoples block.

As a result, the Connexions Service utilises the research, policy development, and performance management arrangements applied to the CYP block as a whole, cutting out significant duplication, as well as separate financial administration costs. Because this integration has evolved as part of the LAA, the level of 'savings' as compared with the alternative separate agency approach have not yet been quantified.

Funding streams under Childrens Fund arrangements used to come separately to each of the Districts within the county, with a requirement for co-ordination and financial reporting at county level. A full-time post in the central finance team at the County Council was required. The new arrangements under the LAA mean that Childrens Fund resources form part of a single DfES block grant, known handled by the lead department for the Children and Young Peoples block, with a consequential £30,000 saving on central finance resource.

## Crime and Disorder Partnerships

The Suffolk Partnership has adopted a similar approach to Derbyshire in overseeing Home Office funding streams for Building Safer Communities and other crime and disorder activities. Whereas previously individual allocations would have been passed to each District from the Home Office, with separate reporting arrangements, the Partnership now operates with a single aligned budget and with resources allocated on a formula basis to reflect current crime levels and other demands.

Negotiation of principles and allocations was required to achieve this result, with some initial ‘damping’ of changes affecting individual districts. But the end result has been a shift of resources towards parts of the county with the highest crime problems (e.g. Ipswich), as well as a streamlining of financial administration. A set of financial processes whereby a slice of each district’s CDRP allocation was returned back to the county, to fund a country-wide domestic violence initiative is (for example) no longer needed.

## Rationalisation and integration of partnerships

An example in the economic development/enterprise field has been the Investing in Communities core product, administered through the East of England Development Agency (EEDA). This programme would normally have required the RDA to establish a new set of partnership machinery to plan and administer the programme. By reaching agreement that it be integrated as part of the Economic and Enterprise block of the LAA, with combined consultation exercises, data analysis, and partnership machinery, all partners involved are benefiting from a joined-up approach.

The Rural Social Community Programme for the county, administered via DEFRA, has been approached in the same way, with funding and partnership work integrated within the Safer and Stronger block of the LAA.

## Voluntary and community sector

The LAA is seen as having brought new focus to the role of the voluntary and community sector in Suffolk. As a non-NRF area, this sector had not been in receipt of funding and support for a Community Empowerment Network, and issues of role and representation of the sector in partnership working, often addressed at LSP level, have perhaps received less attention than in many other parts of the country.

The LAA is directing attention to the way in which third sector organisations receive grant aid and support, and the importance of longer-term stability in funding agreements.

## Third sector procurement and commissioning

The Suffolk Partnership and the county have already developed a ‘single gateway’ approach to commissioning and procurement of services from the third sector. Initially this covers social care and health services. Ultimately the intention is to extend the approach across the LAA.

The aim is to offer third sector organisations a more coherent and simplified route for commissioning of services, linked to the priority outcomes and targets of the LAA. Rather than individual VCS organisations having to bid for service contracts or apply for funding, potentially from more than one district council, more than one PCT, and/or the county council, the aim is to develop a commissioning route which will minimise abortive costs and duplicatory processes for all concerned.

Simplified tendering and contract processes, geared more to VCS organisations, coupled with a managed network approach from the VCS that should achieve economies of scale for specific forms of social care, form part of this initiative. There has been some discussion with partners and VCS organisations within Suffolk, and with the Treasury and Futurebuilders at national level, looking for a way to take this forward.

## KENT

Kent is CPA four star council and a pilot LAA area with a long track record of innovative multi-agency work, including leading the Innovation Forum workstream on health/ adult social care and being one of the original pilots for the LPSA process.

In developing its LAA, Kent had to make the same judgments that arose in all areas in balancing speed of preparation, the need to maintain partner commitment, and the county council's capacity to invest in developing structured programme management and performance management arrangements. As has been the case with other counties acting as 'accountable bodies', Kent has found that the process of setting up a LAA incurs significant costs, in constructing baseline data for target-setting (via e.g. surveys) and in establishing multi-agency performance reporting systems for each LAA outcome.

As part of its LAA programme management arrangements, Kent is now seeking to build up a comprehensive 'benefits profile' for its LAA, to be regularly updated. Like Suffolk, Kent would wish to incorporate best practice as promoted by OGC and other sources of expertise on programme management.

## DERBYSHIRE

Also a 'four star/improving strongly' council under CPA 2005.. The pilot LAA and the county's contribution is viewed by GOEM as 'an exemplar for partnership working in two tier areas'. The county has well developed LAA governance arrangements which integrate county council, district, and partner working within the LAA thematic blocks, overseen by a politically led LAA Board.

The GOEM 6 month performance rating (Oct 05) gives an overall positive rating. Out of 23 indicators that were reported, 11 were above target and 7 below (with 5 missed by a small margin).

## Community Safety Partnerships

Developments in Year 1 of the LAA demonstrate the potential of LAAs to achieve the twin objectives of improving outcomes while also making efficiencies.

The 8 District-level community safety partnerships have reached agreement (endorsed by District Leaders) to treat as a single pooled resource the £1.2m of Home Office funding streams allocated to District Councils. A county-wide Community Safety Board will from April 06 be redirecting funding towards high problem areas and crime hotspots, leading to significant shifts in previous patterns of spend and with every expectation that overall performance on crime and Respect targets will improve as a result.

A secondary benefit is that 8 previous separate funding streams, each with its own requirements for quarterly reporting to GOEM, are now being administered a single funding stream with biannual reporting as part of the LAA performance management framework. Savings in staff time and capacity, from 32 performance reports now reduced to 2, are accruing at GO and at District level (offset by some increase workload for the county, as accountable body).

(Resultant performance improvements will not be quantifiable until April 07 and no hard figures for savings at District and GO level are available at this stage. District allocations of 06/07 were passported through, to reflect programmes and commitments already entered into at time when LAA was signed).

## Redirection to the front-line

On a smaller-scale, the inclusion of separate funding streams within the LAA has allowed the CYP 'block board' to create and set aside a new £50,000 fund for childrens services initiatives. Applications for targeted projects were invited from the VCS, and 90 applications received. Of these 12 were selected and are now being implemented, with subsequent evaluation and dissemination of best practice. This is an example of LAA resources being redirected swiftly for small-scale innovations from the Third Sector, which (while small in itself) could be replicated across Round 2 and Round 3 areas.

## Re-alignment of workforces across partners

A form of efficiency emerging in Derbyshire stems from the new opportunities that LAAs offer for closer joint working between partners. Connexions staff take the lead role on a substantial number of workforce training and redesign issues. Additionally they are the lead agency for the Childrens Trust for participation and involvement. These functions would otherwise have been carried out by County staff, enabling them to pursue other priorities within increasingly integrated multi-agency childrens services teams.

This type of realignment between local partners has major advantages of cost, speed, and minimal disruption, as compared with the alternative processes of restructuring two separate agencies to meet changed workload demands, with associated redundancy and recruitment costs. Such savings will however remain 'invisible' in terms of conventional treatment of budgets, and represent one of the many softer and hidden benefits of LAAs.

Within Derbyshire, agreement has been reached that 100% of Connexions funding should be administered through the LAA (75% via the county LSP and 25% via Derby City Partnership).

## TELFORD & WREKIN

The Telford & Wrekin LAA was the first 'single pot' LAA, and is focused around two time-frames:

- A three year timescale for 'narrowing the gap' in quality of life between prosperous and deprived areas
- A ten year programme for 'Transforming Telford'

Significant features of the LAA are the involvement of Advance West Midlands and England Partnerships, along with the Regional Housing Board. The LAA process has been used as a vehicle for brokering long-term decisions on revitalising the physical and social infrastructure of an area with a specific history (origins as New Town coupled with the heritage site of Ironbridge).

English Partnerships have placed their land holdings with Telford First, the local partnership body that will take forwards major regeneration projects alongside inward investment.

## DERBY

Derby City Partnership dates back to 1995, with an original emphasis on major regeneration projects for the city. The DCP Board is chaired by the council leader, with a Strategic Co-ordination Group nor managing the LAA.

In year 1 of the LAA, the city council and the Partnership have experienced a similar set of new pressures and workloads in getting the LAA underway, as for other areas.

- The council's performance management software 'Performance Eye@ has been used as a basis for building a partnership-based multi-agency performance management and monitoring system. Performance Eye has been in place since 2004 and is currently used by both the Derby City Partnership and Community Safety Partnership teams.
- The Partnership is also developing a data warehouse that will enable partner organisations to input local information, supporting the authority's neighbourhood renewal targets now included in the LAA. The data warehouse differs from Performance Eye in that it automatically aggregates this local data to any neighbourhood – and reports can be generated for any neighbourhood. The data warehouse is due to go live in May 06.
- One-off costs have been incurred in establishing baseline data for LAA outcomes and targets.
- New tasks as accountable body, in establishing protocols between agencies for handling of funding streams (although this is the case for any new partnership agreement).
- For the time being, additional reporting requirements to GOEM in terms of the LAA six month review and annual refresh, with little evidence to date of streamlining or relaxation of parallel existing requirements from Government Departments. The absence of streamlining for the Neighbourhood Renewal Unit is a particular concern.
- The beginnings of evidence of cost savings in financial administration and on audit of separate grant claims, due to reduced conditions and greater use of internal audit. At this stage 'hard' financial savings would be estimated at approximately £10,000).

As for Derbyshire at county level, the new LAA arrangements for handling Connexions funding are seen as a plus, in terms of better co-ordination and focus of programmes and in terms of integration of financial administration and reporting to DfES.

## HAMMERSMITH & FULHAM

LAAAs can provide new impetus for accelerating or advancing partnership measures. The pooling of Home Office funds under LPSA1 and the implementation in the borough of a Home Office Local Delivery Project were precursors to the Local Area Agreement in Hammersmith and Fulham. The principles of these initiatives have been incorporated into the LAA and have contributed to more effective partnership working between the public agencies.

Safer Neighbourhood policing is now being rolled out across all London boroughs. Hammersmith & Fulham, as part of its pilot LAA, saw early introduction of ward-based policing teams, following a decision by the council to invest £1m a year of its own funds alongside those from the Met, for Year 1 of the LAA (2005/6).

In the first 6 months of the LAA, the borough experienced a 20% reduction against the same period in the previous year, on an overall 'basket of crime' indicators. Levels of snatch theft, pick-pocketing, and auto-crime saw sharp falls.

It would be simplistic and wrong to attribute this success to the LAA alone, but LAAs open minds to the possibilities of joint initiatives, with different agencies accepting that they should divert resources outside their traditional spending areas, if this achieves outcomes which the public place at the top of their agenda.

## DONCASTER

Doncaster similarly targeted crime hotspots, via its Community Safety Partnership and Safer Neighbourhood policing. The city also has a high-performing Youth Offending Team. Overall crime reduced by 12% over the period mid 2004 to mid 2005.

## SECOND ROUND LOCAL AREA AGREEMENTS

Brief telephone interviews were carried out with a number of second round LAA areas, to follow up on proposals of interest, identified by CLG.

## ENFIELD

The Enfield Strategic Partnership have agreed '*every child really does matter*' as a key theme and cornerstone of the LAA. Neighbourhood Renewal Funding is being committed to 'one large intervention' on child poverty. This will target support on vulnerable and excluded families as well as addressing education and employment targets. Newly arrived communities from Afghanistan, Yemen and Eastern Europe are placing new demands on the borough, with relevant new responses needed to meet their needs.

Intervention aimed at reducing child poverty need to be precisely targeted, given scarce resources.

LSP partners (PCT, local authority, VCS and others involved in childrens services have access to the Enfield Observatory, a shared database of demographic and socio-economic information which is helping the LSP understand the local anatomy of poverty, and to track changes in family income in a more structured way. A subset, or Childrens Observatory, is now being created through which schoolchildren will be able both to access and to contribute data.

## **LEWISHAM**

In the Lewisham LAA the local strategic partnership/local public service board is pooling funding streams for SureStart, Connexions, Teenage Pregnancy, and the Childrens Fund. Two freedoms and flexibilities have been agreed with DfES, in relation to Sure Start criteria which would otherwise restrict the geographic areas in which SureStart resources (including health visitors and advisers) can be deployed. Like many parts of inner London, local partner agencies in Lewisham find themselves addressing small concentrations of poverty, on housing estates and in low income areas, in the midst of much richer parts of the borough.

The flexibilities gained through the LAA will allow Childrens Fund and Surestart resources to be applied to the 8-13 age group, identified as a gap in provision, and for some trans-border joint work with LB Greenwich.

## **TOWER HAMLETS**

The Tower Hamlets LAA identifies drugs as a key crime issue, and this is being addressed through a range of interventions including 'Super Safer Neighbourhood Teams' and a 'Making it Personal' campaign. The borough was one of the first parts of London to benefit from the safer neighbourhood policing model.

As part of the LAA, negotiations have been held with the National Treatment Agency, over the efficacy of the standard 12 week 'retention in treatment target' applied to NTA funding. Tower Hamlets experience on substance abuse of a high number of young non-complex drug users, who frequently seek to complete treatment in as short a space a time as possible and for whom the 12 week retention target is less appropriate. Evidence-based discussion with NTA has led to the granting of this flexibility, an example of how a 'one-size-fits-all' methodology will sometimes need adjustment to local contexts. The LAA is also being used as a vehicle to progress plans for a culturally appropriate residential detox unit.

## **BARKING AND DAGENHAM**

An area of East London where health outcomes are less favourable than in most parts of the country. The borough is designated by DH as a spearhead area for joint PCT/local authority action to tackle health inequalities.

The borough's new local public service board has set challenging targets for reducing child obesity, as one of its stretched outcomes in the LAA. These are to halt the year on year rise in obesity in children under 11, by 2010.

The local education authority and PCT are working jointly on a Health Schools Programme, with training sessions for teachers alongside PSE and Drugs Advisers in schools. 9 out of 10 of the boroughs School Nurses are also participating in the programme.