



**Briefing on the Local
Government White Paper 2006;
*Strong and prosperous
communities***

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1. Introduction

1.1 On Thursday 26th October 2006, the Department for Communities and Local Government (DCLG) published the Local Government White Paper 2006 (the white paper). The white paper sets out a range of proposals designed to strengthen local communities, devolving more responsibility to local authorities, whilst placing a duty on them to cooperate with other statutory partners at the local level, and also to engage with other partners including the VCS.

1.2 This briefing is set out in the following sections;

- Overview of the Local Government White Paper
- Partnership working
- Neighbourhood working
- Community Engagement
- Funding
- Performance
- Next steps

1.3 NCVO, with NAVCA, are holding briefing events scheduled to take place on;

Thursday 23 November (1 - 3pm)

Barton Hill Settlement, 43 Ducie Road, Barton Hill, Bristol BS5 0AX,

Wednesday 29 November (10am - 12pm)

NCVO - Regents Wharf, 8 All Saints Street, London N1 9RL

Friday 8 December (1- 3pm)

Swarthmore Education College, 2 - 7 Woodhouse Square, Leeds, LS3 1AD

1.4 To book a place at any of these events contact us at policy@ncvo-vol.org.uk or telephone 020 7520 2473.

1.5 To find out more about our work in this area, or to contribute please contact Dhara Vyas at NCVO on 020 7520 2412 or dhara.vyas@ncvo-vol.org.uk or Neil Cleeveley at NAVCA on 0114 278 6636 (ext:138) or neil.cleeveley@navca.org.uk.

2. Overview of the Local Government White Paper

2.1 This white paper is the latest step in the government's agenda for the modernisation of local government. It outlines new proposals for devolving power and significantly strengthening local government's leadership role in local areas. The paper also outlines plans for improving partnership working, as well as providing a major expansion of opportunities for local people to influence local decision-making.

2.2 This briefing sets out a number of key areas that are of particular relevance to the voluntary and community sector (VCS), and highlights proposals and commitments which will have significant impact on voluntary and community organisations (VCO's). **Annex A** of this briefing provides a chapter by chapter synopsis of volume one of the white paper. In volume two of the white paper, chapter G specifically addresses the relationship between local government and the third sector.

2.3 Throughout the white paper there is a consistently high recognition of the importance of the relationship that local government has with VCOs and the wider third sector.

3. Partnership working

3.1 There are three main elements of partnership working in a local area: the Local Strategic Partnership (LSP); the Sustainable Community Strategy (SCS); and the Local Development framework (LDF). There is a clear expectation that the VCS must be involved in all three of these.

3.2 The white paper has a strong focus on partnership working as a key vehicle by which to set priorities and where appropriate shape, design and deliver services in local areas. LSPs will continue to be the main vehicle for bringing together public, private and VCS organisations and coordinating the contribution that organisations from each sector make to improving localities. LSPs will remain as non statutory bodies, and the white paper takes steps to strengthen the accountability of partnerships through the overview and scrutiny functions of local authorities. The DCLG will be working with national VCS umbrella bodies to establish a standard by which local third sector bodies should organise themselves to be effectively represented on LSPs.

3.3 The role of the SCS is to set out the strategic vision for a place. Local authorities are responsible for preparing the SCS in their area; however a local authority can neither agree nor deliver an SCS without working with other local statutory bodies, private sector and VCS, through their LSP. The SCS should reflect the views of all the partners and other key local plans.

3.4 The Local Area Agreement (LAA) is viewed as the 'delivery plan' for the SCS. LAAs use an outcome based approach; central government is interested in what is delivered but local partners decide how best to do it. Local authorities will remain responsible for preparing the LAA and the local authority and local partners will be responsible for agreeing with government the small number of priority targets for improvement that are relevant to them. The white paper proposes to place a new duty on local authorities and named partners (predominantly statutory bodies in a local area) to co-operate with each other in order to agree LAA targets.

What does this mean for the sector?

3.5 Partnership working will grow in importance as the mechanism by which priorities are agreed, and SCSs must not be prepared without the engagement of the local VCS. There is a clear focus on the involvement of the VCS in partnerships; the streamlining of community consultation requirements (and revised Best Value duties to include community participation) will also strengthen the involvement of the VCS in local partnership working.

4. Neighbourhood working

4.1 The white paper has a focus on strengthening participation and enabling citizens and communities to help shape policies, services and places. The government is encouraging the expansion of neighbourhood management by supporting and encouraging local authorities to take up neighbourhood management, particularly as part of New Deal and other community renewal programmes. The white paper also

discusses devolving the power to create town and parish councils to local district and unitary authorities.

4.2 Local charters are also being encouraged as a tool to empower citizens and communities. Charters are the outcome of a dialogue between the community, the local authority and its service providers. They are used to set out the service standards and priorities for action which local people expect from the local authority, and sometimes a wider group of partners, as well as any obligations that the community has taken on itself.

4.3 There is a significant move towards increasing the opportunities for local VCOs to take on the ownership and management of assets. The white paper announces the establishment of a fund by the DCLG to give local capital support in refurbishing buildings to facilitate their transfer to community management or ownership. In addition, new guidance is to be issued to local authorities on asset management which will demonstrate how the social benefit resulting from community management and ownership can be appropriately taken into account.

What does this mean for the sector?

4.4 Neighbourhood-level decision making will be stronger; local authorities will have the option to devolve a small budgets to councillors to spend on their area. The review of community ownership and management of assets will conclude in spring 2007, and in the meantime the DCG will set up a fund to give local support.

5. Community Engagement

5.1 The white paper proposes to streamline and simplify local arrangements for involving local people by streamlining plans for involving communities in the creation of SCSs, LAAs and LDFs. The statement of community involvement required in an LDF will be reviewed, and streamlined procedures for consulting with communities will be introduced.

5.2 Local authority overview and scrutiny functions will be further strengthened; the white paper sets out proposals to enable councillors to champion the interest of local people across a wide range of local issues. Local public service partners will be required to appear before and provide information to overview and scrutiny committees and to have regard to any recommendations that the committee might make.

5.3 The white paper also introduces the 'Community Call for Action' (CCfA), a mechanism to strengthen the ability of local councillors to speak up for their communities and demand an answer when things go wrong. The CCfA aims to make a real difference through enabling councillors to ask the Council executive to take action, and can be further escalated to overview and scrutiny committees if this action is not satisfactory. Individuals or organisations can ask any councillor to take up a matter as a CCfA.

5.4 Plans for reforming the Best Value regime are also introduced, with a key proposal to ensure that local authorities *inform, consult, evolve and devolve* to local citizens and communities where appropriate. This will require authorities to work with their partners to ensure participation by the wider VCS and other stakeholders. The

proposed Best Value guidance will be on key commissioning principles, community participation and competition.

What does this mean for the sector?

5.5 The revised Best Value duty to engage and to secure the participation of citizens, together with the new streamlined community consultation mechanisms for partnerships will mean a significant and welcomed reduction of the current consultation burden on local VCOs. Stronger overview and scrutiny committees will be better placed to scrutinise decisions made by the council and named statutory partners.

6. Funding

6.1 The white paper has a significant focus on transforming public services, efficiency and delivering value for money throughout. In order to tackle difficult cross-cutting issues and maximise the value for money of public resources, the white paper is clear that services should be designed around the needs of the citizen and the community, not around the processes and structures of individual agencies, and places an emphasis on the need for collaboration with both statutory and non statutory partners to transform services.

6.2 The white paper explicitly recognises the importance of a good mixture of funding for the local VCS, and the crucial role that grants can play in local areas. The DCLG is encouraging local authorities to make a step-change in the funding relationship that they have with the third sector with regards to grants: *“The general starting point will be three year grant funding, except where this does not represent best value in individual cases, and in terms of overall affordability.”*

6.3 Local authorities are required to secure continuous improvement in the way that procurement and commissioning functions are exercised, and the government proposes to issue one piece of revised best value guidance that will cover the commissioning role of councils and community participation, and will also ensure that local authorities should regularly test the competitiveness of their performance in comparison with others. The third sector is explicitly recognised as an important part of the local government services market.

6.4 There is a commitment to improving local authority procurement and commissioning processes and recognition of the importance of the Compact funding and procurement principles. The DCLG proposes to work with local government, inspectorates and the private and third sectors to build a consensus on the core practices expected in all local authorities and suppliers through a code of practice on competition.

6.5 There is an acknowledgement of the ongoing challenge that the comprehensive spending review 2007 (CSR07) will bring, and the white paper sets out a commitment to embed efficiency as part of the new performance framework.

What does this mean for the sector?

6.6 Grants have been explicitly recognised as an important part of the funding mix for the VCS, and Best Value guidance will be revised to include commissioning, competition and third sector funding. Proportionality and the importance of engaging with the VCS in all aspects of procurement and commissioning are also recognised.

7. Performance

7.1 A new performance framework is introduced in the white paper to provide a better balance between local and national priorities. Making performance information relevant and available to local people and organisations is a key message throughout the white paper. There is a focus on giving greater responsibility to local authorities and their partners for securing improvements in services and on strengthening the accountability of local authorities to citizens and communities.

7.2 The government's aim is to radically reduce the number of performance indicators which areas will be required to report on from between 600 and 1200 to 200. LAAs will be further developed as discussed above, and the number of targets in each LAA will be limited to around 35 (plus statutory and early years targets from the Department of Education and Skills), in order to create more space for flexibility and local responsiveness.

7.3 The government also plans to reinforce the importance of the user perspective in the judgments of inspectorates, such as the Audit Commission, on the performance of services and of local authorities. Funding granted to third sector bodies will be assessed in a local public sector bodies 'Use of Resources' judgment.

What does this mean for the sector?

7.4 Local authorities' performance assessment requirements will be dramatically reduced, and the importance of consulting with the VCS, as well as appropriately funding the sector will be taken into account within the new requirements for all local public sector bodies.

8. Next steps

8.1 We are pleased that the white paper recognises the crucial relationship that local government has with the VCS (as discussed in our recent policy position paper '*how voluntary and community organisation can help transform the local relationship*').

8.2 This white paper calls for some new and amended measures which will require statutory legislation. Many of the recommendations in the White Paper that are specific to the VCS depend upon the development of further guidance by DCLG and others. This includes on Local Area Agreement and Local Strategic Partnerships, good practice in commissioning and potentially around citizen engagement and redress. We will be engaging with each of these.

8.3 We will respond to government consultation on various aspects of the white paper and also work to inform and influence government guidance in its draft and final stages.

8.4 We will also provide a members' briefing on the Local Government Bill when it is published. We do not anticipate that we will undertake any direct lobbying on the content of the Bill, but we will monitor progress and update members on its implications as necessary.

Annexe A

Synopsis of volume one of the white paper

Volume one of the White Paper is divided into nine chapters, and there is a chapter dedicated to the role of the third sector (chapter G) in volume two. This section sets out a brief outline of the main proposals set out in volume one.

Chapter one *Introduction: strong and prosperous communities*

This chapter introduces the White Paper and discusses the future direction for local authorities and local areas. It discusses the importance of strong and effective partnership working to drive improvements which will result in better services, higher levels of public satisfaction and working toward building stronger communities.

Chapter two *Responsive services and empowered communities*

This chapter sets out proposals to devolve power to local communities and give local people a greater say over local public services. These proposals include:

- extending choice in local services by enabling people to have more control of the services they use on an individual basis;
- giving local people more say in running local services by reforming the best value regime to ensure that local authorities and other best value authorities inform, consult, involve and devolve to local citizens and communities, where appropriate;
- encouraging authorities to provide local people with prompt information on the quality and performance of local services so that they can judge how effective the public authorities for their area are; and
- giving people and organisations a new right to an answer when they put forward suggestions or demand action from their local authorities by strengthening the role of local councillors through an expanded *Community Call for Action*; and
- encouraging councils to provide councillors with small budgets to deal with local priorities.

This chapter also focuses on empowering citizens and communities by:

- encouraging the expansion of neighbourhood management;
- increasing the opportunities for communities to take on the management and ownership of local assets and facilities;
- encouraging the use of local charters;
- providing a new power of well-being for Quality Parish Councils; and
- improving the development and co-ordination of DCLG support for citizens, community groups and local authorities.

Chapter three *Effective, accountable and responsive local government*

This chapter discusses a framework for local authorities to act as leaders in their communities. The Government believes in the principle that the greater the powers being devolved, the greater the premium on clear, accountable and transparent leadership. This chapter looks at the structures of local government, roles of councillors and the strengthening of overview and scrutiny arrangement. The DCLG proposes to:

- support the role of non-executive councillors as democratic champions for their local areas, able to speak out on local issues like planning and licensing, and have real influence over local services;
- extend the powers of councils to pass local laws to deal with local problems;
- legislate for stronger, more accountable local leadership by offering local authorities a choice of three executive models – a directly elected mayor, a directly elected executive, and an indirectly elected leader with a four year term and by allowing authorities to adopt the mayoral model, following consultation with their communities, but without the need for a referendum; and
- strengthen overview and scrutiny committees to improve accountability, including enabling committees to review specific actions of public bodies operating in the area, making them responsible for considering Community Calls for Action referred to them by councillors acting as advocates for their communities, and encouraging them to consider matters raised in petitions.

Chapter four *Strong cities, strategic regions*

This chapter is focused on furthering national and regional economic growth through strengthening governance, leadership and partnership working in these areas. The DCLG intend to:

- continue discussions with to establish how the Government can best devolve powers and resources to regions and local authorities in cities and elsewhere to ensure there is clear accountability for decisions; stronger leadership and incentives to enable and support growth; reduced inequalities; and effective governance arrangements.
- reform Passenger Transport Authorities and Executives,
- work closely with local authorities that are developing Multi-Area Agreements to facilitate greater cross-boundary collaboration, particularly on key economic development issues; and
- encourage stronger leadership models.

Chapter five *Local government as a strategic leader and place-shaper*

This chapter sets out the government's plans to strengthen partnership working and establishes strategic leadership role of local authorities. It discusses the council as a 'convenor' of local agencies and groups, coordinating the all local agencies and groups involved in shaping the place and communities in the area. Key proposals include plans to:

- reinforce the strategic leadership role of local government by:
 - placing a duty on local authorities to prepare the LAA, in consultation with others as already is the case with the Sustainable Community Strategy;
 - making clear the expectation that local authority leaders will play a leading role on LSPs – with an opportunity to agree the chair of the LSP; and
 - making clear that the government will expect local authority executive portfolio holders to play a key role on relevant thematic partnerships;
- strengthen local partnership working by:
 - placing a duty on the local authority and named statutory partners to co-operate with each other to agree targets in the LAA; and
 - making clear that the Sustainable Community Strategy and other local and regional plans should have regard to each other;

- c) put partnership working at the heart of local service delivery by:
- placing a duty on relevant named statutory partners to have regard to relevant targets agreed between the Government and local partners in LAAs;
 - bringing more area-based funding streams into the LAAs to further improve the efficiency and delivery of outcomes;
 - removing the 4-funding block structure from LAAs (to be negotiated through 4 'themes'); and
 - clarifying the role of district councils;
- d) strengthen and simplify local arrangements for delivering responsive services involving local people by:
- streamlining procedures for involving communities in the creation of Sustainable Community Strategies, LAAs and Local Development Frameworks (LDFs);
 - improving and integrating strategic planning procedures; and
 - setting out the key principles of strategic commissioning and incentivising local authorities to focus on secure service outcomes in new and imaginative ways.

To underpin these reforms, the government will issue one, new, streamlined piece of guidance on the place-shaping role, replacing existing statutory and non-statutory guidance.

Chapter six A new performance framework

This chapter introduces proposals to reform the current performance regime faced by local authorities. It introduces a framework of national outcomes, with targets that are to be set and delivered locally to ensure minimum standards. These plans are intended to:

- strengthen accountability to citizens and communities through increasing choice, encouraging authorities to provide citizens and communities with timely information on services, introducing more effective means of redress when things go wrong and increasing opportunities for communities to run local services and manage local facilities;
- give greater responsibility to local authorities and their partners for securing improvements in services.
- provide a better balance between national and local priorities, with a drastic reduction in the number of national performance indicators and a revised Local Area Agreement (LAA) process through which central Government and local partners will agree and manage a limited number of improvement targets for each local area; and
- improve the arrangements for external assessment and inspection.

Chapter seven Efficiency – transforming local services

This chapter sets out proposals to ensure that local authorities work with partners to transform local services whilst encouraging collaboration and competition to drive efficiency. Key proposals include:

- requiring ambitious efficiency gains to be achieved by local authorities over the next few years as part of the 2007 Comprehensive Spending Review (CSR07);
- securing more collaboration between local authorities and across all public bodies, where this improves effectiveness and efficiency, and ensuring that

administrative boundaries do not act as a barrier to service transformation and efficiency;

- driving a more extensive use of business process improvement techniques, including new technology, to transform service delivery and focus services around the needs and preferences of users;
- ensuring greater contestability through the use of fair and open competition in local government services markets; and
- providing a foundation of stable finance, which will enable authorities to plan better, publish three-year council tax projections and provide more stable funding for partners in the third sector.

Chapter eight *Community cohesion*

This chapter focuses on the leadership role of local authorities in relation to community cohesion. The importance of partnership working and the role of LSPs and LAAs is also discussed. Amongst the proposals in this chapter, the DCLG plans to;

- work with local authorities and their partners to identify those places where cohesion should be a local priority reflected in improvement targets in LAAs and work with them on how they should address local challenges;
- emphasise the importance of promoting community cohesion through LSPs and Sustainable Community Strategies;
- support the establishment of forums on extremism in parts of the country where it is necessary. These will be strategic groups attended by key local partners, such as police and third sector organisations, acting as a hub for local projects aimed at tackling extremist activities;

Chapter nine *Steps towards implementation*

This chapter sets out the programme of legislation, guidance and consultation that the government will undertake to implement the proposals in the white paper.