

OUTCOME AGREEMENT: THE SCOTTISH MODEL

EXECUTIVE SUMMARY

1. The purpose of this report is to present a proposal for the development of a single outcome agreement that operates at national and local levels.
2. There would be an agreement between COSLA and the Scottish Executive on a set of shared but limited policy priorities. Associated with this agreement would be a rationalisation of the many, often competing initiatives and targets with a shift to funding the shared priorities from mainstream funding rather than ring-fenced grants.
3. A key part of the agreement would be an acceptance of the need for equal space and a better balance between national and local priorities and a recognition of the role of the community planning process in acting as the bridge between these two sets of priorities. It is accepted that there are a number of organisations who will have to balance their national obligations with the contribution they make as community planning partners but there must be a recognition by Ministers of the need and space for such bodies to engage in addressing local issues through the community planning process.
4. Given the innovative nature of the proposed Outcome Agreement, we believe that the approach to monitoring and review should be flexible and tailored to each agreement rather than a “one size fits all” approach. It is proposed that COSLA and the Executive would agree a menu of outcome indicators linked to each of the shared policy priorities. To reflect the partnership approach, the mechanism for monitoring should be agreed between the Executive and COSLA.

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1. Purpose of report

The purpose of this report is to present a proposal for the development of an Outcome Agreement which would operate both at national and local levels.

2. Introduction and background

- 2.1. The concept of outcome agreements was developed as part of the work of the joint Scottish Executive/COSLA Strategic Issues Working Group, which considered the renewal of the local government finance system during 2000. The Group recommended that local outcome agreements be established to better link national policy priorities and targets with local priorities and circumstances, to reduce the reporting requirements on councils and to reduce hypothecation and the ring-fencing of resources.
- 2.2. The Working Group also recommended that the pilot outcome agreements should be on the basis of a policy theme or themes where there were potentially significant benefits to be obtained from greater flexibility. Two key policy themes were identified – education attainment and children’s services and draft agreements are being developed by a number of pilot councils. Since the Working Group reported a number of additional funding initiatives have developed an outcome agreements approach – the Better Neighbourhoods Services Fund, the Rough Sleepers Initiative, Adult Literacy and Community Care Services for Older People.
- 2.3. COSLA and SOLACE have identified a number of issues that need to be addressed if outcome agreements are going to realise their potential. Firstly, there is a danger that we could end up with a proliferation of single issue outcome agreements substituting for ring-fencing and we need to be looking to consolidate the various agreements. There is also a concern that having too many agreements does not allow us to focus on the most important policy areas. Secondly, in establishing a better link between national and local policy priorities we must ensure that the outcomes we are seeking do reflect shared priorities and there is a greater recognition of the need to leave room for local priorities. Finally, many of the improved outcomes we are aiming for are dependent upon partnership working – for example in relation to cross-cutting issues such as social justice, health improvement, sustainable development and community safety. There should, therefore, be a key role for community planning partnerships and the Scottish Executive itself in supporting the improvements.
- 2.4. In order to address these concerns it is proposed to develop a single outcome agreement that operates at national and local levels. A national level agreement would be based on a set of shared limited policy priorities agreed between the Scottish Executive and COSLA.

2.5 The structure of this report is based on the 3 stages envisaged for the development and implementation of this agreement, namely:

- Stage 1
Agreement between COSLA and the Scottish Executive on a set of shared policy priorities.
- Stage 2
Agreement between COSLA and the Scottish Executive on the menu of indicators for each of the policy priorities.
- Stage 3
Implementation and Monitoring at the local level of the National Outcome Agreement.

3 Agreement on shared priorities (Stage 1)

3.1 The Scottish Executive's priorities are set out in "Programme for Government". The Scottish Executive recognises that they will not deliver these priorities alone. Indeed, the Executive itself doesn't deliver services, it provides resources and it sets national standards in key areas, but delivery is down to local government, the NHS and other public sector bodies as well as the voluntary and private sectors. They need to work in partnership. Moreover, if we are to be successful these priorities must be shared priorities and have ownership within councils, across the public sector, with business and the trade unions and within the communities themselves. This partnership approach must be reflected at the community planning level with a recognition that the needs of individuals and communities – if they are to be successfully addressed – have to be addressed collectively, not separately. That, in turn, requires a commitment to a shared purpose by the community planning partners and the Scottish Executive – to plan together, to work together and to deliver together.

3.2 If everything is seen as a priority, then as a result nothing is treated as a priority. COSLA therefore welcomes the First Minister's statement to the Scottish Parliament that "it is time for this Executive to do less, better..... It means, very deliberately, focussing our efforts on the five national priority areas: health, education, transport, crime and jobs" (9 January 2002). That statement also stressed that every action must close the gap for children and sustain the environment. We believe that these national priorities and underpinning themes could be built upon to provide the basis for an agreement on a shared set of priorities which we all could give our commitment to delivering. In particular, we would want to see the promotion of social inclusion for everyone and the provision of better housing as underpinning themes. This agreement could then form the basis of a national overview document – a strategy for Scotland – similar to the Welsh Assembly's Strategic Plan.

- 3.3 We also believe that we should review our spending in the context of these shared priorities. This is something that the First Minister is already requiring in the current spending review. COSLA supports this and will look to these priorities being fully funded through mainstream funding. This should also enable the many, often competing targets, initiatives and planning requirements which face councils and their partners, to be rationalised to focus on the priority areas we all agree matter most to local people. This rationalisation of initiatives will also shift the balance to mainstream funding with more limited (and time – limited) use of ring fencing. This approach to central government support for local government spending taking the form of general grant aid rather than ring fenced grants is reflected in the recommendations of the Parliament’s Local Government Committee’s report on their Inquiry into Local Government Finance (March 2002). Moreover, that report also recommends that the level of ring fencing should be reduced as progress is made on developing local outcome agreements. The need to streamline and rationalise initiatives is also shared in England and Wales. Recently the Cabinet Office, DTLR and the Local Government Association published “Making a Difference – reducing red tape and bureaucracy in local government”. One of the targets included in this document was to reduce the number of plans and strategies Government requires from councils by 50%
- 3.4 Community planning at the level of the Council is a shared vision to improve opportunities and quality of life agreed by the community planning partners within the Council area. But community planning also has a national dimension. An analysis of the 32 Community Plans shows a demonstrable recognition of national priorities. Community planning has the capacity both as a planning and delivery mechanism to co-join national priorities on the one hand and local priorities on the other, provided firstly that the number of shared national priorities is limited – if everything is a priority nothing is a priority and, secondly, there is space for community planning partners to ensure the delivery of their shared vision. Community planning has the capacity to link the national to the neighbourhood. It is accepted that the number of national bodies engaged in community planning will have to balance their national obligations with the contribution they make as community planning partners to implementing the shared community plan vision. But equally there must be recognition by the Executive of the need for and space for such national bodies to engage in addressing local issues through the community planning process; that is the essence of good local governance.
- 3.5 Such an outcome agreement would be broadly similar to those that have been agreed between the Welsh Assembly and the 22 councils in Wales . In Wales they are called “Policy Agreements” and cover targets across the four key policy areas; education and learning, health and well-being, stronger economy and quality of life. They are agreements between the Welsh Assembly and each individual council with clear links with the Assembly’s Strategic plan nationally and the policy priorities in the community plans in each council area. A similar approach is beginning to develop in England as they seek to link their “Public Service Agreements” with a shared set of priorities with Central Government. COSLA proposes that the Scottish Executive agrees to

developing an outcome agreement in a similar way to the Welsh Assembly. In Scotland, however, we propose that the Outcome Agreement is developed within the context of the community planning process and include local priorities agreed within the partnership as well as covering the shared national priorities. This approach is also likely to be taken in Wales when they negotiate their next generation of Policy Agreements to run from 2004 (see Freedom and Responsibility in Local Government – a Policy Statement from the Welsh Assembly Government, March 2002)

4 Agreement between COSLA and the Scottish Executive on the Menu of Indicators for each of the National Priorities (Stage 2)

4.1 As the Executive develops its own agenda and new policy initiatives arise, the number of policy priorities and the indicators that are derived to measure progress have grown substantially. The Community Planning Task Force has mapped these indicators relating to a sample of the Executive's key policies in:-

- Social Justice – 29 social justice milestones, addressing five major population groupings
- Economic Development – 12 lead measures, addressing three national priorities;
- Health – around 120 indicators, addressing seven headline issues;
- Education – at least 50 headline indicators, addressing five national priorities; and
- Environment – 42 indicators, addressing three national priorities

(source CPTF WG4 assessing the performance of partnerships – the impact of national policies)

It is self evidently important that the number of key indicators are limited. If not, nothing will change and everything will still be a priority.

4.2 It is proposed that COSLA and the Executive agree a menu of outcome indicators linked to each of the national priorities from which community planning partnerships would select a maximum of not more than 10 indicators. This would reflect the need for the delivery of national priorities to reflect local priorities and the targets for improvement to reflect local circumstances. Again this is similar to the approach being taken in Wales. We would suggest however, that the menu of indicators is based on “quality of life” or “well-being” indicators. The Community Planning Task Force is currently mapping the existing sets of cross – cutting indicators with the objective of developing a framework for charting progress of community planning partnerships.

4.3 The rationalisation of initiatives, targets and funding streams will give councils and their partners greater flexibility to use resources in a way that better reflects national as well as their local priorities. For local citizens and service users there are potential significant benefits in respect of seamless service provision and more targeted quality services.

- 4.4 The benefits to the Scottish Executive are ultimately the commitment given by community planning partnerships to deliver key national priorities and tangible service improvements. Such an approach can promote innovation and better integration of services across the public sector and would provide a greater focus on tackling the most important priorities across Scotland. It also promotes a link between best value improvement and community planning and establishes a more strategic approach to supporting continuous improvement in public services with the Executive as an active partner. For both community planning partnerships and the Scottish Executive such an approach can reduce the bureaucracy associated with specific initiatives and a range of ring fenced funding streams.
- 4.5 In England and Wales resources are also made available from central government to support the development of the agreements and to reward performance against the agreed targets. COSLA and SOLACE have taken the view that the benefits outlined above should provide sufficient incentive to councils and the Executive to progress the "Model". There is a case, however, for the Executive to help councils and their community planning partners to increase their capacity to develop and deliver the outcome agreements. We also believe that the Executive's resourcing of community planning partnerships would show commitment to the process and a recognition of its potential to deliver better services.

5 Implementation, Monitoring and Review (Stage 3)

- 5.1 We would suggest that given the innovative nature of the Outcome Agreement proposed, the approach to monitoring should be flexible and be tailored to each agreement rather than take a "one size fits all" approach. This should be integrated with the audit / inspection process and existing reporting requirements. In this latter respect we would expect the focus of the monitoring and review to be on the progress achieved in delivering the milestones and outcome targets identified in the Outcome Agreement. This would be reported annually through the Public Performance Reporting Framework for the duration of the Agreement (a minimum of 3 years.) As well as reporting on progress the report would cover any external factors which had resulted in progress being better or less than anticipated.
- 5.2 To reflect the partnership approach to developing the Outcome Agreement, a similar approach should be taken in developing the mechanism for monitoring and review. We believe that these arrangements should be set in the context of the Partnership Framework between the Executive and COSLA. The involvement of the Scottish Parliament in this process could be through the mechanism of the Joint Committee to be established under the Concordat between the Parliament and COSLA.