Working better together?
Managing local strategic partnerships

Cross-cutting
National report
April 2009
The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.
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Summary

Local agencies work together.

- There is nothing new in local agencies working voluntarily together to deal with complex challenges.
- Government policy has moved from encouraging partnerships towards mandating them, even though voluntarism is the key to effective joint working.
- Many local strategic partnerships (LSPs) have enabled partners to deliver local outcomes, but partners must ensure they get the benefits of joint working with the minimum of costs and administration.

LSPs must bring a complex network of local agencies together to achieve common goals.

- LSPs are part of a complex local governance network that includes local councils, other statutory agencies (including health, police, fire and rescue), and the private and third sectors. LSPs in many areas bring different agencies together to tackle local problems.
- LSPs work through three main layers:
  - strategic: oversight, vision, and direction-setting;
  - executive: resource allocation and performance management; and
  - operational: service management and delivery.
- Local partners, and central government, do not always understand how these layers work.
- A whole systems approach can help LSPs develop both formal and informal aspects of collaboration.
LSPs work through leadership, culture, and relationship management.

- Effective joint working needs active leadership and purposeful relationship management.
- The leadership styles of the chair, and of the council, affect how others see an LSP. Councils must ensure that partners see local leadership: not domination or control.
- Social network analysis can strengthen working relationships.
- Delivery chain analysis can strengthen the links between LSP objectives and partners’ action.
- Partnership working is more complicated in multi-tier areas where there is often less experience of collaboration.
- LSPs need systems to support a culture in which performance is tested and challenged.
Standards and systems must support LSPs’ layered roles.

- Partners need performance measurement and reporting for shared objectives; common data quality standards and mechanisms take time to develop.
- Performance management and influence has developed unevenly across LSP activities, weakening joint working and crowding out some objectives.
- Most LSPs lack mechanisms for assigning mainstream resources towards achieving the goals of the sustainable community strategy (SCS) and the local area agreement (LAA).
- Few LSPs have assessed the costs and benefits of joint working.
- National failure to align planning and reporting cycles makes it difficult for local agencies to align performance and resource management systems.
- Governance arrangements should support LSPs’ accountabilities to member organisations and through them to local people.
- There is little evidence that councils are using overview and scrutiny arrangements to hold LSPs, and partners, to account.

CAA will assess whether local public bodies and their partnerships are contributing to outcomes.¹

- Comprehensive Area Assessment (CAA) will focus on how local service providers improve local outcomes, acting as a catalyst for better partnership working.
- CAA should help LSPs understand their own performance and learn lessons from others.

¹ The Audit Commission and the other local service inspectorates published the CAA framework document in February 2009. See http://www.audit-commission.gov.uk/CAA-framework.asp
**Local authorities and their partners should:**

- Monitor and review local achievements against a regularly updated SCS and the LAA.
- Critically assess the costs and benefits of joint working arrangements.
- Test their current arrangements using:
  - notable practice examples;
  - a whole systems model;
  - delivery chain analysis; and
  - social networking tools.
- Ensure that local arrangements support the strategic, executive, and operational layers of joint working.
- Review progress, make decisions and challenge one another based on performance and resource information.
- Engage elected members through training and development, and stronger partnership scrutiny.

**Central government should:**

- Produce guidance and advice that recognises and encourages LSPs’ voluntary status rather than making them an extra level of bureaucracy.
- Avoid one-size-fits-all recommendations for local collaborative working.
- Remove obstacles to coordinating statutory partners’ activities by aligning departments’ performance reporting frameworks.
- Review national financial management frameworks to allow greater local flexibility.
Recommendations

The Audit Commission will:

- Work with other inspectorates to use the lessons from this study in CAA.
- Work with the Improvement Network to help LSPs to improve their performance (www.audit-commission.gov.uk/lsp) and develop online improvement tools (www.improvementnetwork.gov.uk/lsp).
Introduction

1. Local authorities and their partners work in a complex economic, social, and physical environment. They can deliver better outcomes by working together than they can separately. Joint working can happen at three levels:
   - strategic: setting a vision or direction for an area, discussing concerns, agreeing common goals and priorities, and monitoring progress;
   - executive or board: using the vision to allocate resources, set targets and oversee performance; and
   - operational or thematic group: managing performance and delivering services to meet the agreed goals.

2. Councils have worked with one another and with other local organisations for over a century. Over the last three decades, government policy has moved from encouraging joint working, to effectively making it compulsory.

3. LSPs were recommended as a way of tidying-up joint working to support the local SCS (Ref. 1). The Local Government and Public Involvement in Health Act 2007 (LGPIH) reinforced the role of LSPs, but did not make them compulsory. It introduced statutory LAAs and a duty on named partners to cooperate with the LAA (but not the LSP). LAAs focus attention on local SCS priorities that:
   - are agreed with central government;
   - have outcomes that can be measured by the national indicator set; and
   - can be progressed within three years.

4. LGPIH also introduced CAA to review how local service providers worked together to improve local outcomes.

5. LSPs are developing and each has its own unique history and challenges. There is no one model that will guarantee future success.

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1. The abbreviations used in this report will be familiar to most readers. However a glossary is included at Appendix 2.
Introduction

6 The Audit Commission report *Governing Partnerships* (Ref. 2), noted three issues about local partnerships:

- they bring risks as well as opportunities, and governance can be a problem;
- they do not guarantee value for money, so local public bodies should question whether and how they engage in partnerships; and
- partners must be accountable to one another and to the public.

7 This study reviews arrangements for performance, resource management, and governance. Since LSPs do not have independent legal or accountable body status, their arrangements will be different from those of their members. However, the principles of good performance and resource management still apply.

8 This study uses a whole systems framework to assess evidence gathered from a national survey of all LSPs (LSP managers and representatives of partners) and 17 case study site visits. These provided a cross-section of local authority experience. The framework includes leadership, culture, skills and synergies (transformational elements), as well as systems, processes and standards (transactional elements).

9 This study aims to:

- identify how well LSPs and their partners manage local public service performance and finances;
- explore opportunities for, and challenges to, improvement; and
- provide practical guidance for partners in LSPs.

10 This national report and supporting guidance are available on the Audit Commission website (www.audit-commission.gov.uk/lsp) and Improvement Network website (www.improvementnetwork.gov.uk/lsp). The guidance includes:

- advice on how to analyse delivery chains;
- examples of notable practice;
- a checklist for LSP improvement; and
- briefing papers on governance for LSP board members, and on scrutiny of LSPs for councillors.
The key messages in this study are that:

- LSPs have different histories and experiences – they are each on a unique improvement journey, but there are important lessons to learn from one another.

- LSPs are voluntary, unincorporated, associations, but they must recognise their strategic, executive, and operational roles and organise themselves appropriately. LSP success depends on the cooperation of partners with different interests, resources, and responsibilities.

- LSPs do not control local public service resources; they have to influence partners’ mainstream spending and activity.

- LSPs need to develop strong partnership cultures to achieve shared goals.

- LSPs in multi-tier areas face greater challenges than those in single tiers.

- LSPs are voluntary: government departments should not place bureaucratic burdens or expectations on them.

This report has five chapters:

- Chapter 1 discusses the evolution of partnership working.

- Chapter 2 introduces a whole systems evaluation framework and discusses LSPs’ goals.

- Chapter 3 reviews the transformational elements of the framework.

- Chapter 4 reviews the transactional elements of the framework.

- Chapter 5 looks forward.
13 Collaborative working between councils, other public agencies, and the private, voluntary, and community sectors is not new (Ref. 3). It is a feature of local government in the UK and across Europe (Ref. 4). It is driven by recognition that shared problems need shared solutions.

14 Effective collaboration requires common goals, agreement on how to achieve them, and shared information about success and failure. It is usually voluntary and takes time to mature (Ref. 5). This chapter reviews key steps in local partnership development.

The local partnership environment

15 Government influence over local joint working has developed over the last three decades (Figure 1).

Figure 1
From focused response to common prescription

Some areas have three decades experience of joint working.

<table>
<thead>
<tr>
<th>Year</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979-82</td>
<td>Inner City Taskforces (43 designated areas)</td>
</tr>
<tr>
<td>1989</td>
<td>City Challenge (31 urban areas)</td>
</tr>
<tr>
<td>1992</td>
<td>New Commitment to Regeneration</td>
</tr>
<tr>
<td>1999-2000</td>
<td>Community strategy and LSPs (388 councils)</td>
</tr>
<tr>
<td>2000</td>
<td>22 Pilots led to 66 partnerships</td>
</tr>
<tr>
<td>2001</td>
<td>LAA becomes statutory (150 single and county-tier LSPs)</td>
</tr>
<tr>
<td>2003</td>
<td>20 LAA pilots</td>
</tr>
<tr>
<td>2008</td>
<td>Neighbourhood renewal fund (88 urban areas)</td>
</tr>
</tbody>
</table>

Source: Audit Commission, 2008
Government policy on joint working in the 1970s focused on specified areas and narrowly defined economic regeneration outcomes. This transformed during the 1990s into a wider focus on social and economic issues. From 2000, government attention shifted towards local objectives and joint working in all areas. Different councils have different experiences of joint working. The 43 areas designated in the 1978 Inner Urban Areas Act now have three decades’ experience of joint working encouraged, incentivised, or mandated by government.

The first LSP guidance (Ref 1. 2001) advised councils to use an LSP to:

- prepare, and fulfil, a community strategy;
- bring existing local plans, partnerships, and initiatives together;
- develop a local public service agreement (LPSA); and
- develop and deliver a local neighbourhood renewal strategy.

The government introduced voluntary LAAs in 2005 (Ref. 6). These provided the template for the statutory LAAs in 2008. LAAs focus on personal, social, and community outcomes that can be progressed over three years. The government has removed some obstacles to collaborative working, but it has also required some joint working (Table 1).

The Sustainable Communities Act 2007 replaced the term ‘community strategy’ with ‘sustainable community strategy’.
### Table 1

**Whitehall enabling local partnerships**

Removing obstacles to collaboration and encouraging or mandating joint work

<table>
<thead>
<tr>
<th>Department</th>
<th>Action</th>
</tr>
</thead>
</table>
| Communities and Local Government: | Local Government Act 2000  
  - well-being powers  
  - frameworks for partnership work  
  - SCS  
  - LAAs  
  - Local Government and Public Involvement in Health (LGPIH) Act 2007 |
| Department of Health: | Health Act 1999 (s.31)  
  - removed some obstacles to joint working and pooled budgets  
  - enabled joint commissioning and integrated provision  
  - mandated joint strategic needs assessment |
| Department for Children Schools and Families: | Children Act 2004  
  - suggested children’s trust arrangements  
  - removed some obstacles to joint working and pooled budgets  
  - enabled joint commissioning and integrated provision |
  - local crime and disorder reduction partnerships (CDRPs) |
| HM Treasury | Devolving decision making: delivering better public services: refining targets and performance management (March 2004) (Ref. 7)  
  - Review of sub-national economic development and regeneration (July 2007) (Ref. 8) |

**Source:** Audit Commission

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*The Audit Commission study Are We There Yet? questioned the effectiveness of children’s trust arrangements.*
Not all of these government initiatives fit neatly with the principles of devolved decision-making (Ref. 9). There is confusion about the extent to which LSPs are voluntary, the extent to which LSPs or their partners make decisions, and the relationship between statutory partnerships and LSPs (Ref. 10).

Government guidance in 2008 (Ref. 11) added more executive roles for LSPs, saying they should:

- identify the needs and ambitions of local communities, and resolve, or arbitrate between competing interests;
- coordinate the consultation and engagement activities of partners;
- produce an SCS with a shared local vision and priorities for action (based on data and evidence from the local area and its population);
- produce a single-tier or county-wide LAA based on the priorities identified in the local SCS(s);
- oversee local resource planning and alignment to achieve more effective commissioning and better outcomes; and
- review and manage progress against the priorities and targets agreed in the LAA, and ensure delivery arrangements are in place.

Despite these activities from creating a vision to reviewing and managing progress, LSPs remain a collection of organisations and representatives working together voluntarily. The LGPIH Act 2007 does not create legal relationships or duties between councils, LSPs, or LSP partners (Ref. 11).

In 2006 there were two LSPs constituted as companies limited by guarantee. One hundred and eighty-eight LSPs (91 per cent) were voluntary partnerships and 17 (8 per cent) were undecided.
1 Evolving collaboration

LSP membership
The decision about LSP membership is a local one. Councils should ensure involvement of the relevant sectors at the right levels. Early guidance (Ref. 1) listed potential LSP members: but missed out significant local agencies, including registered social landlords.
Later guidance stresses the principle of engaging representation from the public, private, and third sectors at the strategic level and in the relevant theme or operational groups (Ref. 11). Each LSP should also consider how it will engage with community and neighbourhood representatives.
Representatives at the executive level should have direct or delegated authority to support agreed actions.

22 LAAs, however, do create legal relationships. When the Secretary of State signs an LAA, it becomes a contract with the single tier or county council as accountable bodies (Ref. 11).

23 The “duty to cooperate partners”, including district councils, police, fire and rescue services, and primary care trusts (PCTs), have a duty to agree and have regard to the LAA targets. Some LSP partners have a closer interest in achieving the LAA targets than others (Ref. 12).

24 The connection between LAAs and LSPs is not simple. All councils have a duty to prepare an SCS. They are recommended to do it through their LSP. But only single-tier and county councils are accountable bodies for the LAA. There are also other levels of complication in the LAA/LSP system:

- Some of the thematic partnerships coordinated by LSPs have their own statutory basis. CDRPs have a duty to work with named partners to tackle crime and disorder (Ref. 13). Local authorities and partners have a duty to cooperate to improve the well-being of children and young people (Ref. 14). Some local agencies have a duty to cooperate in their partnership, but not with LSPs.
- County councils have to work with the county and district LSPs to deliver the countywide LAA. A typical county has six or seven districts, but six have ten districts or more; each with an LSP and its own SCS.
- Counties are likely to have partners (police, fire and rescue, and health) with different geographical boundaries.
- London boroughs must take account of the Mayor’s strategies in developing their SCSs (Ref. 15).

The different named, relevant and duty to cooperate partners in mid-2008 are listed in Appendix 3.
- Some councils have drawn up multi-area agreements (MAAs) that focus on economic development issues that cross council boundaries (Ref. 7). MAAs are voluntary, and councils negotiate funding flexibilities (including pooling) from central government, to deliver regeneration.

**Working together**

25 Voluntary partnerships work through four stages from networking and coordination, through to cooperation and collaboration (Figure 2).

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**Figure 2**

Stages in partnership development

Each stage builds on previous experience

- Networking: Loose network of informal relationships
- Coordination: Joint activity, Limited agreement to share information
- Cooperation: Development of formal governing board, Resource alignment and pooling
- Collaboration: Development of formal constitution

Source: *Working Across Boundaries: Collaboration in Public Services* (Ref. 5)
1 | Evolving collaboration

26 Voluntary partnerships for housing regeneration, skills development, infrastructure projects, and other activities in the case study areas all followed the four stages.

27 Funding arrangements and LAA negotiations make it almost impossible for an area not to have an LSP, despite LSPs voluntary status. Some LSPs have not had the time to develop the links and mechanisms necessary for effective joint work (Ref. 12). In these, the local authority and other statutory agencies are likely to exert too much control. Members find it difficult to challenge each other’s performance, the non-statutory partners feel excluded from discussions, and there is inadequate information to support decision-making.

28 The evidence for this study was collected in 2007/08 (see Appendix 1), when single-tier and county councils were negotiating their LAAs. The following chapters review the strengths and weaknesses of LSP working.
Can organisations work together?

Joint working across organisations and sectors is harder if partners do not have time to build relationships or decide how to work together. Members of LSPs have different interests in partnership goals and different contributions to make. Two analytical approaches can help local partners improve the ways they work:

- LSPs can use a whole systems framework to assess the balance between personal and organisational elements of partnership working.
- LSPs can review the links between strategic (direction setting), executive (resource sharing), and operational (service delivering) actions.

This chapter introduces a whole systems framework and the different layers of collaborative working. The following chapters use them to assess LSP progress.

The public sector 7S framework

LSPs can use the public sector 7S framework (Figure 3) to assess strengths and weaknesses in their methods for delivering SCS and LAA outcomes. The framework was originally a business strategy tool (Ref. 16). It has also been used to assess adult social care policy (Ref. 17).

The 7S framework stresses the interconnections between the different parts of partnership working. For example, it encourages members to review the connections between style of meetings, the mechanisms that provide performance information, and the standards that ensure they can trust information. For partnerships to be effective, each element of the framework must contribute to the SCS.
Can organisations work together?

Figure 3
A framework for assessing local partnership working

Hard and soft aspects of collaboration support the high-level goals of the SCS

Source: Adapted from Modernising Adult Social Care: What’s Working (Ref. 17)
The framework balances softer aspects of joint working (staff and skills, synergies, and style) with harder aspects (steering, standards, and systems). Table 2 identifies and explains these for LSPs and links them to the issues discussed in Chapters 3 and 4.

### Table 2

**The 7S elements**

Effective partnerships must understand all seven elements

<table>
<thead>
<tr>
<th>LSP context</th>
<th>Examples</th>
<th>7S element</th>
</tr>
</thead>
<tbody>
<tr>
<td>The long-term objectives of an LSP</td>
<td>SCS outcomes and goals</td>
<td>SCS</td>
</tr>
<tr>
<td>LSP leadership and culture</td>
<td>Ability and competence of political and officer leaders LSP support staff skills</td>
<td>Staff and skills</td>
</tr>
<tr>
<td>Management and role of LSP meetings</td>
<td>Chair’s leadership style Meeting arrangements</td>
<td>Style</td>
</tr>
<tr>
<td>An LSP’s approach to joint working</td>
<td>Relationships between individual partners LSP profile and promotion</td>
<td>Style</td>
</tr>
<tr>
<td>The benefits of joint working</td>
<td>Informal and formal social networks Shared services and efficiency projects</td>
<td>Synergies</td>
</tr>
<tr>
<td>Links between LSP objectives and partners’ activity</td>
<td>Influence on mainstream spend Pooled or aligned funding Performance and finance sub-groups</td>
<td>Steering</td>
</tr>
<tr>
<td>Systems for understanding and influencing performance, resources, and risks</td>
<td>Levels of accountability Shared systems Performance, risk and financial reporting</td>
<td>Systems</td>
</tr>
<tr>
<td>Rules for managing the partnership and its impact</td>
<td>Performance and resource management mechanisms Data quality standards</td>
<td>Standards</td>
</tr>
</tbody>
</table>

Source: Audit Commission, 2008
2 Can organisations work together?

34 The Audit Commission reports *Governing Partnerships* (Ref. 2) and *World Class Financial Management* (Ref. 18) reviewed how these soft and hard factors influence effective organisational and partnership governance.

‘The quality of financial governance and leadership within an organisation, the tone from the top, is critical to achieving world class financial management. Clearly, good basic systems, processes and controls are also important, but it is the overall financial culture of the organisation that really makes the difference.’

*World Class Financial Management*, Page 11

‘Hard characteristics include reliable financial data, performance data and risk assessments, which are generated by robust systems and processes which produce timely and appropriate information for decision makers. The soft factors encompass leadership, which sets the overall objectives, the roles, and responsibilities required to achieve them and cultural attributes like openness, honesty and integrity.’

*Governing Partnerships*, Paragraph 51

35 Academic studies of partnerships stress the importance of the balance between hard and soft, and the potential for an imbalance to undermine joint working (Ref. 21). LSPs can use the 7S framework to compare their own approaches with others, and assess the costs and benefits of their governance and management arrangements.

### Long-term objectives (SCS objectives)

36 SCSs should provide a summary of long-term objectives that reflect local social, environmental and economic ambitions (Ref. 19). Each SCS should have four key ingredients:

- an outcome-led, long-term vision;
- an action plan focused on immediate priorities and actions for achieving long-term outcomes;
- a shared commitment to, and proposals for fulfilling, the action plan; and
- arrangements for checking performance, reviewing the SCS, and reporting progress to local people.
Each SCS should reflect local issues, but there are common themes. More than half of the 17 case studies referred to improving health (nine sites), developing the local economy (nine sites), and community safety (eight sites). The physical environment, and learning and skills (seven sites each) were also common. Some LSPs developed cross-cutting goals such as narrowing the gap between the poorest and wealthiest neighbourhoods (Ref. 20, Case study 1).

Case study 1
Narrowing the gap across a county

Warwickshire’s local public service board (LPSB) aims to narrow the gap between the most disadvantaged people and communities and the rest of the county. It used data from the Warwickshire Observatory to identify gaps at a district and ward level.

Getting partners to agree to a geographical shift in resource allocation was the biggest challenge, but it has paid off.

‘You can see the commitment to narrowing the gap in the decisions that have now been made. The LPSB decision to put money into the shared vision…and to focus a disproportionate amount of resource on the north of the county will force greater scrutiny of…the outcomes that have been achieved.’

District council corporate director

£500,000 was redirected in 2008/09. The LSP in the district with the highest levels of deprivation takes the lead role across the county. It uses the county LPSB to influence the allocation of resources and the Warwickshire Observatory to provide data on progress towards delivering outcomes.

Source: Audit Commission, 2008

The Warwickshire Observatory is one of the data, research and intelligence observatories that have developed at regional and local level during the last decade to collate and interpret sub-national statistics: http://www.warwickshireobservatory.org/
Can organisations work together?

Multi-tier areas face added challenges in developing agreed long-term objectives. There are scale (population and geographical) factors, as well as different accountabilities and responsibilities. County and district LSPs must establish relationships and then coordinate activities (Case studies 2 and 3).

Case study 2
Agreeing SCS priorities in multi-tier areas

A long-term shared vision with local implementation plans.

The six local authorities and LSPs in East Sussex worked together during 2007 to produce an integrated SCS, Pride of Place, for 2008 to 2026. The partners agreed a shared vision and worked on plans to achieve it together. The integrated strategy sets the direction for future joint work.

In children’s services:

‘One of the biggest determinants of life chances for children and young people is the ability of family and carers to support them emotionally and practically. The LSP intends to address these challenges by shifting more resources to early identification and prevention.’

_Pride of Place, 2007_ (Ref. 21)

Source: Audit Commission, 2008

Case study 3
Continuing high-level coordination

Derbyshire’s LSP Coordinators’ Group brings county and district LSP representatives together every three months. They discuss issues and share experience. The group helps LSPs to avoid duplication and make the best use of resources.

Dorset’s Strategic Partnership Bridging Group involves the county and district LSP chairs, local authority representatives, the Dorset Town and Parish Council Association, and the third sector. It meets quarterly to manage the link between local and district level community planning and the county-wide strategy. It ensures that community engagement and planning within districts and parishes influences county-wide priorities and action.

Source: Audit Commission, 2008

Government guidance on SCSs (Ref. 1) and LAAs (Ref. 22) stresses an evidence-based approach for objectives and targets. Partners should use knowledge about current issues and performance, and research about future challenges, to help meet LAA targets, keep the SCS up-to-date, and understand and manage risks.1

38

39

See Chapter 4.
Recent national policy developments require LSPs to develop their evidence base in two further ways:

- PCTs and local authorities have to produce a joint strategic needs assessment (JSNA) of the health and well-being of their local community. The JSNA must be refreshed at least every three years and feed into the LAA. The JSNA should support longer-term strategic planning, commissioning, and the SCS (Ref. 23).

- The proposed local authority economic assessment duty will commence during 2010/11 (Ref. 24). County and single-tier councils will have to assess the economic conditions of their local areas when developing strategies and targets.

A strong evidence base should support the links between the SCS and the LAA (Figure 4). Over two-thirds (70 per cent) of the LAA targets agreed in 2008 were consistent with local SCS priorities. The remaining 30 per cent were evidence of the tensions between locally and nationally driven priorities, and the failure of national government to recognise local political and environmental issues (Ref. 25). In some of the case study areas there was a concern that government had pushed targets that were not local concerns.
Can organisations work together?

Figure 4
Overlaps and tensions between the SCS and the LAA
LAA targets were not always consistent with SCS objectives

Source: Audit Commission, 2008

Housing and climate change are issues on which local authorities and partners felt a pull towards national policies rather than local issues. Housing was a local priority in five of the 17 case study areas; but the two housing indicators appeared in 11 of those areas’ LAAs. Climate change was originally in two of the case study SCSs, but 11 of their LAAs have a climate change indicator.
Housing and climate change also show different aspects of the relationship between the SCS and the LAA, and between local and national government. Interviewees in case study authorities spoke of pressure to include housing targets, but accepted that new climate change targets illustrated how LAA negotiations stimulated a review of SCS priorities. Other research on LAA negotiations confirms the ‘tensions between striking the balance between locally and nationally driven priorities’ in some areas (Ref. 25).

Layers of governance and management

Each of the three layers of joint working (strategic, executive, and thematic/operational) has different roles and responsibilities (Figure 5). Performance data from the case study areas suggests that LSPs that recognise the three layers are more likely to deliver short-term outcomes.¹

¹ Chapter 4 discusses the problems that arise when the different sets of roles and responsibilities are not clearly understood.
## Can organisations work together?

### Figure 5

*Each governance layer has different roles and responsibilities*

An effective LSP recognises the different activities and people involved.

<table>
<thead>
<tr>
<th>Focus</th>
<th>Activity</th>
<th>Governance layer</th>
<th>LSP guidance</th>
</tr>
</thead>
</table>
| Transformational | Vision and direction  
                 Representation and involvement  
                 Leadership and influence  
                 Partnership culture  
                 Performance culture  
                 Strategic commissioning  
                 Resource influence and alignment  
                 Performance influence and alignment  
                 Challenge  
                 Commissioning and procurement  
                 Pooling  
                 Resource management  
                 Performance and finance reporting | Strategic  
                 Executive  
                 Theme / Operational Partnerships | Forum  
                 Board  
                 Sub-group |

*Source: Audit Commission, 2008*
Summary

LSP goals should reflect local priorities and be evidence based. An up-to-date SCS that has a long-term vision or story of place should express those priorities (Ref. 1). The SCS is then the basis for agreeing LAA targets with central government (Ref. 12). LSP members should know what they are contributing to local priorities and how they can work with each other to make their contributions more effective. Partners need to be aware of the different layers of their engagement with an LSP and its objectives, so they can contribute appropriately.
3 LSP progress – transformational factors

46 This chapter explores the three transformational elements of the 7S framework:

- LSP leadership and culture (staff);
- management and role of meetings, and an LSP’s approach to joint working (style); and
- the benefits of joint working (synergies).

Leadership and culture

47 Competent leadership is critical to the success of joint working arrangements (Ref. 26). Councils should provide that leadership (Ref. 1).

48 Council leaders chair most LSPs. This has become more common since the introduction of statutory LAAs. The executive (cabinet) of the relevant local authority formally agrees the chair’s appointment (Ref. 12).

49 The choice of chair can send positive or negative messages to local stakeholders (Table 3). LSPs should consider how to mitigate negative messages by promoting the positive reasons for their choice and by building balancing arrangements (strong overview and scrutiny by the local council for example) into accountability arrangements.
**Table 3**  
**Choosing a chair**

Does the choice of chair send the right or wrong message about LSP style?

<table>
<thead>
<tr>
<th>LSP chair</th>
<th>Positive interpretation</th>
<th>Negative interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council leader or elected mayor</td>
<td>Democratic accountability</td>
<td>Council domination</td>
</tr>
<tr>
<td>Other cabinet member</td>
<td>Democratic accountability</td>
<td>Council domination, but not important enough for the leader or mayor</td>
</tr>
<tr>
<td>Council officer</td>
<td>Strong commitment to getting things done</td>
<td>Council domination but not important enough for an elected representative</td>
</tr>
<tr>
<td>Other public sector manager</td>
<td>Not council dominated; general commitment of local public services</td>
<td>Public sector domination</td>
</tr>
<tr>
<td>Private sector</td>
<td>Independent of party politics; businesslike</td>
<td>Lack of public accountability</td>
</tr>
<tr>
<td>Faith representative</td>
<td>Independent of party politics consensus building</td>
<td>Lack of public accountability</td>
</tr>
<tr>
<td>Third sector representative</td>
<td>Independent of party politics; concern for local people</td>
<td>Lack of public accountability</td>
</tr>
<tr>
<td>Other</td>
<td>Independent and above partisan politics</td>
<td>Lack of public accountability</td>
</tr>
</tbody>
</table>

*Source: Audit Commission, 2008*
Another potential balancing mechanism is in the choice of members and chairs of executive and theme groups. Councils in some LSPs share leadership by appointing cabinet members to theme groups, but not necessarily to chair them. In most multi-tier areas the political leaders of district councils are members of the county-wide LSP board.

An important message to local stakeholders is that LSPs are democratically accountable to local people through councillors’ roles in:

- the LSP and in partner organisations (police authorities, regional development agencies, and passenger transport authorities for example);
- representing communities and neighbourhoods; and
- overview and scrutiny of LSPs and partners (Ref. 12).

Local authority chief executives play a crucial role in the strategic and executive levels of management and governance. They must develop partnership culture and negotiate commitment from others.

LSPs cannot make an impact across their objectives without partners’ senior-level commitment to joint decision-making and action. In half the case study areas this commitment was weak. In one area, the police were only interested in the CDRP, and in others the PCTs’ involvement was patchy. In contrast, the Derby City Partnership Board expects personal commitment and does not allow substitutes at meetings (Ref. 27). PCTs in two case study areas (Hammersmith and Fulham, and Bolton) emphasised their expectation that newly recruited chief executives would support their LSPs.

Partnerships take time to mature. Derbyshire County Council’s commitment to an inclusive partnership was recognised in an inspection report as early as 2000.

‘The Authority’s Chief Executive, together with the County’s political leadership, is giving a high priority to developing an inclusive Derbyshire Partnership Forum. The development of an active, inclusive partnership underlines the importance given to effective partnership working by the Council as a means of working across boundaries to produce more effective service delivery.’

Ref. 28, Page 58
Successful longer-term partnerships have used an overarching vision (now expressed as the SCS) to underpin partners’ commitment to joint working that delivers benefits to local people and leads to action. Bolton Vision (Case study 4) is one example.

### Challenge

55 Willingness to challenge is a sign of personal and organisational trust and of partnership maturity (Ref. 4). It is important for effective joint working (Ref. 26).

56 The extent of challenge in LSPs is unclear. Over half of coordinators (58 per cent) think members challenge each other’s performance, but only 44 per cent of the members agree. There are also differences between types of authority. Coordinators in counties, metropolitan districts, and London boroughs (80 per cent) are more likely to say there is performance challenge than those in district councils or unitaries (50 per cent).

57 Performance challenge is more likely in LSPs where the county or single-tier council had a strong CPA corporate capacity score. Their partners say they are more likely to get information, to understand it, and feel confident in using it to challenge performance.

**Case study 4**

**Vision and impact**

Bolton was one of the first areas to set up a broad, multi-agency, cross-sector partnership. The Vision Partnership started in 1995. The council knew that it was unable to solve cross-cutting problems alone. It recognised the potential for a partnership, based around a shared vision, to access funding streams and negotiate with regional, national, and European agencies.

The council, with partners, uses its Access Points programme to coordinate shared physical assets. The programme incorporates the local NHS Local Improvement Finance Trust, extended services partnerships, neighbourhood policing arrangements, social care and neighbourhood centres, and third sector involvement.

Bolton has 21 area-based extended services partnerships using schools, health centres and other buildings as access points. The Breightmet Health Centre, for example, includes a new library, funded with a Big Lottery Fund grant, alongside adult care services, mental-health services, a pharmacy and a full range of GP services.

**Source:** Audit Commission, 2008
Most coordinators (72 per cent) and most partner representatives (62 per cent) agree there must be honest and challenging discussions about money. Yet financial challenge only occurs in a quarter of LSPs. There are three main barriers: partners do not understand each other's financial planning processes, they do not understand the available data, or they do not have good relationships (Figure 6).

**Figure 6**

**Barriers to financial challenge**

Immature relationships and a lack of financial understanding are barriers to effective challenge.

Source: Audit Commission LSP survey, 2008
Joint working requires trust and shared commitment at every level of an LSP and in the relationship with government offices.

‘There is a language of partnership; there are expected behaviours and lists of things to do. But in my experience a lot of it is often down to key people.’

Council chief executive

‘We have good relationships with the government office which is very important. They need to be a key player and supporter of the LSP and the LAA.’

Council director

‘The relationships are excellent in terms of scrutiny and challenge and they genuinely support each other where there are areas of common ground.’

Government office locality manager

Trust and challenge require stability; organisational restructures are a particular problem.

‘If the Department of Health starts playing around with boundaries again and moving everything around, you can destroy all those partnerships overnight by suddenly merging a load of PCTs and having to re-establish.’

Council finance director

‘Still a concern generated by the existence of the unitary debate. The districts and borough councils have a strong concern that their identity and position is going to be jeopardised in some of these joint working relationships.’

District council corporate director

Overcoming obstacles to collaboration

All partnerships face obstacles to joint working: that is why effective partnerships take time to develop. Some of those obstacles are area specific (Table 4). LSPs in multi-tier areas and those areas with less experience of collaboration must work to identify and overcome these obstacles.
## Table 4

<table>
<thead>
<tr>
<th>External factor</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geography</td>
<td>‘We are a fairly small and compact local authority; it’s easy to make partnerships work.’ Council manager</td>
</tr>
<tr>
<td></td>
<td>‘It’s very confusing for people where they fit in and how they need to be represented at local and county level.’ District LSP manager</td>
</tr>
<tr>
<td>Number of partners</td>
<td>‘For any partnership, you have to look at relationships. Ours is small enough for it to be personal. We get business done. The whole partnership is very good.’ Police chief superintendent</td>
</tr>
<tr>
<td></td>
<td>‘We have the leaders of each of the six district councils [on the board], and inevitably one gets a bit of the multi-tier tensions carrying over to the board.’ Council chief executive</td>
</tr>
<tr>
<td>Coterminal boundaries</td>
<td>‘The level of partnership working is noticeable when you walk into the place and part of that is co-terminosity.’ PCT chief executive</td>
</tr>
<tr>
<td></td>
<td>‘We have been looking at how we interlink with the three LSPs that we serve and… that’s becoming increasingly impossible.’ PCT chair</td>
</tr>
</tbody>
</table>

Source: Audit Commission, 2008
Meetings and joint working (style)

The style of an LSP is demonstrated through:

- the chair’s approach to leadership;
- the physical organisation of strategic and board meetings and the issues discussed;
- the approach to multi-tier working;
- relationships between the partners; and
- profile and promotion of the LSP and its activities.

Figure 7

Partners can work together to create a positive style

Positive LSP style

- The chair explains a clear vision and encourages:
  - networking between partners;
  - a culture of performance challenge;
  - trust and partnership behaviours by members; and
  - a sense of equality among partnership board members.
- The local authority supports discussion and debate but does not dominate.
- Board members are role models for behaviours across the LSP.
- Board meetings have strategic and ambitious discussions.
- There are clear communication channels between LSP members and with the public.
- Partners promote joint working and local profile.

Source: Pascale and Athos (Ref. 16) adapted by Audit Commission, 2008
LSP progress – transformational factors

LSPs should consider the right meeting style for each of the three layers. Strategic forums in the case study authorities had between 30 and 100 members. This makes them too large for detailed executive decision-making (Ref. 29) but not for developing the strategic vision, encouraging joint working, and reviewing progress.

The practical arrangements for different meetings can communicate unintentional messages about style and partners’ inability to take a layered approach. In some case study LSPs:

- the local authority representatives sat at a separate ‘top table’;
- community representatives were not allowed to sit at the main table alongside other LSP members;
- local authority representatives dominated the discussion; or
- the meeting was organised and run like a traditional council committee despite having a private sector chair.

There are also LSPs where:

- private and voluntary sector organisations propose vice chairs;
- the agenda ensures balance between different strategic activities;
- forum meetings are organised as consultative conferences;
- a strategic board links the inclusive community forum and the performance-focused executive; and
- there is frequent electronic consultation with forum members as well as an annual forum event.

In most case study LSPs, a strategic meeting of partners balanced discussions about local ambition with assessments of, and challenges to, overall performance. But there were exceptions: in one site, performance reports appropriate for the executive layer crowded-out wider discussion (Case study 5).
Case Study 5

Excessive performance monitoring squeezes out strategic discussion

One LSP’s strategic meeting started with detailed performance monitoring reports from each of the theme groups. Oral presentation of these reports took over three hours of a four-hour meeting. LSP members did not engage with these reports: there was no discussion or time for challenge. Members did not offer help or advice. There was no assessment of progress or discussion of current issues. Over half of the members made no contribution other than attending.

Audit Commission, 2008

68 Most LSP coordinators recognise the role of strategic discussions in creating an environment for effective joint working. Over half (56 per cent) agree their boards are becoming strategic, but just over a tenth (13 per cent) think the strategic level is becoming more executive.

69 Strategic discussions are not only a matter of taking reports on performance. They also provide an opportunity for wider debates about achieving outcomes through inward investment and economic growth (Case study 6).

Case Study 6

Derby’s Partnership Board

The Derby City Partnership Board (a link between the strategic forum and the executive group) commissioned a hotel and tourism study following discussions of the Derby Cityscape Masterplan. Its discussion about investment and transport led to the members asking train operators and Network Rail to improve times and frequencies of services to Derby to meet projected demand. Members also agreed to work with private sector developers to improve the visual impact of sites awaiting development.

The board, which includes community and private sector members, also discussed the European Regional Development Fund operational programme and the City Growth theme group’s investment priorities for Derby.

Source: Audit Commission, 2008
Over-emphasis on the detail of public sector performance and LAA activity in strategic board meetings can deter private and voluntary sector partners; goodwill can quickly evaporate.

‘The CEO of the local bus company was an enthusiastic contributor to early partnership meetings. He made things happen: bus routes were reorganised to encourage different communities to mix with each other. But he stopped coming to meetings, he said he had better things to do than listen to other people’s performance reports.’

Government office official

Multi-tier LSPs face added challenges. They have to develop a style that:

- recognises the distinctive roles of district LSPs;
- overcomes a view of local authority domination when each district council has a place on the county LSP and;
- deals with partners’ confusion about the relationship between county and district LSPs.

Many LSP coordinators (56 per cent) and partners (57 per cent) consider that county and district LSPs do not collaborate effectively. Nearly half of district council representatives (42 per cent) and over half of partners (55 per cent) agree that county councils dominate LSPs and ignore districts’ views.
**Figure 8**
**Promoting joint working and local profile**

Derby LSP promotes the image of the city externally and works within the city to engage local people.

‘We are trying to get information out and that’s why Derby City Partnership Week is helpful. We are trying to get into schools and talk about what we are – and what the city’s about really – and how they can contribute to it.’

Political leader

Bolton Vision has invested in a brand ‘The Bolton Family’ to develop a shared culture and understanding. Partners use the brand on their products.

‘When we put out consultation documents, we put the Bolton brand on. When we put out our public health report, the Bolton brand goes on it.’

PCT chief executive

The brand recognised commitment to Bolton.

‘There was research done about Bolton, where we are going, and this is how we have ended up with the branding. We have got people signed up to it, being part of the whole Bolton family.’

Council partnerships lead

Source: Audit Commission, 2008
3 LSP progress – transformational factors

73 Some LSPs have developed a distinct brand, or identity, to reinforce and make a public statement about local joint working (Figure 8). A sense of place and the degree of identity displayed by partners can be a factor in partnership success.

‘The high level ambitions of the Bolton Vision partnership are very clearly defined and understood and act as the key drivers for the ambitions and plans of key partners. The strategy conveys a strong sense of place, local strengths, and inclusiveness.’

Audit Commission (Ref. 30)

74 Nine case study LSPs had websites. But none of them (by December 2008) had evaluated whether the resources spent on communications and branding supported a sense of place or created further confusion about local public services (Ref. 31).

75 LSPs should review the extent to which the style of meetings and other arrangements support or hinder joint working. They should also be clear about the extent to which money spent on partnership branding and websites adds value.

The benefits of joint working (synergy)

76 Partnerships create synergies: the LSP’s contribution to local outcomes should be greater than members’ separate activity. Many synergies are soft because they rely on the intangible elements of partnership working (Ref. 32). They develop from the trust that comes from commitment to common goals and mutual respect (Figure 9).
Building on trust

‘The success of our partnership is because we have very much concentrated on the things that we can do together and where we can add value together. If you concentrate on the things that you agree on, those things that you don’t agree on become solvable because you create a feeling of trust.’

Council chief executive

‘It’s not always about funding and resources; it’s about working better together. As we’ve got areas of common interest if we can just coordinate our services better and share information better, then we can improve things for people locally.’

Borough fire commander

Source: Audit Commission, 2008

Synergy cannot be taken for granted. LSPs can use social network analysis (SNA), delivery chain analysis (DCA), and other techniques, to test whether the partnership is realising its potential.

‘We look how different partners and theme groups can contribute to each other’s results. That is going to be much more robust as we move into this new statutory LAA.’

LSP director

Social network analysis

SNA helps LSPs to understand and strengthen the links between partners. It provides partners with a map that can help them identify weak links, support key gatekeepers, and identify gaps. SNA enables partners to see how well their organisations work with one another at different levels and across different themes.

Two case study LSPs ran SNA exercises in 2008:

- a newly developed health and well-being partnership in Derbyshire (Case study 7), and
- a more mature community safety partnership in Bolton (Case study 8).
Case study 7

**Derbyshire health and well-being partnership**

The Derbyshire SNA focused on an operational partnership to help people with disabilities get employment.

Across the county (and the unitary Derby City Council) there are 111 potential partners. The analysis revealed weaknesses in the connections between Jobcentre Plus and the city PCT, and between the county council and the county PCT. SNA also identified the potential isolation from decision-making mechanisms of the Learning and Skills Council, and local further and higher education institutions.

The LSP used the analysis to strengthen the partnership and improve services across the county. It now uses SNA to test partnership working arrangements at all levels.

Source: Audit Commission, 2008

Case study 8

**Bolton community safety partnership**

The Bolton SNA focused on links between the community safety partnership and the anti-social behaviour network.

The SNA identified 210 people involved in a mature, well-led partnership. There was significant networking between the partners.

However, there were some key gatekeepers who controlled access to member organisations and who kept the partnership relevant and responsive to local needs. If they were to leave there would be real damage to the partnership.

The network used the analysis to develop support for these gatekeepers and future-proof itself against changes.

Source: Audit Commission, 2008

**Delivery chain analysis**

80 DCA reviews and improves the processes that link strategic objectives to operational action (Case study 9).

‘A delivery chain refers to the complex networks of organisations, including central and local government, agencies, and bodies from the private and third sectors, that need to work together to achieve or deliver an improved public sector outcome.’

National Audit Office and Audit Commission (Ref. 33)
Six of the case study areas organised DCA workshops. Each workshop examined the delivery chains for a single LAA outcome. Each involved 12-15 partners from operational and strategic backgrounds. The workshops use 12 delivery chain questions (Table 5).

### Table 5

**Delivery chain questions**

<table>
<thead>
<tr>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is the outcome clearly defined?</td>
</tr>
<tr>
<td>Is the evidence base robust?</td>
</tr>
<tr>
<td>Is there enough capacity, including available resources, to deliver?</td>
</tr>
<tr>
<td>Is there a shared (cross agency) operational plan describing how services/interventions will be provided?</td>
</tr>
<tr>
<td>Are the objectives supported by a funding strategy?</td>
</tr>
<tr>
<td>Do the different agencies communicate regularly, using reliable information, and at the right levels?</td>
</tr>
<tr>
<td>Are levers and incentives fit for purpose?</td>
</tr>
<tr>
<td>Are the risks to the delivery chain well managed?</td>
</tr>
<tr>
<td>Do performance management systems enable tracking of delivery?</td>
</tr>
<tr>
<td>Is there strong leadership, accountable through clear governance structures, at all levels of the delivery chain?</td>
</tr>
<tr>
<td>Are mechanisms in place for regular feedback and review supporting continuous learning?</td>
</tr>
<tr>
<td>Have systems to achieve efficiency been built into the delivery chain?</td>
</tr>
</tbody>
</table>

*Source: National Audit Office and Audit Commission, 2006 (Ref. 33)*
Participants, who had not previously met in a deliberative forum, completed self-assessments and then shared their conclusions. They then agreed on how to remove obstacles to effective joint working and developed an action plan to tackle priorities.

The delivery chain workshops brought partners together, some for the first time, to identify improvement priorities. Participants recognised that these workshops provided the right environment for developing new ideas and challenging received wisdom. Advice on running delivery chain workshops is available at www.improvementnetwork.gov.uk/lsp

Case study 9
DCA helps LAA planning

In Dorset, the LSP’s cross-sector Affordable Housing Task Group used a DCA workshop to develop and agree an action plan to improve the effective use of local land for affordable housing.

The agreed action plan, which partners started to deliver shortly after the workshop, included:

- a resource and capacity audit;
- a campaign to encourage public and private landowners to support the affordable housing target;
- a land disposal protocol for LSP members;
- a feasibility study for a shared land database;
- an approved list of levers and incentives;
- consultation with the larger private and public sector landowners not involved in the LSP; and
- appraisals of housing and property staff to assess their contributions to LAA outcomes.

The Dorset LSP now uses DCA workshops to improve outcomes for its other LAA targets.

The LSP in Gateshead used DCA to develop a childhood obesity action plan that included:

- stronger community involvement;
- healthy living courses for young people and their parents;
- staff training for family liaison partners;
- improved information sharing between partners;
- mapping and evaluating existing actions; and
- building an evidence base to focus investment on childhood obesity work.

Gateshead LSP will use delivery chain workshops to review all its LAA objectives.

Source: Audit Commission, 2008
Efficiency and service improvement

84 Some LSPs are developing mutual or shared service approaches to support members’ ambitions to achieve efficiencies (Ref. 34). Leicestershire LSP members have agreed that cash releasing efficiency gains will be an LAA target. The Derbyshire Partnership is achieving synergies through its access to services programme (Case study 10).

Case study 10
Derbyshire Partnership access to services programme

The Derbyshire Partnership programme includes:

- a shared call centre for council and other public services;
- linked web-sites to increase the range and depth of services available online;
- face-to-face service access points in district council offices, libraries, and other convenient locations;
- joint service centres that combine service access points with frontline services;
- Smart phones, tablet computers, or PDAs for mobile workers from partner organisations;
- joint publicity campaigns about available services and access routes; and
- a shared customer services training programme to ensure a high, common standard of response.

Source: Audit Commission, 2008
LSP progress – transformational factors

85 LSPs can:

- act as the catalyst to encourage partners to co-locate frontline and back office activities (Case study 10);
- encourage partners to develop information systems to support decision-making across a service network (Ref. 35) (Case study 11); and
- help partners manage resources to secure performance improvement (Case study 12).

Case study 11

Synergies through shared performance mechanisms

Gateshead’s LSP supported the council’s procurement of a new performance management system and its roll-out across statutory partners. Information from the new system helps the partnership to focus on learning and improvement planning. It also contributes to the programme of joint best value reviews of cross-cutting issues including health and equalities, and neighbourhood services.

Source: Audit Commission, 2008

Case study 12

Derbyshire Partnership combined resources to reduce anti-social behaviour

The Big Derbyshire Clean Up emerged from consultation with Citizens’ Panel representatives about anti-social behaviour. It is now part of Derbyshire’s Safer Neighbourhoods project to improve the environment, reduce the fear of crime, and boost community spirit.

The £747,000 budget includes £247,000 from LPSA2 pump-priming, £100,000 each from Derbyshire County Council and Derbyshire Constabulary, and £300,000 from the Derby and Derbyshire Economic Partnership.

The County Council’s community safety unit works with dedicated teams of police, district council, community safety partnership staff and community groups to support resident involvement.

The Big Derbyshire Clean Up contributed to a 35 per cent reduction in the perceived levels of anti-social behaviour in Derbyshire between 2006 and 2008.

Source: Audit Commission, 2008
Summary

The three transformational elements of the 7S framework are staff and skills, style, and synergy. They provide different perspectives on the ways in which LSP partners can collaborate to improve local services and deliver outcomes. They also help to identify the importance of challenge and trust in overcoming obstacles to joint working.

The next chapter reviews the transactional elements of the framework.
This chapter applies the three transactional elements of the 7S framework to LSPs:

- managing the partnership (steering);
- accountability and information (systems); and
- common frameworks (standards).

LSPs work at the boundaries of their members’ management and governance arrangements. They are unincorporated associations without employees or resources of their own. They need to influence partners’ behaviour if they are to deliver the outcomes agreed in the SCS and the targets in the LAA.

Steering mechanisms influence partners’ allocation of resources for achieving objectives. These mechanisms have developed unevenly across LSPs. The LAA focus on performance has encouraged executive-level performance sub-groups to coordinate partners’ activity. Finance sub-groups, to monitor financial information and influence resource allocation, however, are less common (Figure 10).
LSPs are more likely to steer performance than resources

But many LSPs are doing neither

Source: Audit Commission, 2008, survey
LSPs without performance or finance sub-groups should review whether they have effective arrangements to steer performance and allocate resources across the partnership. Finance groups can develop rules to cover the use of area based grant (ABG) and performance reward grant (PRG) (Case study 13).

**Case study 13**

**LSP finance sub-groups should add value**

Leicestershire’s LSP finance sub-group’s strategy has five core principles:

- cooperation in aligning, pooling, and efficient use of resources;
- cooperation in ensuring that public services are delivered in the most cost-effective way (Leicestershire’s LAA includes an efficiency target);
- pooling or aligning area based spending (ABG and PRG);
- planning service decommissioning with reasonable lead times; and
- cooperation in medium-term financial planning.

Source: Audit Commission, 2008

Influencing mainstream resources

The biggest challenge for LSPs is how they influence and steer the use of partners’ mainstream resources. LSPs are most likely to influence ABG, and PRG. But this is a small part (less than 2 per cent in Figure 11) of mainstream public service revenue spending.¹

¹ The map does not include direct spending by government departments (Ministry of Defence, Department of the Environment, Farming, and Rural Affairs), by other national agencies (Highways Agency, Network Rail) or public sector capital spending.
Figure 11
Mapping area resources

Partnership resources in one county are a fraction of mainstream spending

‘Partnership’ resources

ABG in 2008/09:
£22m + £11m Supporting People from 2009/10

Of which:
£5.7m allocated to PSB to deliver LAA and £1.9m to narrow the gap (rest committed)

PRG:
£10m estimated

Of which:
£5m payable in 2009/10

Mainstream spend

County council:
£672m

PCT:
£653m

Districts and boroughs:
£170m

Police:
£77m

Total:
£1.57bn

+ other public resources
+ capital budgets
+ influence over private money

Source: Warwickshire County Council
LSPs need to develop mechanisms for influencing and steering mainstream resources. Fewer than half the coordinators, and just over a third of partners, agree that LSPs exert an influence on financial resources (Figure 12).

**Figure 12**

**LSPs do not significantly influence financial resources**

Partners are less convinced than LSP coordinators

Source: Audit Commission, 2008
The starting point for steering is knowledge about the resources available. Only 14 per cent of the single-tier and county LSPs have mapped resources in their areas. But resource mapping must be proportional and cost-effective (Figure 13). One case study LSP abandoned its first mapping exercise, as it was too ambitious: another decided not to repeat the exercise.

**Figure 13**

**LSPs working to understand and coordinate resources**

Oldham’s LSP used the LAA dry run to help partners map mainstream funding, European funding, LAA grant, and other money and identify opportunities for supporting LSP strategic priorities. Partners identified £45 million over three years to focus on the delivery of LAA targets.

Derby’s LSP reviewed information on partner spend and other activity that could contribute to achieving LAA targets. The review helped with LAA negotiation. It provided an outline of Derby’s local public service budget and enabled more effective financial planning.

Source: Audit Commission, 2008
Section 6 of the Sustainable Communities Act 2007 requires the Secretary of State to make arrangements for the production of local spending reports. These reports should help councils and their partners to understand local public service spending in their area (Ref. 36). Local spending reports should help LSPs to map the mainstream resources they could influence.

**Area based grant**

The White Paper, *Strong and Prosperous Communities* described ABG as an enabler: allowing councils to focus resources on local priorities (Ref. 35). It brings previously ring-fenced grants into a single pot for each council. ABG is allocated on a three-year basis (Ref. 37) and can be carried across financial years (Ref. 38). The total amount of ABG for 2008 to 2011 is £4 billion.

ABG is not new money. It is a local authority grant and the council cabinet must approve spending. Councils decide whether to allow the LSP to influence how all, or part of, ABG is spent. This may lead to some partners’ disappointment.

‘There is the area based grant. But council colleagues will tell us that most of that is actually already committed to keep existing services going. So there isn’t really...any sort of flexibility on how the LSP can particularly influence that.’

Director, third sector

Mature partnerships are more likely to agree to share ABG. The Oldham Partnership shares £15 million of ABG across five themes in line with locally agreed priorities.

**Influencing performance**

LSP partners have different views about the role of performance steering. Over half of LSPs discuss performance against locally agreed outcomes, but only a quarter manage performance (Figure 14).

A full list of the grants incorporated into ABG is at http://www.communities.gov.uk/localgovernment/localgovernmentfinance/areabasedgrant/
Most LSPs discuss performance: a minority are managing performance

A significant minority do not even discuss performance

Source: Audit Commission, 2008

100 If LSPs are to ‘review and performance manage progress against the priorities and targets agreed in the LAA and ensure delivery arrangements are in place’ (Ref. 11), they will also need to challenge performance. While 75 per cent of partners agree that an LSP should challenge their performance against locally agreed outcomes, only 41 per cent say their LSP does.
Commissioning

The opportunity for joint commissioning is one of the synergies that should arise from local joint working. While many LSPs have developed service commissioning plans, there are significant gaps (Figure 15). Metropolitan district and London borough LSPs have most experience of joint commissioning.

Figure 15

LSP commissioning experience

County and district LSPs have less experience of commissioning through an LSP

<table>
<thead>
<tr>
<th>Council types</th>
<th>Percentage of respondents with commissioning experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>London boroughs</td>
<td>100%</td>
</tr>
<tr>
<td>Metropolitan districts</td>
<td>80%</td>
</tr>
<tr>
<td>County councils</td>
<td>40%</td>
</tr>
<tr>
<td>District authorities</td>
<td>20%</td>
</tr>
</tbody>
</table>

Source: Audit Commission, 2008
Statutory partners involved in established theme groups (children and young people, community safety, health, supporting people), are likely to have experience of two-way or three-way joint commissioning arrangements.¹

‘The community safety group has a budget of about £0.5 million of LAA pooled funding and it operates a commissioning framework.’

Council manager

‘The ones that have had funding for longer through the LAA have set up commissioning approaches [and] recruited staff. That’s been the Children and Young People’s Partnership, and the Safer and Stronger Communities Group.’

LSP manager

Involvement in commissioning should reflect the layers of partnership governance. The strategic layer sets overall direction and reviews overall progress. At the executive and operational layers, there are opportunities to influence detailed commissioning decisions by others. Accountability, however, remains with the council and the partners involved:

‘All target-setting, and consequent financial, commissioning, or contractual commitments proposed by LSPs, must be formalised through the relevant local authority, or through one of the other LSP partners (for example, if policing, or health resources are involved).’

Ref. 11, Page 15

¹ The Audit Commission will publish a study on health and social care commissioning in 2009.
Decommissioning

104 Decommissioning as a partnership activity first appeared in supporting people guidance (Ref. 39). Decommissioning is the decision to stop or cut back on services. LSPs’ role in influencing decommissioning is important in ensuring that:

- partners take account of LAA targets and SCS objectives before decommissioning services (Table 6);
- one partner’s decisions do not undermine, or place extra burdens on, other partners; and
- there is enough lead-in time to enable partners and service users to prepare.

Table 6

**Six decommissioning questions**

<table>
<thead>
<tr>
<th>Do we need to do this?</th>
<th>The activity can be a frontline service or an internal administrative or support activity. The evidence of need must be clear.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does the activity support our objectives?</td>
<td>Any activity that does not support current LAA or organisational objectives should be a candidate for decommissioning.</td>
</tr>
<tr>
<td>Do we need to do the activity this way?</td>
<td>There might be a more efficient, cash-releasing, way to do it.</td>
</tr>
<tr>
<td>Do we need to do this amount of activity?</td>
<td>Review the volume of activity to identify waste or unsuitable use of public funds.</td>
</tr>
<tr>
<td>What is the likely impact on partners?</td>
<td>Will other local public bodies have to increase spending as a result? How can the LSP mitigate risks to other partners and to service users?</td>
</tr>
<tr>
<td>Is there an alternative?</td>
<td>The same, or equivalent, service could be available from other providers. If decommissioning is a response to poor performance there should be enough time to commission alternatives.</td>
</tr>
</tbody>
</table>

Source: Audit Commission, 2008
Decommissioning can also be approached from the broad perspective of improved use of ABG (Case study 14) or from a focused perspective on LAA or SCS targets (Case study 15).

**Case study 14**

**Using ABG to support SCS outcomes in Bolton**

Bolton’s LSP reviewed the ABG allocation. The review examined:

- the nature of the spending for each of the former grants;
- the use of ABG resources;
- whether the funding helps to deliver statutory requirements;
- how the funding streams contribute to SCS delivery;
- the potential for efficiency; and
- scope to use funding more flexibly in the future.

There is now a challenge and appraisal for ABG. This prioritises the projects that clearly contribute to the LAA and decommissions those that do not. Break clauses in contracts enable decommissioning if outsourced services fail to contribute to outcomes.

Source: Audit Commission, 2008

**Case study 15**

**Decommissioning in Portsmouth**

Portsmouth City Council and its partners reviewed services for excluded groups. This covered homeless people, ex-offenders, people with substance misuse problems, young people (16-25), teenage parents, survivors of domestic violence, refugees, travellers, and people with mental health problems or learning disabilities not eligible for statutory services.

The review looked at decommissioning and service remodelling. The result was that:

- thirty-three services remained unchanged;
- five services were made more responsive and effective;
- sixteen services were decommissioned because of low prioritisation, low demand, or service rationalisation; and
- four new services were commissioned to fill gaps in provision.

The review produced a saving of £0.9 million.

Source: Audit Commission, 2008
Accountability and information (systems)

LSPs need the support of different systems that maintain their accountability and ensure decisions are supported by data. The most important LSP systems cover:

- accountability;
- performance and finance information;
- reporting; and
- planning.

These systems work through the different LSP layers.

Accountability

Accountability has three elements: giving an account, being held to account, and complaints and redress (Table 7).
### Table 7

**Levels and types of accountability**

LSPs and their partners can respond to accountability challenges

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Strategic</th>
<th>Executive</th>
<th>Operational</th>
</tr>
</thead>
<tbody>
<tr>
<td>Giving an account</td>
<td>Report on activities, successes and failures to the partner organisations and to the public.</td>
<td>• Report to the executive on how partners use their resources to meet LSP goals.</td>
<td>• Ensure that complaints are dealt with and suitable redress offered.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Councils give an account to central government for LAA performance.</td>
<td>• Use data to improve services.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Councils and other partners also give accounts to the public, regulators, and government for a variety of measures.</td>
<td></td>
</tr>
<tr>
<td>Being held to account</td>
<td>Respond to overview and scrutiny.</td>
<td>• Account for day-to-day performance through the partner organisations’ management structures.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Challenge between partners.</td>
<td>• Respond to overview and scrutiny and partnership challenge.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Respond to auditors, inspectors, and other stakeholders.</td>
<td></td>
</tr>
<tr>
<td>Complaints and redress</td>
<td>Review complaints and redress information.</td>
<td>• Use complaints and redress data to manage performance and report to strategic layer.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Audit Commission, 2008
Statutory partners are accountable to different government departments. The police report their performance through assessments of policing and community safety (APACS) (Ref. 40), and health partners report through Vital Signs (Ref. 41). These accountabilities sit outside the LAA framework. Partners can see them as obstacles to closer integration of performance systems:

‘We have tried to get involved, but I think the police have three main targets, we have 139, and accountability for us to the Department of Health is more complicated.’

PCT chief executive

‘It’s harder for me to be in partnership with the PCT because they’re always driven by a slightly different agenda.’

Council chief executive

‘Some partners are happy with the LAA, but sometimes people find there is a tug between their own government department and what CLG hopes to get out of partnerships.’

LSP director

‘Certain government departments are finding it very difficult to let go of control.’

Government office locality manager

Overview and scrutiny enables councils to hold LSPs to account for local action and local public spending. The LGPIH Act 2007 and the Police and Justice Act 2006 give councils power to scrutinise the activities of LAA named partners (Ref. 11).

Overview and scrutiny of an LSP can:

- focus on one-off activities or events;
- review systems and risks;
- assess performance in different themes; and
- review performance data from LSPs and partners.

Councils need to be clear about their objectives for overview and scrutiny of their LSP. Some areas have developed scrutiny processes that reinforce the democratic oversight of the different layers of collaborative working (Case study 16). Overview and scrutiny can also overcome some of the challenges of multi-tier working (Case study 17). The City Partnership in Derby has jointly trained partner representatives and scrutiny members so they can improve LSP performance and risk management.
Case study 16

Oldham’s scrutiny of partnerships

Councillors in Oldham reviewed their overview and scrutiny arrangements in 2006. They agreed that previous arrangements were inward looking and had no links to the LSP.

In 2007 Oldham established three elected member scrutiny bodies (Scrutiny Management Board, Performance and Value for Money Select Committee, and a Project Board). The Scrutiny Management Board decides on the issues to cover and its remit includes the LAA and the Oldham Partnership (the LSP). The chair of the Oldham Partnership is a member of the Scrutiny Management Board.

The 2007/08 work programme included a scrutiny review of the impact of vacant and derelict land on neighbourhoods. It recommended a land bank of vacant and derelict land and buildings; and the transfer of council-owned sites to social or community use.

The new structure costs about £42,000 a year to run – the same as the previous arrangements. Local stakeholders think it is far more effective.

Source: Audit Commission, 2008

Case study 17

A county approach to partnership scrutiny

In Dorset the chairs and vice chairs of the scrutiny committees of the county council and the six district councils meet as an informal networking group. In 2006 the group jointly scrutinised the Dorset Strategic Partnership (DSP). The county council’s Audit and Scrutiny Committee led the scrutiny: all six district councils participated. The group met monthly to scrutinise the:

- support and development of the DSP;
- performance management arrangements of the DSP and the LAA;
- community strategy implementation;
- DSP governance and use of resources; and
- the future role of scrutiny to monitor and develop the partnership.

The review recommended:

- a DSP communications strategy to raise its profile and achievements (including regular information to all elected members in the county);
- training for DSP board members to increase their understanding of resources;
- a performance framework for the thematic partnerships; and
- a programme of reviews of each district LSP and its community planning capacity.

The LSP and partners accepted the recommendations. The LSP has a communications strategy and a performance framework.

Source: Audit Commission, 2008
4 | LSP progress – transactional factors

Performance information

112 The national indicators for local authorities and their partners (Ref. 42) and internal performance reporting systems are a rich source of information for assessing partners’ contributions and for giving a performance account to local and national stakeholders. The Audit Commission study In the Know (Ref. 43) recommends that the COUNT (count once use numerous times) principle can reduce duplication in data collection. Failure to coordinate does not just lead to duplication: over half (55 per cent) of LSP coordinators for single-tier or county councils are concerned that misalignment of performance reporting systems will reduce overall LSP effectiveness in delivering LAA targets.

113 Common performance systems need time and money to set up. Areas that received Neighbourhood Renewal Funding (NRF) have better systems than other areas, and CDRPs have better systems than other theme groups. Shared performance systems do not just contribute to giving an account upwards: they can help partners recognise and assess their own contributions to joint working. They are investments in local collaborative working. But like all investments they need proper appraisal against business plan objectives and affordability criteria.

Performance reporting

114 Systems to collect and report on partners’ performance should meet the different needs of the LSP governance layers (Table 8).
Table 8
Performance reporting layers

Are partners meeting at the right frequency – and are they discussing the right things?

<table>
<thead>
<tr>
<th>Governance layer</th>
<th>Frequency of performance data</th>
<th>Type of performance data</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic</td>
<td>Three to four times a year.</td>
<td>Key changes, reportable performance indicators (outputs and outcomes) LAA indicators and other LSP-related data.</td>
<td>Challenge performance: examine and respond to trends, steer partner activity. Give an account to partners.</td>
</tr>
<tr>
<td>Executive</td>
<td>Six to twelve times a year.</td>
<td>Management data (process and output).</td>
<td>Monitor performance; adjust activity to bring it back on track. Report exceptions to plan. Give an account to strategic level.</td>
</tr>
<tr>
<td>Operational</td>
<td>Twelve to 52 times a year.</td>
<td>Performance data (input and process).</td>
<td>Take immediate action. Report exceptions to plan. Give an account to executive level.</td>
</tr>
</tbody>
</table>

4  LSP progress – transactional factors

LSPs provide an opportunity for statutory partners to benchmark their performance against one another. Some LSPs use performance information from other areas to help them interpret local performance (Case study 18).

Case study 18
Benchmarking in Derby

Derby City Partnership’s performance management group reviewed the opportunities for performance benchmarking within the LSP.

The first stage of the review identified partners’ existing benchmarking arrangements. The group also identified activities for benchmarking across the partnership and with other organisations.

The LSP continues to use benchmarking data to assess processes within partner organisations and to compare local outcomes with those in other LSPs.

Source: Audit Commission, 2008

Common frameworks for collecting and sharing performance information (standards)

Common frameworks fit into the standards and regulation element of the 7S framework. They can cover:

- governance;
- performance information;
- data quality;
- core teams and development; and
- joining-up resources (aligning and pooling).

Governance

The layered approach to partnership governance and management recognises that partners have their own governance arrangements and stakeholders. The original LSP guidance was clear that partners remain accountable to their own stakeholders (Ref. 1).

LSP arrangements for governance and accountability also have to allow for the position of CDRPs and children’s trust arrangements and their statutory accountability and governance needs (Ref. 10).
The Audit Commission and the Improvement Network published an online self-assessment of LSP governance alongside this report. The self-assessment is at www.improvementnetwork.gov.uk/lsp

**Performance information**

Performance information frameworks provide a focus for standardisation across LSP partners. Shared data and common approaches to performance help to join-up theme group activity. The Audit Commission’s discussion paper on using information to make decisions sets out six principles that should guide LSPs (Ref. 44):

- Local services improve when decision makers use information well.
- Information must be relevant to the decision.
- Good quality data are the foundation of good quality information.
- The presentation of information is important for accurate interpretation.
- Analysts and decision-makers need particular skills to use information well.
- People need to think carefully about the information they use whenever they make decisions.

Failure to follow these principles creates barriers to successful outcomes in many LSPs (Figure 16).

The Improvement Network is a partnership website sponsored by the Audit Commission, CIPFA, IDeA, the Leadership Centre, and the NHS Institute. Its purpose is ‘capacity building for public sector managers and practitioners; and the promotion of its sponsors’ collective knowledge, expertise and examples of cross-sectoral improvement’.
Figure 16

Poor quality of information and intelligence are barriers to success

Source: Audit Commission LSP survey, 2008
Case study interviews identified three main obstacles to effective information sharing:

- incompatible systems;
- incompatible data formats (due to different government reporting requirements); and
- partners unwilling to share information.

Some LSPs have overcome these problems. The Warwickshire LSP uses the local observatory to develop the evidence base that local partners use to agree priorities, keep the SCS up-to-date, and monitor progress on SCS and LAA outcomes.

’The Warwickshire Observatory is really helpful in terms of actual evidence to back up what you’re trying achieve.’

District council director

Derbyshire uses area and neighbourhood data to provide the evidence base for LAA priorities and targets and to monitor performance (Case study 19).
Case study 19

Derbyshire LSP uses the Quilt to help it agree priorities

Derbyshire’s LSP commissioned the county council to develop area profiles based on the ten Audit Commission quality of life themes (Ref. 44):

- people and place;
- community cohesion and involvement;
- community safety;
- culture and leisure;
- economic well-being;
- education and lifelong learning;
- environment;
- health and social well-being;
- housing; and
- transport and access.

The profile for each of Derbyshire’s 42 communities has more than a hundred pieces of information. Derbyshire also produces a summary profile, the Quilt, with 33 key statistics for each community. Colour-coding of performance and outcomes gives LSP members and local managers an at-a-glance comparison of all the areas and performance issues (see illustration) supported by underlying statistics and more detailed analysis.

The Quilt enables the Derbyshire Partnership to redirect funding to areas with greater need: in 2008 Chesterfield and the High Peak received additional community safety resources.

Source: Audit Commission, 2008
Derby City Partnership developed a shared data quality policy in response to partners’ concerns about obstacles to data sharing (Case study 20). The original focus was on the LAA: the policy now covers SCS performance and other shared measurement and reporting activity.

**Case study 20**

**Derby City Partnership’s shared policy for data quality**

The LSP’s data quality framework covers the performance measurement, reporting, and risk arrangements for the SCS, LAA, theme group plans, partner strategies and plans, and service and business plans. It follows the six Audit Commission data quality dimensions (accuracy, validity, reliability, timeliness, relevance and completeness) (Ref. 43).

The policy describes the roles and responsibilities of compiling officers, accountable officers, performance leads, assistant directors or senior managers, directors, and lead members.

The policy also uses the Audit Commission standards for better quality data (governance and leadership, policies, systems and processes, people and skills, and data use and reporting) (Ref. 45). The standards support the partnership’s action plan for implementing the policy. There is a review of the policy and the action plan every six months.

The LSP has a commitment to common data quality standards. It has arranged training on data quality for LSP board and elected members. There is also a data quality self-assessment for each organisation. There are plans for peer spot checks.

The data quality policy has improved the consistency of performance risk assessments and made auditing of the second round of LPSAs easier. The partnership now uses a self-assessment of data quality compliance.

*Source: Audit Commission, 2008*
### Community Profile - Area Summary - Quilt

<table>
<thead>
<tr>
<th>Community Area</th>
<th>People and Place</th>
<th>Community Cohesion</th>
<th>Environment and Transport</th>
<th>Housing</th>
<th>Community Safety</th>
<th>Education and Life Long Learning</th>
<th>Health</th>
<th>Culture and Leisure</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rank</strong></td>
<td><strong>AV1</strong></td>
<td><strong>AV2</strong></td>
<td><strong>AV3</strong></td>
<td><strong>AV4</strong></td>
<td><strong>AV5</strong></td>
<td><strong>AV6</strong></td>
<td><strong>AV7</strong></td>
<td><strong>AV8</strong></td>
</tr>
<tr>
<td>---------------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
</tr>
<tr>
<td><strong>Score</strong></td>
<td>14</td>
<td>14</td>
<td>27</td>
<td>23</td>
<td>33</td>
<td>22</td>
<td>20</td>
<td>10</td>
</tr>
</tbody>
</table>

**How to Interpret the Quilt Summary:**

This chart compares the ranking of all 42 Community Areas (CAs) on each of 33 key indicators. The 33 indicators have been selected from amongst the main statistics presented in the main area profile to represent aspects of the quality of life in the local area that can potentially be influenced and improved by the Council's and its partners' efforts. In the chart, the indicators appear as column headings. The names (and codes) for the 42 Community Areas (CAs) in Derbyshire appear as row headings in the chart.

The chart provides a ranking for each CA on each indicator, with the best ranked CA receiving the highest score for each indicator. The scores range from 1 to 42. The worst area on a particular indicator is ranked 42. Colour is used to represent the ranking: red for 'worst', yellow for 'good', and green for 'best'. Orange, then yellow, then pale green are used for the intervening ranks. By looking along a row, for a particular CA, it is possible to get a rough impression of the area's potential problems and potential strengths. However, it should be noted that the chart alone does not indicate the value of the indicator for a particular CA. Precise definitions (highlighted in grey) of the 33 indicators appear in the User Guide.
Local rules and standards for performance measurement, reporting and management often reflect the history of local collaborative working. Areas that received NRF funds and those involved in the second round of local public service agreements, had incentives to develop a better understanding of local performance success factors (Ref. 46) and are more likely to have shared systems.

**LSP support teams**

LSPs are unincorporated associations with no employees: but they still need people to develop and manage their systems. Almost all LSPs have a support team that supports policy and strategy development, organises meetings, and provides finance, resource and performance data to partners. Support teams also do research and commission projects for the LSP.

Councils employ most of the people working in these core teams. It is only in the metropolitan districts that the majority (72 per cent) of core teams includes staff from other partners. The money available for research and commissioned projects is usually less than £50,000 a year. Budgets are larger when councils and partners have a shared commitment: one in ten jointly funded budgets is greater than £500,000.

Most local councils, and their LSP partners, are unaware of the costs of their support teams (Figure 17).
Figure 17
Most LSPs don't know their support team costs

Source: Audit Commission LSP survey, 2008
LSP progress – transactional factors

LSPs that know their support costs can make informed decisions about value for money (Table 9). They are also in a stronger position to agree about different partners’ contributions, in cash or kind, to the LSP support team’s work.

Table 9
Reviewing the LSP support

<table>
<thead>
<tr>
<th>Self-assessment questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• What are the LSP support costs for:</td>
</tr>
<tr>
<td>- policy and strategy support?</td>
</tr>
<tr>
<td>- research and intelligence?</td>
</tr>
<tr>
<td>- information gathering and presentation?</td>
</tr>
<tr>
<td>- conferences, meetings and events?</td>
</tr>
<tr>
<td>- website commissioning and maintenance?</td>
</tr>
<tr>
<td>• How do different partners contribute to the LSP support costs?</td>
</tr>
<tr>
<td>- Is the LSP making the best use of contributions in kind?</td>
</tr>
<tr>
<td>- Do contributions reflect partners’ involvement in LAA and SCS outcomes?</td>
</tr>
<tr>
<td>• Does the LSP have a budget for policy development?</td>
</tr>
<tr>
<td>- How do partners contribute to the development budget?</td>
</tr>
<tr>
<td>- How has the LSP planned and reviewed its development budget?</td>
</tr>
<tr>
<td>• Does the LSP get the right balance between research, development, and administration from its spending?</td>
</tr>
<tr>
<td>• Does the support team effectively support the LAA and SCS?</td>
</tr>
<tr>
<td>- Is information for decision-making accurate, valid, reliable, timely, relevant, and complete?</td>
</tr>
<tr>
<td>- Is the evidence base to support prioritisation kept up-to-date?</td>
</tr>
<tr>
<td>- Does LSP administration represent good value for money?</td>
</tr>
</tbody>
</table>

Source: Audit Commission, 2008
Joining up resources

131 Partners can contribute human, capital and financial resources: they need confidence that these resources are allocated properly and used effectively.

132 LSPs use five main arrangements for financial resources:
- pooling;
- aligning;
- grants or transfers;
- procurement; and
- partnership arrangements.

133 Pooling and aligning both allow partners to apply financial resources to LAA and SCS priorities.

‘The money in the LAA ‘pot’ comes from existing funds. Occasionally the money is pooled into a central fund managed by the top tier authority. The LSP allocates the money to meet the LAA priorities.

In other cases, LSP partners have agreed to align funds, which means that each organisation still administers its own money but it will agree to use it to achieve the targets in the LAA.’

Police finance officer

134 Pooled budgets allow partners to bring funds together to achieve economies of scale (particularly administration costs) from resources that would be too small to make a difference by themselves. The pooled budget manager can use the combined resources to commission services or goods. But pooled fund arrangements are subject to constraints (Table 10).
## Table 10

### Constraints on pooled budgets

**Some constraints reflect different government department’s rules**

Membership of the pool can be limited:

- to local authorities and NHS bodies for health and social care pools (Ref. 47); or
- to children’s service authorities and duty to cooperate partners for children’s service pools (Ref. 48).

There are different VAT rules for local authorities and the NHS. If the pool host is in the NHS then limited or no VAT can be reclaimed, but if the host is a local authority then full or partial VAT reclamation is possible.

Health and social care pools must be supported by a written agreement between the parties. The agreement must include mandated content and it must be registered with the Department of Health. The agreement must show that pooling is the most effective use of NHS resources (Ref. 47).

Pooled funds have no separate legal existence. Fund hosts must ensure that pooled fund income and spending is properly accounted for, that performance is reported on, and that end of year under (or over) spending is properly reported in partners’ accounts (Ref. 49).

**Source:** Audit Commission, 2008

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NHS Act 2006 section 75, this replaces Health Act 1999 section 31. Pooled funds are often referred to as ‘section 31 agreements’. The specified NHS bodies are PCTs, strategic health authorities, NHS trusts, and foundation trusts.
LSP members must be clear why they have chosen a particular financial arrangement. Table 11 suggests factors that should inform choices between pooling and aligning finance.

Table 11
Aligning and pooling

<table>
<thead>
<tr>
<th>Aligning is more suitable when:</th>
<th>Pooling is more suitable when:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• LSP objectives are better supported by organisations redirecting their mainstream activity rather than by funding a discrete service or activity.</td>
<td>• There is a clear, discrete service or activity that one organisation can deliver most effectively.</td>
</tr>
<tr>
<td>• There are significant differences between the contributions made by different members (and some members may not make financial contributions).</td>
<td>• All parties to the arrangement make proportionate financial contributions.</td>
</tr>
<tr>
<td>• The arrangement includes private sector and third sector members of an LSP.</td>
<td>• The arrangement includes only the statutory members of an LSP.</td>
</tr>
<tr>
<td>• Arrangements need to keep a high degree of overall flexibility.</td>
<td>• Arrangements need to keep a high degree of service responsiveness.</td>
</tr>
<tr>
<td>• Parties to the agreement continue to provide separate frontline services.</td>
<td>• The host will provide frontline services for all the members.</td>
</tr>
<tr>
<td>• Performance monitoring and review systems in the member organisations can provide enough confidence that LSP objectives will be achieved.</td>
<td>• The host’s financial and performance monitoring and review arrangements can provide confidence that LSP objectives will be achieved.</td>
</tr>
<tr>
<td>• The administration and other costs of pooling would exceed the benefits.</td>
<td>• The benefits of pooling exceed the administrative and other costs of setting up and maintaining the pool.</td>
</tr>
<tr>
<td>• Legal or other constraints make pooling difficult or impossible.</td>
<td>• There are no legal constraints to pooling.</td>
</tr>
</tbody>
</table>

Source: Audit Commission, 2008
LSPs will have a mixture of pooling and aligning. Whether partners choose pooling or aligning, they should be clear about the standards that govern resource and performance matters. Table 12 outlines the main issues that partners should consider in settling the terms of agreement for aligning or pooling.

### Table 12

**Issues to settle before aligning or pooling resources**

Twelve self-assessment questions to underpin terms of agreement

<table>
<thead>
<tr>
<th>Self-assessment question</th>
<th>Aligned</th>
<th>Pooled</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who are the parties to this agreement?</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>What outcomes are we trying to achieve?</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>What are we going to do?</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Who will benefit, and how will they be informed, consulted, and involved?</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>How will we monitor and report on performance?</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>How much money will each partner contribute?</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>How will we vary payments if we need to?</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>What other resources will we contribute?</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>How will we vary contributions if we need to?</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>What will we do to make sure that over or under spend is properly accounted for?</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Who is the named host accountable for this agreement?</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>How long will this agreement last – and how will we end or extend it?</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

Source: Audit Commission, 2008
137 LSP partners perceive local obstacles to pooling or aligning (Table 13).

**Table 13**

**Perceived local obstacles to aligning and pooling**

LSPs must tackle these obstacles if resource alignment is to become a reality

<table>
<thead>
<tr>
<th>Obstacle to aligning (%)</th>
<th>Obstacle to pooling (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Different organisational cultures</td>
<td>74</td>
</tr>
<tr>
<td>Poor understanding of others’ financial planning and governance arrangements</td>
<td>59</td>
</tr>
<tr>
<td>Internal financial pressures</td>
<td>56</td>
</tr>
<tr>
<td>Confusing of accountability to government departments</td>
<td>44</td>
</tr>
</tbody>
</table>

Source: Audit Commission, LSP 2008 survey
One effect of these obstacles is that fewer than half of the respondents to the 2008 survey could identify budgets their organisations had aligned with LAA or LSP priorities.

**Figure 18**

Fewer than half of local agencies align budgets with agreed priorities

Source: Audit Commission LSP survey, 2008
Local partners expect, though, that statutory LAAs will create stronger incentives to resource alignment (76 per cent of LSP coordinators and 60 per cent of local partners agree).

There are other ways, usually at the executive or operational layer, that partners can bring financial resources together:

- **Grants, or transfers between LSP members.** One organisation delivers a seamless service for the LSP. One-off grants can support specific initiatives or projects.

- **Grants to representative groups.** These grants often enable local bodies representing local business, the voluntary sector, and community organisations to take part in the LSP.

- **Trading services between partners.** Where partners have the powers to trade with one another they can use the LSP to support the creation of joint and shared services (Ref. 47).

- **Partnership arrangements.** Companies, joint committees, or community interest companies can provide a formal framework for particular aspects of local joint working.

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**Planning**

One way of bringing an LSP’s steering and standards roles together is through the alignment of partners’ plans with each other and with the LAA. This is happening in most LSPs (Figure 20).

‘The whole process aligns itself with the council’s budget setting process and ideally the health budget setting process and other significant partner budget setting processes, including police, fire and Connexions. We are in a very strong position to really start driving the partnership forward under the new LAA arrangements.’

Council director

‘Our annual operating plan for the first time this year has been aligned with the LAA which is a great step forward.’

PCT chief executive
4 LSP progress – transactional factors

Figure 19

Business and financial plans are aligning with the LAA

Partners are less confident than coordinators that this is the case

Source: Audit Commission LSP survey, 2008
Two-thirds of LSP coordinators think partners have a good understanding of one another’s business and financial planning process, but two-thirds of partners disagree. And there is a 50:50 split between partners who think there are good relationships across the LSP and those who don’t. Stronger alignment of plans should help to overcome these disparities in perceptions between partners, and between partners and LSP coordinators.

Some LSPs have responded to the challenge by making financial planning more open. The London Borough of Hammersmith and Fulham has opened its medium-term financial strategy process to peer challenge by the police and PCT.

Summary

This chapter has discussed the three transactional elements of the 7S framework: steering, systems, and standards. These elements are most closely associated with running formal organisations. LSPs, as partnerships, need to adapt these elements to the particular needs of collaborative working.

The next chapter looks forward to issues that need action by the government, the Audit Commission, and LSPs.
The previous two chapters analysed LSP progress. This chapter looks forward to the future for LSPs.

**LSPs should serve an important local purpose**

Complicated local problems need the coordinated actions of local agencies. LSPs can provide strategic direction, executive decision-making, and operational action to deal with local priorities. They can also provide an inclusive forum for local stakeholders. But LSPs rely on trust between partners, effective support systems, and clarity of purpose from central government departments.

LAAs are an opportunity to strengthen LSPs. An LAA should be a real incentive for local partners to develop a more mature approach to collaboration. But there remains the danger that focus on the LAA can crowd out attention to the longer-term SCS objectives.

**Partnership working is evolving, but effectiveness varies**

LSPs are evolving and maturing, local and national partners still need to recognise the key dynamics that support partnership working (Ref. 50):

- clear political geography based on settled boundaries;
- shared identity and common purpose;
- a history of previous initiatives;
- recognition that problems change over time, and that partners’ ability to deal with them will change too; and
- there are people who want to make collaboration work.

Too few LSPs take an area-wide approach to performance and resource management. Some LSPs have well-developed performance arrangements, but less developed resource management. And most LSPs have progress to make on their improvement journey if they are to deliver SCS outcomes.

**Partners do not manage the costs and benefits of joint working**

Few LSPs, and few partners, have assessed the costs and benefits of joint working. This leaves partners without an important source of information for assessing risks, choosing between alternative approaches to collaboration, and evaluating the value of activities that create a partnership identity.
Councils and their partners can use this report to help them work better together

152 The public sector 7S framework can help councils and their partners build on LSP’s strengths and identify and deal with weaknesses.

153 The three governance layers (strategic, executive, and operational) provide a framework for testing and developing arrangements for accountability, decision-making, and reporting.

154 Councils and their partners must ensure the objectives of the SCS, and the LAA align with each other and reflect local priorities.

155 Delivery chain workshops can improve the delivery planning of LAA and SCS targets. LSPs can run their own workshops using the tool at www.improvementnetwork.gov.uk/lsp.

156 Social network analysis can help partnerships identify the strengths and weaknesses of their existing networks (www.improvementnetwork.gov.uk/lsp).

157 Partnership members can use the twelve case studies published alongside this report as benchmarks. These case studies are at www.audit-commission.gov.uk/lsp and link to the self-assessment tool at www.improvementnetwork.gov.uk/lsp

158 Councils and their partners must improve performance and resource information and intelligence. This is essential for effective performance challenge. It is also essential if LSPs are to influence mainstream resources across the local area.

159 Successful LSPs need committed partners at all layers. Councils and their partners should ensure that staff training and development stresses collaborative working.

160 Councillors’ involvement in, and scrutiny of, LSPs is fundamental to the democratic health of local governance. Overview and scrutiny includes policy development as well as testing performance.

Joint inspection will stimulate area-based improvement

161 CAA will prompt LSPs to improve standards by focusing on locally agreed outcomes delivered by partners. It will also analyse the contribution that different partners are making to those outcomes.

162 CAA will enable follow-up risk-based inspections where there are problems in delivering outcomes. These inspections might focus on one or more partners across the whole LSP, or even beyond the LSP to other local public services.
LSPs that have good, shared systems for performance management (with performance reporting, resource allocation, and risk management) will find it easier to show that they are on track to achieve agreed outcomes than those that do not.

Central government has enabled partnership working, but cannot simply force it to happen

Central government has developed significant parts of a framework for effective local partnership working. But it could do more by removing inconsistency in guidance issued by different government departments, clarifying the relationships between an LSP and local statutory partnerships, and recognising that effective partnership working is voluntary.

Local agencies cannot be forced to work in partnership: collaborative working takes time and support to develop.

The Audit Commission will provide tools and use the lessons from this study

The Audit Commission will work with the Improvement Network to make an online improvement tool available. It will enable LSPs to self-assess their performance and to learn from notable practice.

The Audit Commission will work with other local inspectorates to use the lessons from this study in applying CAA. It will continue to work with partners to spread good practice.
Appendix 1
Study method

168 This study used a mixed methods approach that included:

- A policy and literature review.
- Desk-top quantitative analysis of existing research about the 388 LSPs and the 150 LAAs.
- A survey of the 388 LSPs: 191 LSP coordinators and 282 LSP board partners completed the survey.
- Twelve notable practice case studies representing different localities, local authority types, geographical regions, urban and rural areas and LAA rounds. Visits to each authority took place over three to four days. These visits included:
  - one hundred and eighteen semi-structured interviews (with local authority chief executives, political leaders, LSP chairs and managers and a range of senior partners);
  - six delivery chain workshops;\(^1\) and
  - observations of ten LSP meetings.
- Five lighter touch case studies enabled site comparison. There were 23 interviews in these authorities.
- Social network analyses in two notable practice LSPs to understand the formal and informal networks and the relationships enabling LSP success.

169 The case study councils were: Blackburn with Darwen, Bolton, Derby, Derbyshire, Dorset, East Sussex, Gateshead, Hammersmith and Fulham, Leicestershire, Milton Keynes, Oldham, Oxfordshire, Sandwell, Sheffield, Stoke-on-Trent, Sunderland, and Warwickshire. The Commission thanks all those who helped the research.

170 Fieldwork took place between October 2007 and May 2008.

171 Jane Kennedy, Paul Seamer, Amie Brown and Roger Sykes undertook research for this study. Alison Parker provided the team with research support. Michael Hughes was the study director.

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1 Audit Commission regional performance staff facilitated the delivery chain workshops.
Appendix 1
Study method

172 An external advisory group helped with developing the research framework and interpreting the findings. The Audit Commission thanks all those concerned. The external advisers were:

Matthew Booth, Head of Policy, London Borough of Ealing
Mike Chambers, Head of Partnerships, Government Office North West
Sandra Cullen, Children’s Trusts Policy Adviser, DCSF
Professor Mike Geddes, Local Government Centre, Warwick University
Oliver Goode, LSP Futures Network
Andrew Jordan, LAA Policy Adviser, CLG
Laura Julve, LSP Policy Adviser, CLG
Mark Kenyon, Lead Adviser, IPF
Henry Peterson, Consultant, LGA
Professor Hilary Russell, Liverpool John Moores University
Sue Stevenson, Chair LSP Futures Network and Director of Cumbria Strategic Partnership, Cumbria County Council
Rachel Thompson, National Adviser, IDeA
Chris Wobscall, Assistant Director, Policy and Technical, CIPFA

173 The views expressed in this report are those of the Audit Commission.
ABG: The white paper *Strong and Prosperous Communities* suggested that area based grant (ABG) would enable councils to use mainstream resources for local priorities. ABG is allocated on a three-year basis according to policy criteria. ABG brings previously ring-fenced grants into a single pot (at least £4 billion over the CSR07 period). It is not new money.

APACS: Assessments of policing and community safety. APACS applies to all police forces in England and Wales from April 2008. It covers key services delivered by the police working on their own or in partnership.

CAA: Comprehensive Area Assessment. This new joint inspection approach will provide independent assessments of the prospects for local areas and the quality of life for local people. It will assess and report on how well public money is spent and will ensure that local public bodies are accountable for the quality and impact of their actions.

CDRPs: Crime and disorder reduction partnerships. Section 5 of the Crime and Disorder Act 1998 gave responsible authorities (Appendix 3) a statutory duty to ensure that local agencies work in a CDRP partnership. The partnership audits levels of local crime, disorder, and misuse of drugs every three years and uses this information and community consultation to develop its strategy for reducing crime and disorder.

Designated targets: Local improvement targets agreed by the Secretary of State as being of national importance. These are the 35, or fewer, LAA targets. The responsible authority and its partners must report to the government on their progress towards achieving these targets.

JSNA: Joint strategic needs assessment. The LGPIH Act requires PCTs and local authorities to produce a joint strategic needs assessment of the health and well-being of their local community from April 2008.

LAA: Local area agreements. From 2005 to 2008, LAAs were voluntary. The LGPIH (2007) introduced statutory LAAs and a duty on named partners to cooperate from 2008. An LSP and its Government Office negotiate the LAA. The LAA focuses attention on those local SCS priorities that are agreed with the government, measured by the national indicator set, and that can be progressed within three years. When the Secretary of State signs an LAA, it becomes a contract with the single-tier or county council.

LIFT: Local Improvement Finance Trust. This NHS scheme intends to develop a new market for investment in primary care and community health facilities and services. Local LIFT companies involve the local NHS, a private sector partner, and the national Partnerships for Health as their main shareholders.

LITs: Local improvement targets. This is the legal term that refers to all targets in the LAA. The duty to cooperate applies to all the LITs in the LAA.
Appendix 2
Terms used in this report

LGPIH: Local Government and Public Involvement in Health Act 2007. This Act introduced statutory LAAs and the duty to cooperate.

LPSA: Local public service agreement. LPSA began with pilots in 2000. Each pilot had a three-year agreement between a council and the government. The LPSA described the council’s commitment to improve performance and the government’s commitment to reward improvement. Councils had to meet twelve specific targets that required them to ‘stretch’ performance. Local targets had to reflect the national PSA targets signed between government departments and the Treasury. The second round of LPSA started in 2003. These agreements encouraged councils and local partners to agree local priorities for improvement.

LPSB: Local public service board. The Audit Commission report People Places and Prosperity recommended public service boards as a way of joining-up local public service delivery. In many areas the LPSB is the executive layer of the LSP.

LSP: local strategic partnership. LSPs are not statutory bodies and there is nothing in the Local Government and Public Involvement in Health Act that creates a legal relationship between councils their partners and an LSP. LSPs are a collection of organisations and representatives collaborating for the benefit of the local area.

MAAs: Multi-area agreements. MAAs are voluntary, and the councils involved negotiate funding flexibilities (including pooled funding streams) from central government in return for achieving outcomes over the three-year LAA period. They address economic development needs that cross council boundaries.

NIS: National indicator set. Strong and Prosperous Communities committed government to introduce a streamlined set of indicators that would reflect national priority outcomes for local authorities, working alone or in partnership.

NRF: Neighbourhood renewal fund. NRF was a special grant to England’s most deprived areas. It enabled councils, working with the LSP, to improve services, narrowing the gap between deprived areas and the rest of the country. NRF was replaced by the Working Neighbourhoods Fund in November 2007.

PCT: Primary care trust. PCTs cover all parts of England. They receive budgets directly from the Department of Health. Since April 2002, PCTs have taken control of local health care while strategic health authorities monitor performance and standards.

PRG: Performance reward grant. PRG was introduced with LPSAs. Councils, and their partners, received PRG if their performance against their LPSA targets was over a specified threshold. LAAs also have a performance reward element.
**SNA:** Social network analysis. This is a method that maps the connections between people and organisations in a partnership across seven different themes (work, innovation, expertise, informal, improvement, strategy, and decision-making).

**SCS:** Sustainable community strategy. The SCS sets the strategic direction and long-term vision for the economic, social, and environmental well-being of a local area – typically 10-20 years – in a way that contributes to sustainable development. It tells the story of the place, the distinctive vision and ambition of the area, backed by clear evidence and analysis.

**Unincorporated Association:** This is an organisation of people or corporate bodies with an identifiable membership (possibly changing). Members work together for a common purpose within an identifiable constitution or rules (which may be written or oral – and are not necessarily legally binding). The form of association is not one the law recognises as being something else (for example, an incorporated body or a partnership). The unincorporated association must have an existence distinct from its members. LSPs are unincorporated associations for tax and accounting purposes.

**Vital Signs:** Vital Signs are measures of progress against national health priorities. They aim to help PCTs make local choices and set local priorities.
## Appendix 3
### Named partners

<table>
<thead>
<tr>
<th>Organisations</th>
<th>Local strategic partnerships</th>
<th>Crime and disorder reduction partnerships</th>
<th>Children’s trust relevant partners</th>
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I Local Government and Public Involvement in Health Act (2007) s104.
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<th>Organisations</th>
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Source: Audit Commission, 2008


Appendix 4
References


44 Audit Commission, *Local Quality of Life Indicators: Supporting Local Communities to Become Sustainable*, Audit Commission, August 2005.


48 Children Act 2004 section 10.

