

HAMPSHIRE AND ISLE OF WIGHT LOCAL GOVERNMENT ASSOCIATION

31 March 2006

PROPOSAL FOR A HIOW CAPACITY BUILDING CONSORTIUM

Report by the Director in association with the Joint HIOW Efficiency and HR Groups

RECOMMENDATION

That the Association supports the formation of a Capacity Building Fund Consortium for Hampshire and Isle of Wight, and asks the Chief Executives' Group to report further.

BACKGROUND

1. The Government Office for the South East is devolving the Capacity Building Fund (CBF) of £6m 2006-2008 to sub-regional consortia.

H/IOW has experience with three CBF projects:

- ! Portsmouth City Council Leadership project;
- ! the HIOW LSP capacity building project;
- ! the HIOW/Thames Valley Scrutiny capacity building project led by Winchester City Council and Hampshire County Council

The next tranche of CBF starting April 2006 could be worth £500,000 p.a. for the next two years if we move quickly and effectively - this would be our share of the regional £6m CBF.

FORMATION OF A HIOW CONSORTIUM

2. Following a conference on CBF held by Government Office on 14 March, Will Godfrey (Chief Executive of East Hampshire District Council) is leading for the Chief Executives' Group in putting together a consortium bid. He will report at the meeting.

MANAGEMENT OF THE CONSORTIUM

3. Hampshire County Council has agreed in principle to extend its current role for the HIOW/Thames Valley Scrutiny Project. Other governance arrangements are now being considered.

DETAILS OF THE PROPOSAL

4. Full details of the CBF proposal are set out in the Annex.

NICK GOULDER
Director

Date: 16 March 2006

Annex: 1

Contact: Nick Goulder - 023 8068 8431, E-mail hiow@eastleigh.gov.uk

REGIONAL FUNDING FOR CAPACITY BUILDING IN THE SOUTH EAST:

A PROPOSAL FOR CONSULTATION

Context

- 1 The ODPM/LGA Capacity Building Fund supports a variety of national schemes to assist local government with capacity building, open to a wide range of authorities on subsidised terms. The current position is set out in the ODPM/LGA leaflet "The Capacity Building Programme –update 2005" sent to all local authorities.
- 2 The Capacity Building Fund is now also able to earmark funding for individual regions. Some of that has already been allocated to particular schemes, and a modest contingency needs to be retained. However, the remaining allocation for the South East region for the next two financial years (06/07 and 07/08) is over £6 million.

What the funding is for

- 3 As the Capacity Building Fund has developed, the principles governing its use have become steadily clearer:
 - The purpose of the funding is to support local government improvement and efficiency in general terms, and in particular the sorts of corporate programmes or activities upon which improvement depends. So, for example, the fund addresses the general corporate issue of performance management rather than improving specific service activity in, say, revenues and benefits, trading standards, or any other individual service, where there are often alternative sources of support
 - The fund is also aimed at additional improvement activity, and should not be used to fund routine activity or prop up normal running costs. So, to give another example, the fund will support a special investment improving procurement capacity, but it will not fund a standard procurement activity which should be routine business
 - As experience has developed, it has become increasingly clear that the fund should support activities that benefit a group of authorities tackling a shared problem, rather than one-off allocations to individual councils. This gives a better 'bang for the public buck', as well as encouraging the inter-authority co-operation upon which improvement increasingly depends. It is also a practical approach given that the funding available is inevitably modest when set against the scale of local government activity
 - The preference now is to put the funding into the hands of local government itself to give authorities an additional tool to address improvement, rather than to perpetuate a bidding regime to adjudicate between competing application from individual Councils. In general, the Fund no longer considers applications from individual Councils except in exceptional circumstances

- The fund is also intended to be of particular benefit to 0* and 1* local authorities, or those with a negative direction of travel. In line with the policy of the Local Government Association, the aim is to help enable the local government sector increasingly to take responsibility for its own improvement by inter-authority co-operation.

Emerging Regional Improvement Partnerships

4 In other regions, these principles have been brought together in a single Regional Improvement Partnership. Partnerships are already underway in three regions and also emerging elsewhere. The most recent is in London, and a copy of their prospectus is attached to give a flavour of what is entailed. The Improvement Partnerships vary, but the core elements are:

- one authority that acts as convenor and banker, although the partnership is representative of all authorities in the region or sub-region
- the starting point is to use the plethora of evidence sources such as CPA to establish areas of common concern to all or many authorities
- a proposal for programmes of activity and mutual support to address the issues are then set out and, subject to agreement, funded by the Capacity Building Fund (two years of such funding is now available)
- the Partnerships accept a formal responsibility for ensuring that there are no 0* or 1* authorities, or authorities with a negative direction of travel, by the end of 2007/08
- Partnerships develop a strategy to continue the best and most successful elements of their mutual support for the medium term from their own resources, because continued Capacity Building funding is subject to the next public spending review and so cannot be guaranteed beyond the next two years.

An approach for the South East

5 Representatives from a number of regional bodies in the South East have met to consider the best approach to improvement issues and work together to share relevant information and avoid duplication of effort in the support of authorities. These bodies include the Audit Commission, LGA representatives, the South East Regional Employers Organisation, the Regional Centre for Excellence, the IdEA Regional Associate, and the Government Office. The Government Office is keen to work in sympathy with these regional partners and to integrate intelligently what we do wherever possible. There have also been discussions with a number of local authority representatives in the South East to consider the most appropriate approach. The Government Office is grateful for the advice from all these sources.

6 The strong consensus, which also chimes with GOSE's preconception, is that a single region-wide partnership is not an appropriate model. The South East is considered simply too large and disparate, there are very few existing regional networks in existence on which to build (with the possible exception of the Centre of Excellence or South East Employers); and the sheer number of authorities (74 in total) might make such a partnership unwieldy.

- 7 The proposition which seems more likely to work in the South East would build up a network of sub-regional partnerships. Such a network would map more easily onto existing networks, such as LGA branches. It would make co ordination, interchange, and shared programmes of activity, more manageable. An appropriate degree of co-ordination between distinct sub-regional improvement partnerships would go a long way to help secure mutual support and learning across boundaries, and economies of scale or activity where that is helpful. The individual partnerships would focus on relevant priorities determined by local government in that area and, once priorities had been agreed, be empowered to implement improvement activities as they saw fit with a clear and agree funding allocation.
- 8 With these considerations in mind, and aware that there is no perfect solution, the following configuration of sub-regional partnerships that builds roughly on the existing networks or geographical groupings, is suggested:

All authorities in ...	Numbers of Councils	Comments
Berkshire	6 unitary authorities	6 small unitaries
Milton Keynes, Oxon, Buckinghamshire	1 unitary authority, 2 counties, 9 districts	12 authorities It has been suggested that these two areas might combine, as they do for ACTVAR
Hampshire, Isle of Wight, Portsmouth and Southampton	3 unitary authorities, 1 county, 11 districts	15 authorities: already working together as HIOW LGA
East and West Sussex, Brighton and Hove	1 unitary authority, 2 counties, 12 districts	15 authorities: we appreciate that there are existing improvement links here (e.g. within E Sussex) but suggest a slightly wider joint approach to build on potential economies of effort
Surrey	1 county, 11 districts	12 authorities: perhaps sufficiently large to comprise a distinct grouping
Kent and Medway	1 unitary authority, 1 county, 12 districts	14 authorities; this is already in train

- 9 Alternative options have been considered, but it is not felt that any of them hold greater appeal. For example:
- a single partnership across the region. This note has already set out reasons for not pursuing this approach. However, it could be pursued if local government believes it to be the right way forward.

- perhaps combining the six groups outlined above into, say, three or four larger groupings across the Region. This strengthens economies of effort and scale and reduces the administrative overheads, putting more money directly into improvement. But it might require new cross boundary relationships to be created, add to travelling distances for shared improvement work, and may add a layer of complexity for little obvious return. This too could be pursued if local government found it the best way forward
 - a greater number of smaller partnerships, for example based on county groups, which would suggest anything up to around nine or ten across the South East. Some areas which already work within County groups might prefer this. However, this option would multiply the administrative costs for everyone, not least the Government Office and the Capacity Building Fund itself, which reduces the funds available for improvement. It would also carry the danger of creating pools of improvement activity which are arguably too small for a challenging exchange of best practice and economies of scale. This is why we have suggested as a way forward for only one County and are reluctant to consider it elsewhere
 - An approach based on communities of interest, which might for example link all unitaries or all smaller districts. However, this “community of interest” approach alone might well lead to uneven coverage across the region. And in any case “communities of interest” could be achieved by intelligent working between sub-regional partnerships across the region. The preferred option of sub-regional partnerships should be seen as a network of distinct but related partnerships that can exchange ideas across geographical boundaries, however they are defined.
- 10 On balance therefore, the preferred option is the main one set out above, based on about 5 or 6 partnerships across the region that share learning and, where appropriate, joint working. This proposal is not perfect – there is no right answer – but it does feel practical. Some of its potential disadvantages can be overcome by ensuring the partnerships work as a network rather than wholly separately. Given that this solution builds, where possible, on existing networks, the proposal can be got off the ground relatively quickly. In these circumstances, it is recommended to you by the Government Office working in close co-operation with the regional improvement partners with whom we have consulted and are listed above.

How to respond to this invitation

- 11 It would be helpful if local authorities could let us know their response in two stages:
- if you believe that the proposition put forward here is completely wide of the mark and some other arrangement should be made, please let us know by 14th February
- if in broad terms you are content with this proposition, it would be helpful to have your response **by the end of February**. We are not seeking firm and binding commitments, but expressions of interest that GOSE can follow up in more detail with groups of authorities
- 12 Ideally, it would be helpful if existing networks or groups of authorities could co-ordinate a response (for example, the HIOW LGA grouping). Even better still, if a group of authorities wish to pursue this proposal, it would be very helpful to have a

lead authority or officer (or a very small group) empowered to discuss how this might be taken forward with GOSE in more detail.

- 13 If you express an interest in this proposal, either directly or through a network, you or your sub-regional representative will be invited to an event hosted by GOSE, working in co operation with the regional partners listed earlier, to discuss how it might be taken forward. The event will enable you to find out more about developing a sub-regional Improvement Partnerships, the range of national support on offer, and some of the interesting work already taking place in the South East. The date is yet to be confirmed but should be early March.
- 14 GOSE is keen to get the money working to accelerate improvement and build capacity; so the quicker options can be developed the faster the funding can flow to local authorities.
- 15 In the meantime you are welcome to contact for further information, discussion and responses, Iain Lynch or Nadia Latif at the Government Office. Their details are:

Iain.lynch@gose.gsi.gov.uk. (Telephone: 01483 882929); or
Nadia.latif@gose.gsi.gov.uk. (Telephone 01483 882693.)

Address: Local Government Team, GOSE, Bridge House, Walnut Tree Close,
Guildford, Surrey GU1 4GA

END