

**ALMOs and the new local government  
agenda**

**A briefing paper for ALMOs**

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## 1. Introduction

The 2006 Local Government White Paper “Strong and Prosperous Communities” promised a new settlement between central and local government and between local government and communities. It set out proposals to achieve the “double devolution” offered by David Miliband during his brief stint as local government minister, and endorse and support the wider role of councils as “place-shapers” advocated by Sir Michael Lyons. The Local Government and Public Involvement in Health Act 2007 included the legislation necessary for the new agenda, and implementation is now in full swing, with the expectation that all elements of the new arrangements will be in place by April 2009.

The new agenda has far-reaching implications for councils, for local public service organisations and for communities. Important decisions now taken in Whitehall will in future be taken locally. This paper spells out the implications for ALMOs. Its central message is that all ALMOs must learn how to engage effectively with the new local decision-making machinery, and take an active interest in making sure it works well. In some places, transition to the new arrangements may be slow and bumpy and engagement seem difficult and unrewarding. But the new agenda is here to stay and the only sustainable option for ALMOs is to make sure it works for them and their tenants.

## 2. The new settlement

According to the government, the key components of the new settlement are:

- a recognition that every place is different, with distinctive strengths and needs
- a new approach by central government that creates space for distinctive local priorities and local innovation
- a commitment to widen and deepen the involvement of local communities in shaping their own future
- councils taking on the role of democratically-elected strategic leaders and convenors of local partnerships in the wider governance of their localities
- a focus on co-ordinated action tailored to the distinctive needs and opportunities of each place and its people<sup>1</sup>.

The machinery to realise this vision comprises:

- councils responsible, through local strategic partnerships, for drawing up Sustainable Community Strategies setting out a shared vision and priorities for their areas

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<sup>1</sup> Creating Strong, Safe, Prosperous Communities, Statutory Guidance: Draft for Consultation, Communities & Local Government, November 2007, <http://www.communities.gov.uk/publications/localgovernment/statutoryguidance>, paragraph 1.1.

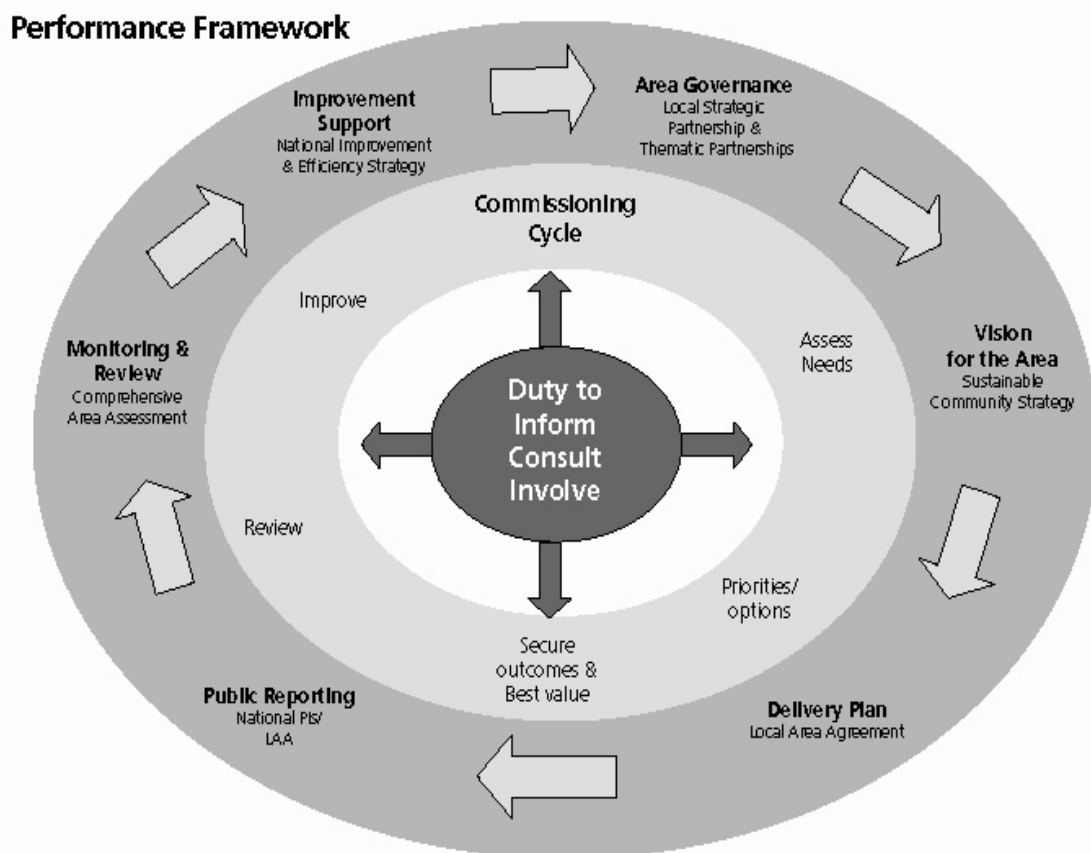
- new-style Local Area Agreements (LAAs) focused on achieving a limited set of outcome targets for the area, underpinned by a duty on public sector partners to cooperate in achieving them
- Multi-Area Agreements (MAAs) where councils and partners need to cooperate across a wider area
- performance information required by central government restricted to around 200 national indicators
- a new duty on councils to involve representatives of local communities
- continued emphasis on efficiency gains, especially through better and joint commissioning
- Comprehensive Performance Assessment of councils replaced by Comprehensive Area Assessment (CAA) – a new, area-based, lighter touch regulatory regime
- a National Improvement and Efficiency Strategy focused on building capacity to deliver the new agenda.

Figure 1<sup>2</sup> illustrates how these elements are intended to work together.

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<sup>2</sup> Ibid, page 16.

Figure 1



With the important exception of local tax reform to create a stronger and more buoyant tax base for local government and services, this agenda, at least in theory, ticks all the big items on local government's wish-list. While most local public spending will continue to be financed from government grant rather than locally-set taxes, councils will have much more flexibility to decide how to use the grant they receive. The government has made a significant reduction in the proportion of government grant "ring-fenced" for specific purposes. It has also promised to remove much of the burden of central government direction and regulation under which councils – and their local partners – have laboured for the last 20 years.

The Local Government and Public Involvement in Health Act 2007 put in place the necessary legislation for these changes. It also includes several other devolutionary measures, such as giving councils the power to make byelaws and establish, amend and abolish parish councils without government permission, and change from elections by thirds to all-out elections if they choose. Powers granted by the Act are also being used to introduce unitary local authorities in Bedfordshire, Cheshire, Cornwall, Durham, Northumberland, Shropshire and Wiltshire from April 2009, with the possibility of reform in other areas later.

### 3. Local strategic partnerships

Local strategic partnerships (LSPs) bring together the council, local public bodies and representatives from local business, voluntary and community organisations in an area to plan and deliver in partnership for the place and its people. They have their roots in partnerships established by some councils up to 20 years ago to tackle local regeneration and economic development. From 2001, government guidance encouraged their establishment and made this a condition for receipt of Neighbourhood Renewal funding in the 88 most deprived areas. But councils in many other areas chose to establish LSPs as forums for development and delivery of their community strategies and, from 2004, Local Area Agreements.

LSPs now exist in all areas, although there remain no statutory requirements governing their establishment, membership or operation. As a result there is some variation in local practice. Some LSPs are constituted as legal entities while others remain informal groups. Many are chaired by the council leader, but some areas have deliberately opted for an independent chair. In shire areas there is a need for partnership working at both district and county level and a variety of arrangements exist for organising the relationship between these two spheres of operation.

LSPs remain non-statutory, but other local partnerships are required by law. The 1998 Crime and Disorder Act required the establishment in each district of a Crime and Disorder Reduction Partnership (CDRPs) involving the police, local authorities, probation service, health authorities, the voluntary sector, and local residents and businesses. Children's trusts are required in every unitary district and shire county, bringing together all services for children and young people, to focus on improving outcomes for all children and young people. In each case, these partnerships are expected to assess local needs, develop a strategy to respond and work together to deliver it.

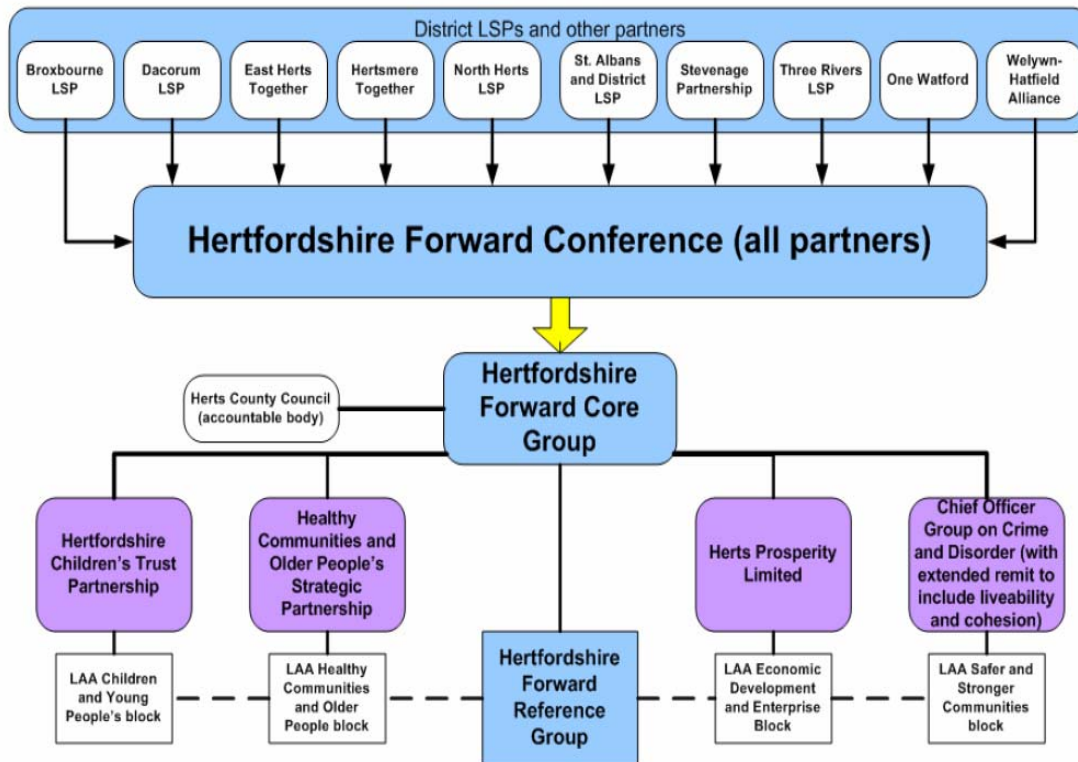
The new agenda seeks to rationalise these arrangements by formally acknowledging LSPs as the overarching partnerships for each area with a remit to review and steer public resources as a whole, through the development and delivery of a Sustainable Community Strategy (SCS). In unitary and county areas the LSP is also seen as the prime focus for development and delivery of the Local Area Agreement. Children's Trusts and CDRPs are expected to operate as thematic partnerships under the umbrella of the appropriate LSP. Most LSPs for unitary and county areas have also established thematic partnerships for older people and health, and for economic development and the environment, although there is some variation in their precise names and remits.

Figures 2 and 3 illustrate typical local partnership structures in a unitary area (Kirklees) and a shire area (Hertfordshire).

Figure 2



Figure 3



The new agenda also involves a much clearer expectation that the local authority will provide leadership to the LSP, including political leadership, with key roles for both executive and non-executive councillors. In their convening role, councils are expected to take responsibility for initiating and maintaining momentum in the LSP and ensuring appropriate representation from all sectors including the involvement of local residents. Elected members in particular are expected to provide leadership by driving agreement on priorities, ensuring that all local needs are championed and, through scrutiny, holding local authorities and partners to account for delivery<sup>3</sup>.

To reflect these changes, many LSPs have strengthened political representation on the LSP and thematic partnerships, and established LSP executives involving a core group of partners, normally at least the council, police and PCT, to drive and coordinate the work of the thematic partnerships and ensure delivery.

### **Issues for ALMOs**

ALMOs are often represented on the full LSP, and on one or sometimes more of the thematic partnerships that report to it, but rarely if ever on the LSP Executive or equivalent. However, housing issues do not fit neatly with the typical thematic partnership structure of LSPs, as illustrated in Figures 2 and 3. ALMOs need to consider whether their current opportunities for engagement with the LSP are adequate and how they can ensure their voice is heard on all issues relevant to them, given the structure and operation of the LSP.

In shire areas, ALMO representation is normally on district LSPs, but the responsibility to prepare Local Area Agreements lies with the county council, working with partners county-wide. Adequate engagement with county-wide arrangements will, in future, be a priority for ALMOs.

## **4. Involving and empowering communities**

The new settlement is, in David Miliband's memorable phrase, intended to secure a "double devolution" of power, from central to local government but also from local government to local communities. In part, this is to be achieved by giving councils a new duty to involve representatives of local communities in local decision-making. The government is also pressing, through exhortation and encouragement, for much more action to empower communities than is strictly required by the new duty. In October 2007, CLG and LGA published a joint Action Plan<sup>4</sup> listing 23 actions to promote or support community empowerment.

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<sup>3</sup> Ibid, para 2.5.

<sup>4</sup> An Action Plan for Community Empowerment: Building on success, Communities and Local Government/Local Government Association, October 2007  
<http://www.communities.gov.uk/publications/communities/communityempowermentactionplan>.

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Councils are being encouraged to take action including:

- give tenants a greater role in housing management by establishing Tenant Management Organisation or ALMOs with tenant board representation
- develop more participatory budgeting schemes where local people have a greater say in how “community kitties” or, more radically, mainstream budgets, are allocated
- develop more local charters – typically commitments by councils and partners to provide specific levels of service or outcomes in particular neighbourhoods, sometimes mirrored by statements describing what local people are expected to do in return
- transfer more assets from councils and other public bodies to appropriate community organisations.

For the time being, there is no statutory force behind these exhortations. However, a White Paper on community empowerment is expected in the summer, which may include proposals for further legislation<sup>5</sup>.

The duty to involve requires all best value authorities except police authorities (i.e. councils, fire, transport, national parks and waste authorities) to take appropriate steps, where they consider appropriate, to involve representatives of local people in the exercise of their functions. In this context “representatives” does not mean elected or self-appointed representatives but a selection of local people and organisations which reflects the make-up of all those affected by the issue concerned – not necessarily just local residents but potentially those who work or study in the area, or visit it or use its services. It is a duty to involve a representative sample of those affected. “Involve” is also used in a specific and very broad sense; the duty requires authorities to involve by:

- providing information
- consulting
- involving in other (more participative and devolutionary) ways.

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<sup>5</sup> Putting communities in control – Blears, CLG Press Release, 5 March 2008  
<http://www.communities.gov.uk/news/localgovernment/712930> .

Ministerial rhetoric and the action plan for community empowerment tend to emphasise the third of these, but the duty gives authorities considerable discretion to choose the local balance between providing information, consulting and more participative involvement. There is evidence that better information about council services and plans is a higher priority for most residents than more opportunities to participate or influence decisions. BVPI 2006/07 survey data and other polling evidence shows a majority of residents dissatisfied with both the information supplied by their council and their opportunities to participate and influence local decisions<sup>6</sup>. There is, however, significant regional and local variation. Analysis of the BVPI data shows a stronger correlation between feeling well-informed and overall satisfaction with the council than between satisfaction with opportunities to participate and overall satisfaction<sup>7</sup>. Since good information about services and future plans is the foundation for all other forms of involvement, this analysis suggests that many councils should prioritise learning to walk, by getting their communications right, before they try to run with more ambitious forms of involvement.

While only councils and a proportion of LSP partners are formally subject to the duty to involve, councils are expected to work with LSP partners to achieve a more strategic and better-co-ordinated approach to involvement across all services in the area, reflecting the priorities of the Sustainable Community Strategy and Local Area Agreement<sup>8</sup>.

### Issues for ALMOs

In considering how to involve local people in the exercise of their functions, councils with ALMOs will need to consider what steps to take in relation to those functions exercised on their behalf by the ALMO. ALMOs will need to prepare for this by looking at any data they have on tenants' satisfaction with the information they receive, their opportunities for involvement and ability to influence local decisions and, if there are serious gaps in the data, consider commissioning work to plug them.

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<sup>6</sup> The 2006/07 BVPI survey (Best Value User Satisfaction Surveys 2006-07: General Survey Initial Topline Report for Single and Upper-Tier Local Authorities, CLG, 2007 <http://www.communities.gov.uk/publications/localgovernment/bestvaluesatisfactionssurveys>) found that 57% of residents do not feel well-informed about services and benefits provided by their council (up 8% since 2003/04), and 55% are dissatisfied with the opportunities for participation. Only a third of residents feel able to influence local decisions (but understandably this is more than feel able to influence government decisions). There is significant variation in these scores among areas. A more recent survey for CLG (CLG Press Release 5 March 2008 <http://www.communities.gov.uk/news/localgovernment/712930>) provided similar findings: 52% of respondents did not agree that their council listens to their views, 62% disagreed that they had adequate say in how local services are run, and 54% did not agree that "local people have more say nowadays".

<sup>7</sup> Local Government Analysis and Research, forthcoming.

<sup>8</sup> Statutory guidance: draft for consultation, para 2.28.

ALMOs have a much stronger track record than many other public services in involving tenants and residents in decision-making. Their expertise is likely to be in demand as councils and LSP partners consider how to respond to the new duty. Heavy ALMO involvement in neighbourhood-based initiatives such as neighbourhood plans and charters and asset transfer is also likely.

## 5. Sustainable community strategies

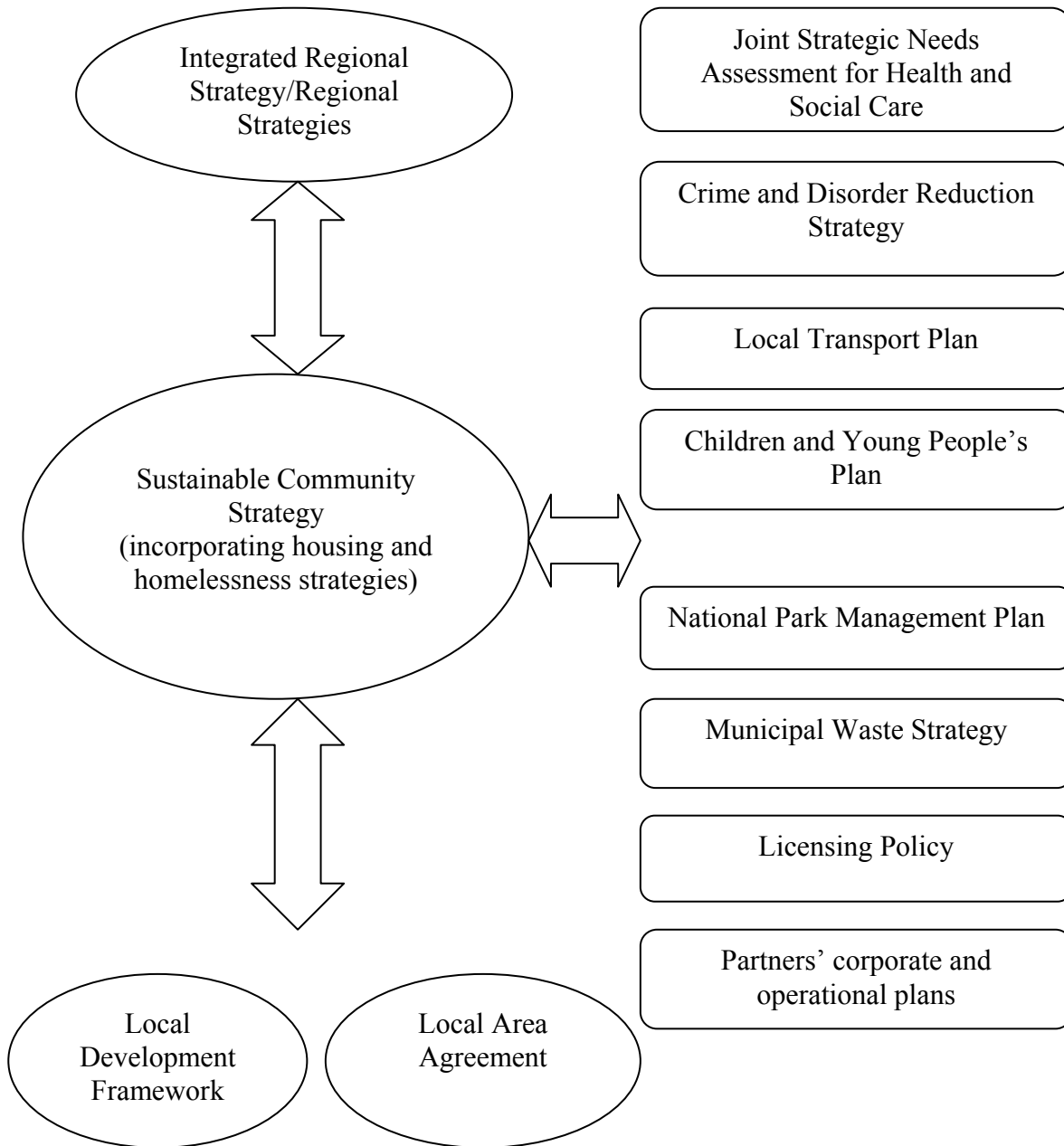
Councils began experimenting with community plans or strategies from the mid-1990s, seeing the need to go beyond separate strategies for housing, economic development, land use and so on, to set out a long-term vision for their area and an overarching strategy to achieve it. The Local Government Act 2000 gave all councils a duty to prepare a community strategy in consultation with local people and organizations, but these strategies had no real status for government. Each department continued to require councils to prepare a separate strategy for its area of responsibility, seemingly with little regard for the connections with other departments' requirements or the duplication of work this imposed on councils and their partners.

The duty to prepare a strategy remains in place under the new Act, but the new strategies, renamed as Sustainable Community Strategies (SCSs), will now be formally acknowledged as the overarching plans for the areas they cover, to which councils should have regard to in drawing up Local Development Frameworks and Local Area Agreements. In shire areas, a county and district council (or councils) may prepare a joint strategy, although in practice nearly all have separate ones. The number of other plans and strategies that councils are required to prepare has been cut significantly.

In particular, there is no longer a requirement for housing authorities to prepare housing and homelessness strategies separate from the SCS. Where appropriate and agreed by the council and its partners, these strategies should be incorporated in the SCS.

Figure 4 lists the strategies that are still required and summarises their relationship with the SCS.

**Figure 4: Relationship between Sustainable Community Strategy and remaining statutory strategies and plans**



Enhancement of the role and status of the SCS carries with it a higher expectation that SCSs should adequately address all the key issues for their area and its people, whether economic, social or environmental. In particular, the new name reflects the expectation that they should do justice to sustainable development of the area, having regard to the Government's sustainable development strategy. The draft guidance emphasises this expectation and points out that the statutory duty to prepare SCSs requires that they should "contribute to sustainable development in the United Kingdom"<sup>9</sup>.

It reminds councils that:

*For a local priority or policy to be sustainable, it should respect five principles:*

- *living within environmental limits,*
- *a strong and healthy society,*
- *achieving a sustainable economy,*
- *promoting good governance, and*
- *using sound science responsibly.*<sup>10</sup>

The Independent Commission on Integration and Cohesion, which reported in July 2007, recommended that community cohesion should be explicitly included in SCSs. Although this recommendation is not explicitly reflected in the draft statutory guidance, in practice councils will need to make sure that local priorities are addressed in a way that contributes to the creation of stronger and more cohesive communities.

In some areas, parish plans or neighbourhood action plans have been developed, similar in scope and ambition to the SCS for the wider local authority area. In the discussion leading up to publication of the Local Government White Paper, serious consideration was given to the proposal that all LSPs should be expected to build up the SCS through engagement neighbourhood by neighbourhood, yielding a set of neighbourhood strategies which were, in effect, the building blocks of the SCS. While this proposal was dropped, it remains important that neighbourhood action plans, and similar plans, where they exist, both inform and are consistent with the wider SCS.

These new, higher expectations of community strategies mean that existing strategies are, in many cases, no longer fit for purpose. As a result, many LSPs are currently reviewing or refreshing their strategies.

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<sup>9</sup> Statutory guidance: consultation draft, para 3.8, page 30.

<sup>10</sup> Ibid, para 3.9.

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## Issues for ALMOs

With the end of any requirement for councils to prepare a separate housing or homelessness strategy, ALMOs need to make sure that SCSs adequately reflect and respond to the housing needs of the area, particularly those which are of direct concern to them as landlords. In shire areas, it is essential that the county SCS, not just the district, does justice to local housing needs.

ALMOs which are involved in neighbourhood action plans and similar small-area based initiatives – and many are – need to ensure a good fit between these and the wider SCS.

## 6. Performance information

Until this year, councils were expected to provide more than 1000 items of performance information to central government. The 2006 Local Government White Paper accepted that too much of this served no useful purpose and pledged to cut the requirement. This commitment related specifically to performance information, excluding financial reporting and data returns. From this April, the number of national performance indicators has been cut to just 198<sup>11</sup>. Of these, two relate directly to the landlord role:

NI 158	% decent council homes
NI 160	Local authority (including ALMO) tenants' satisfaction with landlord services.

A further 6 indicators relate to housing more widely:

NI 154	Net additional homes provided
NI 155	Number of affordable homes delivered (gross)
NI 156	Households living in temporary accommodation
NI 157	Processing of planning applications
NI 159	Supply of ready-to-develop council sites

However, many more of the indicators have important implications for ALMOs, falling into two categories. One group of indicators relates to overall council performance, which affect ALMOs as council agents; this includes:

<sup>11</sup> <http://www.communities.gov.uk/publications/localgovernment/nationalindicator>

NI 14	Avoidable contact: the average number of customer contacts per received customer request.
NI 179	Value-for-money – total net value of ongoing cash-releasing value for money gains that have impacted since the start of the 2008/09 financial year.

The other group includes indicators for local outcomes to which ALMOs are significant contributors. These include indicators for crime and anti-social behaviour, health, equality and social inclusion. A particularly significant group of indicators relates to people's perceptions about their local area (defined as the area within 15-20 minutes walking distance). This includes:

NI 1	% of people who believe people from different backgrounds get on well in their local area (the cohesion indicator)
NI 2	% of people who feel they belong to their neighbourhood
NI 4	% of people who feel they can influence decisions in their locality
NI 5	Overall/general satisfaction with the local area

These four indicators form part of a group of 20 proposed to be collected through a new biennial Place Survey to be administered by local authorities<sup>12</sup>. Tenant satisfaction data (NI 160) will continue to be collected through a separate survey.

Although the volume of performance information required by central government has been substantially reduced, there are clear incentives for councils and local partners to work together to develop local performance information systems as part of shared performance management arrangements for the area as a whole. The pressure to supply performance information is unlikely to abate; only the source of the pressure is likely to change. Comparative data will continue to be needed for benchmarking purposes. Even if the government's requirements are much reduced, there is a strong argument for voluntary arrangements to secure the continued production of particularly useful data.

<sup>12</sup> The New Place Survey: consultation, CLG, December 2007  
<http://www.communities.gov.uk/publications/localgovernment/newplacesurvey>

## Issues for ALMOs

ALMOs need to consider what data they will need to contribute in future to support both national and local performance information requirements. The national indicators will not necessarily be the most significant demand as pressure is likely to grow from councils and LSPs for better and more timely local performance information to supplement the national requirements.

Tenant satisfaction data will continue to be required as under the former BVPI arrangements. ALMOs will be expected to contribute data for the indicators on avoidable customer contact (NI 14) and efficiency savings (NI 179).

ALMOs will also need to consider what implications arise for them from the new emphasis on residents' perceptions of their very local area –which in areas with concentrations of council housing may be heavily conditioned by landlord performance. While the government proposes to require collection of the Place Survey data only once every two years, there will be strong incentives for councils and ALMOs to keep a closer and more frequent eye on residents' perceptions which can be volatile and easily influenced in the short term by relatively minor local incidents.

## 7. Local area agreements

Local Area Agreements began as agreements with the government by councils and public sector partners to deliver a number of specified and “stretching” targets in return for greater freedom on delivery methods, particularly the flexible use of funding streams formerly ring-fenced for specific purposes. They built on the earlier Local Public Service Agreements and were introduced in all areas of England in three waves beginning in April 2005, 2006 and 2007. As the Agreements cover a three year period, only the first wave is now coming to an end. They will be replaced in all areas from June 2008 by “new-style” LAAs which reflect a more radical extension of the approach, underpinned by a statutory framework introduced by the Local Government and Public Involvement in Health Act.

The most important feature of the new LAAs is that they reflect a commitment by government to move away from top-down imposition of targets dictating what councils should deliver and how, to an approach based on negotiation and, normally, agreement. The number of targets will be cut dramatically. They will relate to the outcomes to be achieved, rather how services should be delivered, leaving more space for service innovation by councils and their partners. They will reflect local priorities, so that there will be no expectation that all areas will face the same set of targets. LAAs are to be the only channel through which such targets are negotiated.

The statutory framework introduced by the LGPIH Act includes a list of 27 national and local public bodies which have a duty to cooperate with councils in the development and delivery of each LAA [Figure 5]. Some of these bodies, such as Primary Care Trusts and the local police, are participants in most LSPs; others are not. Conversely, every LSP includes private and third sector organisations to which the duty does not apply. Many LSPs also include public sector – or publicly funded – bodies not subject to the duty. ALMOs and housing associations are a case in point, as are universities and colleges.

Unitary and county councils are responsible for the preparation of a draft LAA in consultation with the partner organizations designated by the Act, including the relevant district councils in two-tier areas. They are also required to consult neighbouring authorities on cross-boundary issues, and “such other persons as appear appropriate”. These will include local people, business and third sector organizations, and ALMOs where they have been established. Negotiations then take place with government, via the regional office, before the LAA is approved, possibly after amendment.

The draft LAA must include:

- a set of proposed local improvement targets (number to be determined locally)
- which partner organizations will be contributing to the achievement of each target
- the period for which the LAA is to have effect (normally 3 years, but it is interesting that the period is not specified on the face of the Act).

In approving the LAA, the government will “designate” a limited number of targets, initially up to 35, plus 16 children and early years targets. Designated targets must be linked to one or more of the 198 National Indicators. This arrangement has sometimes been interpreted to imply that LAAs will include “national” (i.e. designated) and “local” (undesigned) targets, with the former having greater priority. However, the draft guidance is at pains to state that, apart from the link to the national indicators, the only difference between designated and undesigned targets relates to the process for amending them if necessary<sup>13</sup>. Amending undesigned targets is a matter for local decision, but amendments to designated targets requires the agreement of the relevant Secretary of State. Partner organisations which have agreed to contribute to achieving a target are bound by the duty to cooperate in so doing whether or not it is designated.

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<sup>13</sup> Statutory guidance, draft for consultation, paras 4.19 to 4.21, page 41.

**Figure 5**

**Partners subject to the duty to cooperate in delivering LAAs**

Arts Council  
The Broads Authority  
Chief Officer of Police  
District councils  
English Heritage  
Environment Agency  
Fire and rescue authorities  
Health and Safety Executive  
Highways Agency  
Jobcentres Plus  
Joint Waste Authorities  
Joint Waste Disposal Authorities  
Learning and Skills Councils  
Local Probation Boards  
Metropolitan Passenger Transport Authorities  
Museums, Libraries and Archives Council  
National Parks Authorities  
Natural England  
NHS Foundation Trusts  
NHS Health Trusts  
Police authorities  
Primary Care Trusts  
Probation Trusts and other providers of probation services  
Regional Development Agencies  
Sport England  
Transport for London  
Youth Offending Teams

Any other organisations added by order.

As originally introduced, LAAs were conceived as offering more local flexibility in deploying the plethora of specific revenue funding pots that then existed. These were grouped into three, later four, blocks, with the general presumption of flexibility to move resources within but not between blocks. The new agenda embraces a much more radical vision for LAAs.

They will in future be much more than a process for deploying specific grants. The ambition, as the LGA puts it is that LAAs should become “agreements to deploy the totality of local public resources to meet shared local priorities in the most cost-effective way”<sup>14</sup>.

In accordance with this ambition, there has been a dramatic simplification of local revenue funding for councils and partners. £5.6 billion formerly allocated through specific grants will from 2008/09 be allocated through non-ring fenced grant. Nearly £1 Billion has been reallocated to the Revenue Support Grant to councils, and the balance to a new non-ring-fenced Area-Based Grant<sup>15</sup>. Areas will also receive Reward Grant where they succeed in meeting LAA targets.

Current arrangements for capital expenditure continue.

The four blocks - Children and Young People, Older People and Healthy Communities, Safer, Stronger Communities and Economic Development and Environment - cease to have a role in new LAAs, although their legacy is evident in the thematic partnership structures adopted by LSPs.

Figure 6 summarises the differences between old and new-style LAAs.

The new agenda also makes provision for Multi-Area Agreements, which voluntary agreements between two or more county or unitary councils, their partners, including in shire areas, the district councils, and the government, to achieve outcome-based targets. MAAs are expected to have an economic core and relate principally to economic development, although MAAs for other activities are not ruled out. Councils proposing them will be expected to show an evidence-based rationale for working across boundaries. A number of MAAs is under development.

<b>Figure 6: A comparison between old and new LAAs<sup>16</sup></b>		
	<b>Old</b>	<b>New</b>
	<b>LAAs 2005-2008</b>	<b>LAAs from Spring 2008</b>
Legal status	No legal requirement to negotiate a LAA	Statutory: all unitary and county councils must prepare a LAA with partners
Two-tier arrangements	County council negotiated and led LAA	County council the “responsible authority”; districts are important partners

<sup>14</sup> The next four years, Local Government Association, 2005, page 14  
<http://www.lga.gov.uk/lga/publications/publication-display.do?id=21708> .

<sup>15</sup> John Healey, 12 December 2007 <http://www.communities.gov.uk/news/corporate/576609> .

<sup>16</sup> From A councillor’s guide to the new local area agreements, Local Government Association, December 2007 <http://www.lga.gov.uk/lga/aio/20595> .

**Figure 6: A comparison between old and new LAAs<sup>16</sup>**

	Old	New
	LAAs 2005-2008	LAAs from Spring 2008
Timescale	Three-year agreement; commenced in three groups – 2005/06, 2006/07, 2007/08	Three-year agreement: all areas on same timetable: 2008-2011
Scope	Three, later four, blocks: children and young people, safer, stronger communities, healthy communities and older people, economic development and enterprise	No requirement for blocks; local flexibility based on Sustainable Community Strategy and local priorities
Local and national targets	Some mandatory targets; choice of others	National indicator set including 15 early years and children's targets; up to 35 other targets to be negotiated according to needs of area. Named partners should also negotiate and support local targets
Finance	Previously ring-fenced funding merged into funding tied to blocks, later into LAA grant; also pump-priming grant	No specific LAA grant; all partners should gear mainstream funding towards LAA priorities
Reward funding	Financial reward tied to achievement of specific "stretch" targets	Formula to pay reward funding according to performance across the range of targets
Partnership arrangements	Voluntary cooperation in a LSP; some statutory requirements on specific services to engage with thematic partnerships	Statutory "duty to cooperate" on named partners to negotiate LAA, sign up to agreed targets and respond to council scrutiny
Performance management	Local performance management reported to Government Office	Local performance management; new council scrutiny powers; external assessment by CAA

## Issues for ALMOs

Neither ALMOs nor housing associations are among the bodies to which the duty to cooperate applies. However, both are likely to be essential or important contributors to the achievement of a proportion of both designated and undesignated LAA targets in many areas.

Irrespective of any statutory or contractual commitments they may have in relation to achievement of such targets, there will be high expectations on them as key local partners to play their part in helping meet these targets. It is therefore essential that they are consulted and involved in the process of deciding them.

When LAAs were conceived as processes for deploying specific grant, housing tended to have a low profile except in the minority of areas in receipt of Neighbourhood Renewal Fund. The new ambition that LAAs should bend main programme spending to shared priorities should move the landlord function – and spending – much further up the agenda. This cuts both ways for ALMOs. As local partners they should be able to expect the council, police, PCT and others to cooperate in achieving shared ambitions for the neighbourhoods in which ALMOs have a major stake. Conversely, they can expect demands from partners to bend resources to contribute to LAA objectives.

## 8. Commissioning and delivery

Councils and their partners are expected to deliver the new agenda under the tough constraint of 3% annual efficiency savings. Councils and other best value authorities (although not all partners) remain subject to the duty to pursue best value. The government's claim is that the best route to best value and enhanced efficiency is for councils and their partners to adopt a commissioning role and take advantage of the enhanced opportunities for joint commissioning and service innovation offered by the new settlement.

By a commissioning role, the government means a role in which “the authority seeks to secure the best outcomes for their local communities by making use of all available resources – without regard for whether services are provided in-house, externally or through various forms of partnership.”<sup>17</sup> Opportunities to make better use of resources will, in theory, be enhanced by the removal of constraints on how services are provided, making more space for innovation, and by encouraging councils and partners to take advantage of joint commissioning where this offers economies of scale and other benefits.

## Issues for ALMOs

What opportunities for innovation or joint commissioning does the new agenda offer that could lead to significant service improvements or savings?

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<sup>17</sup> Statutory guidance: draft for consultation, para 6.6, page 50.

## 9. Comprehensive area assessment

From April 2009, current arrangements for Comprehensive Performance Assessment (CPA) of local authorities will be replaced by a new system of Comprehensive Area Assessment (CAA). As the name suggests, CAA will focus on the prospects for the local area and its people, assessing the contribution of partner organisations as well as that of the council or councils for the area.

CAA forms part of a wider reform of public service inspection and regulation, aimed at achieving a 30% reduction in inspection costs by March 2009 compared with 2003/04. There will be less routine cyclical inspection and a more risk-based and proportionate approach. The number of public service inspectorates will fall, subject to legislation, to 6, namely:

- Audit Commission (which will take on the role of the Benefits Fraud Inspectorate)
- Care Quality Commission (to replace the Commission for Social Care Inspection (CSCI) and Healthcare Commission)
- Her Majesty's Inspectorate of Constabulary (HMIC)
- Her Majesty's Inspectorate of Prisons
- Her Majesty's Inspectorate of Probation
- Office for Standards in Education (Ofsted).

The detailed arrangements for CAA are still under development, with proposals for consultation expected in the summer. What follows draws on the Local Government White Paper and a consultation paper issued last December<sup>18</sup>. It is unlikely that the approach and broad principles will change, although some of the details may do so.

CAA will apply to outcomes delivered by councils working alone or in partnership, such as:

- health and well-being
- community safety and cohesion
- sustainable communities
- economic development
- housing
- children's and older people's services

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<sup>18</sup> Comprehensive Area Assessment, a joint consultation by the Audit Commission, Commission for Social Care Inspection, Healthcare Commission, HM Inspectorate of Constabulary, HM Inspectorate of Prisons, HM Inspectorate of Probation and Ofsted, November 2007

<http://www.audit-commission.gov.uk/reports/NATIONAL-REPORT.asp?CategoryID=&ProdID=127A6321-4FA8-40ba-BCE2-CF1023A3DDB9&fromREPORTSANDDATA=NATIONAL-REPORT>

The main elements of CAA will be:

- for each area, an annual report on its performance against the national indicator set, including comparison with similar areas, and an annual risk assessment (by the joint inspectorates) relating to the prospects for the area and its people
- for each council, an annual direction of travel judgment and use of resources judgment .

The Area Risk Assessment (ARA) will be a joint inspectorate assessment of the prospects for the area and the quality of life for local people. It will focus on the priorities identified in the Sustainable Community Strategy and LAA, but will not be confined to these. In particular, it is likely to consider the needs of vulnerable people and to minimise harm to the public whether or not these are headlined as LAA priorities<sup>19</sup>.

The ARA is likely to address the following key questions:

- How well does the local partnership understand and assess the needs of its communities now and in the future?
- Does it use this information to inform its local priorities?
- Does the partnership organise itself and ensure that it has the capacity to deliver these priorities?
- Has it secure and effective arrangements to identify and manage the risks to achieving successful outcomes?
- Are improved outcomes likely to be achieved?

Since the ARA will not itself involve any additional inspection, it will necessarily rely on:

- data on performance against national indicators
- local performance information, including any self-assessment carried out by the council with its LSP partners
- service inspection data where available, and audit reports
- intelligence from government offices.

This approach implies high expectations of local performance management arrangements. The onus will very much be on the council and LSP to show that they have clear and soundly-based priorities and are organised to deliver them. The consultation paper makes it clear that the inspectorates will not “conduct a detailed analysis of systems and processes and it will be the responsibility of the bodies forming local strategic partnerships to demonstrate that they have the capacity to draw up realistic plans, the means to implement those plans, and that they can achieve their aims.”

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<sup>19</sup> Ibid, para 36, page 17.

The expectation is that LSPs will carry out self-assessments with much the same coverage as the ARA on a regular basis, strengthened from time to time by peer challenge or other external scrutiny. The LGA and IDeA are currently piloting a self-assessment methodology with a small group of councils. The Local Government and Public Involvement in Health Act included measures to widen the scope of the council scrutiny to include the work of partners contributing to LAAs and strengthen the powers of scrutiny committees to require information and secure compliance with their recommendations. The expectation is that the LAA and risks to its delivery will form the main focus of future scrutiny.

The Audit Commission will publish an annual report on the performance of all areas against the national indicator set. But the expectation will be that councils and their partners have, use and publish much more detailed performance information, particularly where relevant to local priorities and risk areas; auditors are likely to comment if they feel this is wanting.

CPA currently provides an overall judgment of the current performance of each council and its direction of travel, each on a four point scale. The consultation paper proposes that the ARA (which is of course a judgment about the prospects for the area, not the council) is not scored, although it invites views on the possibility of a traffic-light rating (green, amber, red) on key local priorities. It does, however, suggest that the Audit Commission continue to provide an annual Direction of Travel judgment on a four-point scale for each council. This has, however, been heavily criticised in responses to consultation as an unnecessary hangover from CPA which largely duplicates the Area Risk Assessment.

The annual Use of Resources judgment for each council, scored on a four-point scale, is also a feature of the current CPA system, and the Audit Commission proposes that the current general approach should continue, but with a broader focus using a wider definition of resources to include natural resources and people and information technology. The current Use of Resources judgment is primarily reliant on auditor assessments, but to accommodate its broader focus, the judgment will in future draw on the wider work of inspectorates. Many councils have expressed concern that this, too, is not consistent with the commitment to a less onerous system of regulation.

The consultation paper includes a commitment that, for services provided by council directly or in partnership, rolling programmes of inspection will cease, except for a limited number of services to vulnerable people. It emphasises that the latter category will not be large by pointing out that so far the only firm proposals to continue rolling inspections relate to looked-after children (children in council care or fostered).

With this exception, future inspections will primarily be triggered by the ARA or other elements of CAA. An inspection may be considered necessary:

- where performance is not satisfactory, not improving or unclear
- where a service, outcome or service user group is subject to significant risk
- where risks and/or performance cannot be addressed properly through other means, such as local improvement activity, peer challenge or review, sector-led improvement action, directive action by the Secretary of State, improvement notices or intervention.

Inspections may be carried out by single inspectorates or in partnership. For each main service sector, an inspectorate has been identified to act as gatekeeper to manage the impact of inspection on inspected bodies. This is intended to reduce or eliminate the current problem, faced by many councils, of multiple inspection teams on site in quick succession or even simultaneously, often asking the same questions of the same people.

These proposals also imply high expectations of local performance management arrangements, but where these expectations can be met, councils and their partners can expect significantly fewer future visits from the inspectors.

Figure 7 summarises the main differences between CPA and CAA.

### Issues for ALMOs

It remains unclear how exactly these principles will apply to councils with retained housing and ALMOs. Better housing falls squarely within the defined remit of CAA as an outcome delivered by councils through partnership, and the work of ALMOs and housing associations is certain to be part of the Area Risk Assessment, both because they provide a key service to vulnerable people and because most, if not all, LAAs will include local targets to which they are key contributors. For councils with retained stock and ALMOs, landlord services will be considered in arriving at the annual Direction of Travel and Use of Resources judgements. However, the detailed methodology for all these assessments remains to be developed.

Current uncertainty about the precise scope and role of the new housing regulator adds further complexity. The Housing and Regeneration Bill, in its current form, leaves regulation and inspection of social housing provided directly or through ALMOs with the Audit Commission for the time being. The Audit Commission's submission to the Cave Review of the regulation of social housing<sup>20</sup> argued for the replacement of a rolling programme of inspection with a risk-based approach with inspection triggered by causes for concern, consistent with the CAA approach. But the Commission has made no more recent statement committing to specific proposals for the future of housing inspection, nor spelling out the precise implications for ALMOs, where the position is complicated by the link between inspection and the release of funding.

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<sup>20</sup> The Future Regulation of Housing, Audit Commission, February 2007.

**Figure 7: Performance assessment – old and new**

	<b>Old</b>	<b>New</b>
	<b>Comprehensive Performance Assessment (CPA)</b>	<b>Comprehensive Area Assessment (CAA)</b>
Scope	Council	Area, including work of council and partners
Focus	Compliance with national policy and priorities	Greater focus on local priorities as expressed in LAA.
Elements	Corporate assessment; service assessments (children & young people, social care, housing, environment, culture, benefits and fire) and use of resources assessment.	Area risk assessment (“Prospects for the area and the quality of life for local people”); public reporting of National Indicators; use of resources and direction of travel assessments for councils
Methodology	Corporate assessment based on regular inspection; service assessments based on combination of inspection and PI data; use of resources assessments; aggregated by formula.	Annual Area Risk assessment jointly carried out by inspectorates, based on PIs, local self-assessment by LSP and other available data;
Judgments	Scored judgments for corporate and service performance, direction of travel and use of resources, overall 1-5 star rating	Scored direction of travel and use of resources judgments for councils; area risk assessment probably unscored
Role of inspections	Rolling programmes of inspections carried out independently by inspectorates for children’s services, social care, housing, benefits, etc.	Joint inspectorate planning and targeting of inspection based on and proportionate to identified risk. No rolling inspection programmes except for services to very vulnerable.
Timing	Final CPA reports Spring 2009	First round of CAA reports Oct/Nov 2009

## 10. The challenge of the new agenda

The new agenda offers councils most of the freedom from detailed regulation they have been demanding for years, albeit within a tight financial environment. But with this freedom come new responsibilities. The new agenda requires councils to take local strategies and partnership working to a new, higher level, and the definition of success under the new agenda is more demanding. The advantage for councils of an environment where they were judged by compliance with legislation or other government rules is that it left government responsible for policy and many of the risks to delivery; being judged by outcomes means that councils and partners must assess and anticipate these risks. Most councils can boast that they rose easily to the challenge of the second round of Comprehensive Performance Assessment, which the Audit Commission styled “the harder test”. In truth, the harder test – of achieving a sustained improvement in public satisfaction with services and their local area – is still to come.

LSPs were initially established as forums to develop strategies and, in a minority of areas, to oversee the spending of specific pots of money mostly targeted on the regeneration of small areas. The new agenda expects them to operate as vehicles for delivery, not just in relation to specific projects in small areas, but in relation to the totality of public spending across the whole area. This has required changes in LSP constitutions and ways of working that have not been easy to achieve in all areas.

The early community strategies often lacked a clear sense of the area’s distinctive strengths and needs – what set it apart from other areas – and hence their proposals tended to be wish-lists, without clear priorities to guide action. Part of the problem was a shortage of hard data about the area and its needs on which to base such more focused strategies. Councils have often struggled to develop the necessary strategic capacity, including in relation to housing.

The new freedom to set local priorities is a mixed blessing for councils and their partners. Where priorities for deployment of the great majority of local spending were dictated from Whitehall there was no real opportunity for local discussion about them and no need to resolve disagreements among local partners about where the money should go if they were free to decide. Without a clear sense of local priorities backed up by strong political leadership, there is a danger that discussion of local priorities degenerates into a free-for-all among competing special interest groups. Agreeing on just 35 local targets and the associated deployment of funds may be a challenging task, let alone the new agenda’s further ambitions of joint commissioning and dramatic efficiency gains.

There is evidence that in many areas councils and partners have work to do to make local strategies and LSPs fit for the new agenda. There are particularly difficult challenges in two-tier areas. Key findings<sup>21</sup> from 12 peer challenge visits between May 2006 and May 2007 were:

- Some LSPs have been slow to move from talking to action, and find it hard to demonstrate concrete achievements that can be attributed to partnership working
- Some LSPs were still too focused on short-term projects and tightly defined areas; there was little evidence of the bending of mainstream funding to shared priorities
- In some areas there were significant problems for partnerships in dealing with the step-changes required by the new agenda; it was easier for partnerships to proceed at a pace that could include all partners
- LSPs were at different stages in developing community strategies; the first tranche of strategies tended to be broad and want to achieve everything, only some areas had a distinctive vision for the area and a clear sense of top priorities
- LAAs had helped to strengthen LSPs but in some areas tipped the balance in favour of centrally-driven targets over local priorities identified in the community strategy; this was often exacerbated by out-of-date community strategies
- Many district LSPs were not as engaged as they needed to be in LAA development, often seeing LAA outcomes and indicators as imposed and/or with little relevance for their areas.

### Issues for ALMOs

Specific issues for ALMOs have been flagged up in preceding sections. These will be harder to address in areas where local partnerships and strategies are not yet fit for the new agenda. In some areas, these difficulties may be exacerbated by the weakness of the council strategic housing function, and in two-tier areas by poor engagement between the district and county councils.

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<sup>21</sup> LSP Peer Challenges, Lessons for LSP Development, Warwick Business School, October 2007

Where these challenges are particularly demanding it may be tempting to opt out and stick to the day job of landlording. But this is not a sustainable option. The new agenda has much to offer ALMOs looking to deliver for their tenants, by providing a better opportunities to work with partners to improve the neighbourhoods – as distinct from homes – ALMOs serve. Equally importantly, although the transition may be slow or bumpy in some areas, the new agenda is here to stay.

**Figure 8 Implementation timetable**

<b>2008</b>	
January	LSPs agree up to 35 priority issues for LAAs with GO
Feb-May	Negotiations between LSPs and GOs on draft LAAs
5 March	Duty to cooperate in effect
1 April	National indicators in effect Audit Commission takes on new functions
Spring	CLG publish statutory guidance on SCSs, LAAs and duty to involve
Early June	Draft LAAs to Ministers for approval
Late June	LAAs agreed
Summer	Joint inspectorates publish further consultation paper on CAA
Sept/Oct	Local authorities carry out first Place Survey
Nov/Dec	First annual review of LAAs
Late '08/early '09	Joint inspectorates publish CAA framework
<b>2009</b>	
Feb	Final round of CPA reports
Spring	Publication of first Place Survey results
April	Duty to involve comes into effect for best value authorities
Oct/Nov	First round of CAA reports
Nov/Dec	Second annual review of LAAs



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