



SCOTTISH EXECUTIVE

Developing Local Outcome Agreements for the Better Neighbourhood Services Fund

Development Department



**DEVELOPING LOCAL OUTCOME AGREEMENTS FOR
THE BETTER NEIGHBOURHOOD SERVICES FUND**

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DTZ PIEDA CONSULTING

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SUMMARY

BACKGROUND

1 BNSF is a £90 million 3-year (2001-04) programme aimed at delivering real and substantial service improvements in 12 Pathfinder areas in order to help narrow the gap between disadvantaged communities and the wider population. An additional £31.2 million has recently been provided to extend the programme into 2004-05.

2 Local Outcome Agreements (LOAs) play a key role in the BNSF programme by setting out what service improvements each Pathfinder is going to make and the anticipated measurable impacts of these improvements over the lifetime of the programme.

3 Based on a series of structured interviews with Pathfinders and with the Scottish Executive, this report explores the experience of Pathfinders and the Scottish Executive of using LOAs in the design, submission and early implementation phases of the BNSF.

DESIGN AND IMPLEMENTATION

4 The main lesson from experience so far is that the design of customised LOAs to meet the needs of particular communities is challenging. Consultation, baseline information, and considerable reflection on the most appropriate outcome indicators are required. These issues were not fully appreciated at the outset, and more guidance and training about how to approach the task of designing an outcome based programme would have been desirable.

5 The initial Guidelines for Implementation did not give authorities a sufficiently clear indication of what the Executive expected, and while the sample local outcome agreement which was subsequently produced was clear and helpful, its timing was such that it did not impact fully on the design of LOAs.

6 The timescale for the development of the LOA programme was felt by most Pathfinders to be unacceptably tight and to have created difficulties. The details of the LOA were on occasion being worked out for presentation to the Executive, when consultation with communities and partners was still ongoing. It was acknowledged by all that both Scottish Executive and local partners can be caught between the desire to push ahead with implementation of policies and the timescale required to genuinely engage communities and partners.

7 As a result of these difficulties, some LOAs still required development work after they had been approved, for example to put in place baseline information and to finalise quantified outcomes for the pathfinder programme. The Executive has been appropriately flexible about these adjustments.

8 The main focus of the programme was on improving the quality of life of disadvantaged communities. This focus on improving services in disadvantaged neighbourhoods was not easily transferred to rural areas where deprivation is generally more dispersed and guidance would need to reflect the different circumstances. However, an outcome based approach to improving services is equally appropriate for rural areas.

ADVANTAGES

- **Local ownership** – priorities are set by partners and communities to reflect local issues within a broad national framework.
- **The shift in policy focus to outcomes and impacts** - the LOA format makes partners think about impact rather than just delivery and challenges them to consider what approach to delivery is the most appropriate.
- **Flexibility** – the emphasis on outcomes rather than outputs allows partners flexibility in programme delivery - a positive feature, particularly from the standpoint of community involvement as the services and projects are not pre-determined.
- **Clarity** – LOAs provide a clear statement of priorities and aims.
- **Accountability** – there is a transparency about LOA partners and what they aim to achieve. This allows the LOA to act as a reference document for the public and other agencies.
- **Partnership** – the general view was that the process of drawing up a LOA had helped to engage community planning partners.
- **Evidence** – emphasis on outcomes means that LOAs have the potential to provide in-built monitoring and evaluation and thus provide an evidence base for future policy development.

DISADVANTAGES

- **The challenge of programme design** – designing a programme with appropriate performance indicators, in consultation with local people, is challenging.
- **Consultation issues** – for some Pathfinders the level of community consultation involved in LOAs was excessive while for others not enough time had been allowed.
- **Time limited** – despite the greater flexibility of payment through Revenue Support Grant (RSG), the BNSF LOAs are still constrained by the difficulties of a time-

limited programme e.g. the difficulty of attracting and retaining staff for a temporary initiative.

- **Conflict** – for a few Pathfinders the use of LOAs led to a deterioration of their relationship with the Executive. Other Councils felt that the Executive had been flexible and understanding.

BEST PRACTICE

9 ‘Best practice’ Pathfinders were generally those with a clear geographical focus, more tightly focused aims and clarity about the measures of success and the arrangements made to obtain data on these measures. Generally, Pathfinders which started with a strategic focus found it easier to think in terms of outcomes, whereas Pathfinders which started with a set of projects found it more difficult to think in terms of outcomes.

10 ‘Best practice’ Pathfinders appear to be demonstrating that the LOA approach, with its focus on local needs and measurable improvements, can be made to work very effectively in the context of improving the quality of life in deprived neighbourhoods.

CONCLUSIONS

11 Despite the difficulties experienced, Pathfinders found the evidence based approach implicit in LOAs attractive. LOAs offer a coherent and logical framework within which to develop new policies to combat disadvantage and subsequently assess their effectiveness.

12 While they have at times struggled with the demands of programme design and the selection of appropriate indicators, Pathfinders have endorsed the overall value of the approach. Several authorities stated that they have now adopted a similar approach in other areas of their work.

CHAPTER ONE INTRODUCTION

BACKGROUND

1.1 The Scottish Executive's Better Neighbourhood Services Fund (BNSF) is a £90 million 3-year (2001-04) programme aimed at delivering real and substantial service improvements in 12 Pathfinder areas (Table 1.1). It is intended to advance the Executive's Social Justice objectives and to demonstrate how providing better services can help narrow the gap between disadvantaged communities and the wider population. Local Outcome Agreements (LOAs) play a key role in this by setting out what service improvements each Pathfinder is going to make and the anticipated measurable impacts of these improvements over the lifetime of the programme. The process of LOA development was led by local authorities, with other partners and communities involved to a greater or lesser extent.

Table 1.1
BNSF Pathfinders: Target Groups and Funding (£m) (2001-04)

	Target Groups	2001-02	2002-03	2003-04	Total
Glasgow	5-18 year olds living in families reliant on Income Support: health and fitness; educational experience; improved personal confidence and safety.	6.00	9.00	12.00	27.00
West Dunbartonshire	Children & Young people in 16 SIP neighbourhoods	2.00	3.00	4.00	9.00
Dundee (2 LOAs)	Children/young people and neighbourhood services in specific localities	2.00	3.00	4.00	9.00
Inverclyde	Employability, health and neighbourhood services in specific localities and SIPs	2.00	3.00	4.00	9.00
North Ayrshire	Environment, employment, safety, community participation, health and education in two specific localities	1.50	2.25	3.00	6.75
East Ayrshire	Safety, environment, health and community in two specific localities	1.50	2.25	3.00	6.75
North Lanarkshire	Community safety in two broad areas	1.50	2.25	3.00	6.75
Renfrewshire	Neighbourhood wardens and lifelong learning in four specific localities	1.00	1.50	2.00	4.50
South Lanarkshire	Vulnerable children and their families, disabled people and older people in five specific localities	1.00	1.50	2.00	4.50
Argyll & Bute (2 LOAs)	Care for older people and community support network (families with disabled children)	0.60	0.90	1.20	2.70
Dumfries & Galloway (2 LOAs)	Vulnerable 12-18 year olds and vulnerable older people - authority wide	0.60	0.90	1.20	2.70
Eilean Siar	Care of the elderly, children and families and enterprise in four specific localities	0.30	0.45	0.60	1.35
Total		£20.00m	£30.00m	£40.00m	£90.00m

1.2 This report on Local Outcome Agreements is part of a programme of ongoing research relating to the development and implementation of BNSF being carried out by DTZ Pidea Consulting and now Tribal HCH. It is the first of a series of topic reports exploring key issues emerging from the development and implementation of the BNSF programme. The issues for topic reports are being identified by the Scottish Executive in consultation with the Pathfinders

RESEARCH QUESTIONS

1.3 For the vast majority of Pathfinders, 2002-03 was the first full operational year for BNSF. At this stage of the programme it was difficult to fully assess the role and impact of LOAs. For example, the impact of LOAs on issues such as long-term relationships between councils and their community planning partners will be able to be better assessed at a later date. The objective of this topic report is therefore to assess the role and impact of Local Outcome Agreements in the design, submission and early implementation phases of the Better Neighbourhood Services Fund.

1.4 The report addresses a number of specific questions:

- What was the Scottish Executive's objective in incorporating LOAs into the BNSF's design? Did the Executive feel they adequately conveyed their objectives to Pathfinders?
- Did Pathfinders feel the concept and use of LOAs was adequately explained by the Scottish Executive? How useful did Pathfinders find the Executive's guidance?
- What challenges (workload, data, consultation, timescale) were faced by Pathfinders in submitting and finalising the LOAs? Who were the key personnel responsible for drafting the LOA?
- What challenges were faced by the Scottish Executive during the submission phase?
- Have there been any early signs of change in the nature of the relationship between the Scottish Executive and councils or the way councils engage with community planning partners?
- What are the advantages and disadvantages of LOAs (e.g. flexibility, defining own outcomes) compared to other more prescriptive policy approaches?
- Is a best practice model emerging in the design of LOAs?
- Are LOAs too rigid to allow for changing circumstances during implementation?
- What lessons about LOAs have been learnt so far by all concerned?
- With hindsight, what would the Executive and local authorities have done differently in terms of the design and submission of LOAs?

METHODOLOGY

1.5 The report is based on a range of information including:

- prior desk research - review of LOAs and Annual Reports from Pathfinders for 2001-2002
- face to face interviews with Scottish Executive officials involved in the design and implementation of the BNSF Programme
- thirteen telephone interviews with Pathfinder co-ordinators and others - two Pathfinders had more than one LOA and more than one co-ordinator, so more than one interview was needed. The interviews were structured using a topic guide, which is attached as Appendix B. Our normal procedure was to phone in advance to arrange a mutually convenient time for an interview, and then to forward the topic guide to allow the interviewee to consider the issues and prepare for the discussion. In some cases, this preparation involved collating the views of a number of colleagues.

1.6 We sought to interview all twelve Pathfinder authorities, and succeeded in arranging a telephone interview (or interviews in the cases where there were two LOAs) at a mutually convenient time with thirteen out of fourteen Pathfinder co-ordinators. In several cases, the Pathfinder co-ordinator had not been responsible for the submission of the LOA and in these cases, there were further discussions or written submissions from staff who had been involved with the original submission. This was the case in Glasgow, West Dunbartonshire, Argyll and Bute and Dumfries and Galloway.

1.7 We analysed responses to topic guide questions manually, in order to get a broad sense of the balance of opinion on each topic, but also prepared tables on the responses for some of the more important questions. Elsewhere, we did a manual count of responses, in order to determine what the balance of opinion was on a particular topic. Where seven or more of the pathfinders indicated a view, this is described as the view of the majority of pathfinders. Where we refer to 'a number of pathfinders', this was a view expressed by two or more pathfinders.

CHAPTER TWO ROLE OF LOCAL OUTCOME AGREEMENTS

2.1 The Scottish Executive is piloting the use of LOAs as a way of developing and delivering better services to improve people's quality of life. The use of LOAs has been supported by the Convention of Scottish Local Authorities (COSLA) and has been piloted in different ways across six policy areas:

- Educational Attainment (Edinburgh, East Lothian, West Lothian and East Renfrewshire Councils), led by Scottish Executive Education Department
- Education and Children's Services (Highland, Perth and Kinross and Stirling Councils), led by Scottish Executive Education Department
- Adult Literacy (all Councils), led by Scottish Executive Enterprise and Lifelong Learning Department
- Rough Sleepers Initiative (28 Councils) led by Scottish Executive Development Department
- Community Care for the Elderly (all councils), led by Scottish Executive Health Department
- Better Neighbourhoods Services Fund (12 Councils), led by Scottish Executive Development Department

2.2 The decision to pilot LOAs in the BNSF programme came after the decision in January 2001 to set up the programme (broadly designed as the Scottish equivalent of the ODPM's Neighbourhood Renewal Fund). The Scottish Executive had been in discussion with COSLA about LOAs. Both saw LOAs as one way of linking Ministers' national policy priorities with local service outcomes whilst allowing Councils and their community planning partners the flexibility to develop local solutions to local problems. In the BNSF programme, pathfinder authorities would be given greater freedom about how they used resources, while at the same time being expected to demonstrate accountability in terms of the outcomes achieved with this funding. The Executive indicated in the BNSF Guidelines for Implementation that this approach was being piloted in partnership with COSLA.

2.3 Accountability was to be shown not just in relation to the inputs or even outputs of BNSF services and projects; there was an increasing focus on outcomes¹ - the objective was to demonstrate that the project had changed people's lives or life chances in a measurable way. The use of outcomes emphasises what difference funding has made to people's lives rather than what the money was spent on.

¹ Outcomes are "the impacts or consequences for the community of the activities of government. Outcomes are normally what an organisation is trying to achieve. For example, longer life expectancy and better health".
Choosing the Right Fabric: a Framework for Performance Information, HM Treasury

2.4 A distinctive feature of the BNSF programme in relation to previous programmes is the fact that rather than providing ring fenced funding, it increases the level of Revenue Support Grant (RSG) to local authorities - albeit within the terms of an agreed LOA. RSG has advantages for local authorities in terms of the flexibility it gives them and partners about the timing of expenditure and the ability to carry funding forward from year to year.

CHAPTER THREE DESIGN AND IMPLEMENTATION

INTRODUCTION

3.1 This section draws on thirteen in-depth telephone interviews with those who prepared the Local Outcome Agreements for each Pathfinder. By reviewing local authorities' experience at each stage in the presentation, development and early implementation of the BNSF programme, it considers how effectively the Executive explained the concept of LOAs, supported local authorities and their partners in designing and introducing LOAs, and how useful the Pathfinders found the Executive's advice and Guidelines for Implementation.

THE SEQUENCE OF EVENTS

3.2 **Ministerial Announcement:** A joint announcement by the Minister for Finance & Local Government and the Minister for Social Justice on 15 January 2001 gave details of the Better Neighbourhood Services Fund. Intended to *'improve the quality of neighbourhood services and encourage greater community involvement'*, the announcement specified how the £90m budget would be allocated to the twelve Pathfinders. The participating authorities were selected on the basis of above average proportions of Income Support recipients. However, as this approach would not have included a sufficient sample of rural authorities, and to ensure that the lessons learned from Pathfinders could be rolled out across Scotland, three rural authorities were also selected. The announcement stated that the fund would be focused on 'securing results' and that 'Councils will set targets', although there was no specific reference to Local Outcome Agreements.

3.3 **Guidelines for Implementation** were sent to the 12 Pathfinders on 27 April 2001. These Guidelines *"set out the framework within which the Scottish Executive is inviting the local authorities selected, in consultation and partnership with other bodies, to bring forward strategies for the delivery of better services within neighbourhoods in their area"*. The Guidelines also stated that *"the resources available should be used to develop the quality and/or quantity of local services to deliver real and substantial improvements for local people which can be set out and measured under local outcome agreements"*.

3.4 The seven page Guidelines contained information on the rationale for the BNSF programme and the methodology which had been used to select the 12 Pathfinder areas. However, the majority of the text gave guidance to the Pathfinders on the information required by the Scottish Executive, specifically in relation to:

- the content of the LOA
- selecting neighbourhoods
- community involvement
- identifying services
- establishing a baseline
- monitoring and evaluation

- finance
- timetable for submission and implementation

3.5 Although the Guidelines outlined the required content of the LOA they stated that there was **no single model** for LOAs. The required content was listed as follows:

- the specific services that will be supported in each Pathfinder neighbourhood;
- evidence of the community's views of the services and the reasons for selection;
- how these will relate to existing Social Inclusion Partnerships, Working for Communities and Initiative at the Edge initiatives;
- the improved outcomes and outputs being sought;
- the current baselines in terms of level of service provision and, where appropriate, community satisfaction against which progress will be measured;
- the timescales for achieving specific targets;
- the arrangements to monitor progress taking into account the relationship with existing monitoring arrangements applicable for each area; and
- arrangements for ensuring continuing community involvement.

3.6 The Guidelines for Implementation also stated that COSLA had agreed to arrange briefing for local authorities on the background to and different possible models for Local Outcome Agreements. An indicative timetable was also provided which is set out on p. 15, where timetable issues are discussed in more detail.

3.7 A minority of interviewees said that they had found the Guidelines helpful, particularly given that very little other information was available to local authorities and their partners about LOAs. Two authorities undertook their own research on outcome agreements in order to inform the development of their LOA.

3.8 The majority of interviewees - around seven out of twelve authorities - indicated that they would have welcomed more detailed guidance, with a further two neutral on this point. Only two Pathfinders suggested that they had found the initial flexibility helpful or that they wished to see a more flexible approach. Virtually all Pathfinders suggested that the sample LOA subsequently provided in October 2001 had been by far the most useful element of the Guidelines for Implementation, but for many it had emerged too late in the day to be helpful. This was a frustration in some cases, because they had already done most of the work on the LOA, and found it difficult to integrate what they had produced with the format suggested.

3.9 There were some opposing views. One Pathfinder co-ordinator who indicated that they would have welcomed greater detail also commented that the lack of detail gave them greater flexibility in formulating their LOA, which they found to be beneficial. A small number of other Pathfinders commented that they wanted greater freedom to reflect local circumstances. The Pathfinders who commented that they would have welcomed more detailed guidance on the content of LOAs included two out of the three rural authorities and three other authorities whose LOAs were subject to a period of negotiation with the Executive.

3.10 Two Pathfinders made comparisons with the English situation, based on what they had heard at a conference from speakers from England. One Pathfinder stated that they felt the Guidelines for Implementation seemed as if the Scottish Executive had taken an English idea and applied it to Scotland without giving it sufficient thought.

3.11 The Pathfinder in question felt that the English approach was more coherent – because Local Strategic Partnerships (the equivalent of the Community Planning Partnership) were more firmly established than their Scottish equivalent. It was also believed that the English system offered more reward for effort - much larger sums of money were involved, Partnerships received funding to produce their bids, and indeed that those who were successful in achieving their targets were rewarded with additional funding². This view was based on an understanding of what had been said at the conference and it was acknowledged that it might not be entirely solidly based – it might be a case of the ‘grass being greener’.

3.12 The other Pathfinder felt that the English model was more coherent and standardised, and that in consequence, there was much greater clarity about the setting of targets and their subsequent monitoring. We would certainly agree that the Neighbourhood Renewal Unit’s suggested approach in its Performance Management Framework offers a very clear and coherent approach to performance assessment, albeit a very detailed and fairly demanding one.

3.13 **BNSF Workshop:** In addition to the written guidelines, a workshop for Pathfinders was held on 30 August 2001. A presentation from the Executive provided further detail on their requirements for LOAs and attempted to clarify the use of outcomes. Presentations from two Pathfinders outlined their thoughts and experiences in formulating their LOA. Feedback from three Pathfinders suggested that the workshop had been a welcome feature as it clarified the Scottish Executive’s requirements and expectations for LOAs. Pathfinders had found that there were limitations to what could be understood from the written Guidelines and the exchange of emails. Two or three authorities suggested that they found direct personal contact with the Executive much more helpful.

² Comparisons of the level of funding are difficult to make without an awareness of the relative scale of different authorities. It is certainly the case that LSPs were provided with funding to prepare their strategies. It was also initially indicated that those who reached their targets in local Public Service Agreements (PSAs) would receive additional funding.

3.14 At the workshop a number of Pathfinders requested further information from the Executive on the content of the LOA. The workshop discussions suggested that people found it hard to envisage what an LOA would look like, and that everyone was feeling their way. Although there had been a view on the part of the Executive that they did not wish to be too prescriptive and that there was no single LOA model, it was agreed that a sample LOA would be helpful to Pathfinders in drawing up their programme and would be provided following the meeting.

3.15 **Sample LOA:** In response to queries about the content of the LOA raised during the submission phase, particularly at the August workshop, the Scottish Executive issued a sample LOA (see Appendix A) on 5 October 2001. The sample LOA included the following headings:

- Vision
- Headline outcomes
- Outputs (implementation strategy)
- Baseline
- Progress towards achieving outcomes and outputs
- Monitoring and evaluation
- Resources
- Annexes
 - Rationale for selection of area/client group
 - Key resources going into area/client group

3.16 The Sample LOA was essentially a worked example. Under each heading the sample LOA provided examples of the text that might be expected and points of clarification. The examples included:

- *outcomes* such as ‘a reduction in the number of crimes committed by ..% from x to y by 2003/04’;
- *outputs* such as ‘deployment of .. neighbourhood wardens in A, B and C’ and
- *baseline* ‘The number of crimes committed in 2000 was x in AA community. The target is to reduce the number of crimes by 5% to x-5% in AA by 2003/04. Source: police/local crime surveys’.

3.17 The Executive made it clear in the sample LOA that the baseline situation with respect to the outcome indicators would require to be presented – the Guidelines for Implementation had not made this clear.

3.18 Almost all Pathfinders suggested that the sample LOA was welcomed because it gave a much clearer picture of what was expected in the LOA. However, its timing was problematic. The Scottish Executive supplied the sample LOA to the Pathfinders at the beginning of October – approximately five months after the Guidelines for Implementation and less than one month before the original deadline for submission of the LOAs. Almost all Pathfinders commented that earlier publication would have allowed them to produce an LOA that was more closely aligned to the Executive’s thinking.

3.19 It is apparent from a review of the final LOAs that few Pathfinders followed the sample LOA closely. A small number of pathfinders suggested that they saw the sample LOA not as a template but as a guide to the content, which should be tailored to local circumstances.

3.20 There was also a suggestion from one of the three rural pathfinders that the sample LOA used vocabulary that was more readily associated with urban area regeneration programmes (“the vocabulary of the model LOA was aimed at area regeneration, not people based projects”) and did not recognise the different programmes and terminology required for rural or people-based programmes. We would tend to agree that the Guidelines were less helpful to authorities who were planning to use the funding in a rural area or to serve a target client group over the whole local authority area, mainly because the sample LOA, the most helpful element of the guidance, did not include a rural services or a broader authority-wide example.

THE EXECUTIVE’S SUPPORT TO PATHFINDERS

3.21 A number of Pathfinders felt the direct assistance they received from the Executive staff was helpful, as was the Sample LOA. The Guidelines were felt by most authorities to have been insufficiently detailed to be helpful. However, most Pathfinders felt that LOAs were also a learning experience for the Executive and a small minority that they ‘changed the goalposts’ throughout the submission phase by issuing guidance in two stages.

3.22 For some, the publication of the sample LOA signified a change in the Executive’s requirements. One Pathfinder felt that they had been asked by the Executive at a much later stage in the process for a large amount of detailed contextual information relating to their LOA, and they felt that the initial Guidelines had not made it clear that that amount of information would be needed. One authority stated that they had been advised at an early stage in the programme that capital projects were not eligible for BNSF funding, and then subsequently the sample LOA and indeed the approval of other Pathfinder programmes which included capital projects, suggested that they were in fact eligible. No other Pathfinder mentioned this issue.

3.23 Further definition and explanation of the specific terminology such as ‘outcomes’ and ‘outputs’ would also have been welcomed by one or two Pathfinders.

3.24 Executive officials involved in the development of the programme agree that the Guidelines could have been clearer in what was required, that the sample LOA would have been beneficial at an earlier date and that more training and support had been needed. Had there been more discussion within the Executive about an outcome based approach or about what an outcome agreement would look like, and training on these issues, there would have been greater recognition that Pathfinders would need training and support.

CHALLENGES FACED BY PATHFINDER AUTHORITIES

3.25 A number of challenges were identified by Pathfinders in relation to drawing up LOAs:

- unfamiliarity with LOAs
- understanding and selecting outcomes
- staff resources and timetable
- community involvement
- service mapping
- monitoring and Evaluation

UNFAMILIARITY WITH LOAS

3.26 Pathfinders - and Scottish Executive officials - highlighted the newness of LOAs as a major challenge. This approach represented a steep learning curve for all concerned. The outcome-based approach was new to all and designing an outcome-based programme was seen by all interviewees as a major challenge.

3.27 The Pathfinders' lack of previous experience of drawing up a programme of this type was exacerbated by the absence in the Guidelines produced by the Scottish Executive of detailed guidance on the content of the LOA and the definition of outcomes.

3.28 We considered whether some of the difficulties which authorities experienced in preparing an LOA might be the result of a lack of previous experience of Scottish Executive funded regeneration programmes. Certainly for some rural authorities such as Dumfries and Galloway, this was felt to be the case. However, the difficulties were also experienced by urban authorities with considerable experience of SIP and other earlier regeneration programmes, and they appear therefore to have been much more general.

UNDERSTANDING AND SELECTING OUTCOMES

3.29 Pathfinder interviewees noted that they would have welcomed fuller discussion and explanation of how an outcome-based programme might be designed and that this advice was needed at an early stage in the Programme. In addition, the selection of outcome indicators to capture the key impacts services and projects might achieve represented a new approach, and one which was different from previous programmes, such as the SIPs.

3.30 The issue of evaluation terminology was a difficulty for some authorities. The distinction between outputs and outcomes was unfamiliar to some Pathfinders and the Executive's Guidelines for Implementation did not define terms such as outputs and outcomes.

3.31 One element of outcome setting that was seen as particularly challenging by some was estimating what change was realistic within a three year timeframe. Pathfinders referred to a trade-off between being able to meet targets but being ambitious enough to make a difference and appeal to the Executive sufficiently to secure funding. Several authorities felt some anxieties about their commitment to what might prove to be quite demanding targets over a relatively short time scale for implementation.

3.32 The specific nature of some programmes made the setting of outcomes more difficult than others. For instance, North Lanarkshire felt that their focus on community safety helped the data collection process – there are already standardised questions from the Scottish Household and Scottish Crime Survey, as well as recorded crime statistics³. In contrast, Dundee's focus on a specific cohort of individual young people created challenges for defining and collecting outcomes – new administrative systems had to be set up to collect information on this particular target group. A further challenge with outcomes highlighted by one Pathfinder was trying to get communities to focus on them rather than specific project ideas during the local consultation process.

STAFF RESOURCES

3.33 LOAs required significant work to meet the Executive's requirements. Different elements of the LOA were highlighted by different Pathfinders as time consuming but there was a consensus that community consultations and gathering baseline data were onerous in the time permitted. Pathfinders felt that the time taken to properly develop and submit the LOAs was not understood by the Executive and that this was compounded by a number of other initiatives coming out of the Executive at the same time which also required significant input from those involved in BNSF. The hidden workload that falls onto other members of staff not involved in submitting the LOA, but who have to take on roles relinquished by those who are involved, was also a significant issue for authorities.

TIMETABLE

3.34 The timetable for the submission of LOAs and the start of the programme is shown below:

End of April 2001	Scottish Executive Guidelines for Implementation issued following workshop.
End of June indicative	Selected areas that are not SIPs etc. suggested to Scottish Executive for clearance. Consultation with communities in other areas begins.

³ Recorded crime data has proved highly reliable, however the recorded data level has increased as a result of more intensive policing activity.

End of July indicative	Authorities submit to Scottish Executive their proposals for areas, timetables and plans for consulting the community on services and outcomes.
Mid-August indicative	Scottish Executive comments or clearance given.
End-September indicative	Consultation with community should be completed.
End October	Suggested Local Outcome Agreement to Scottish Executive for approval.
October 2001 onwards	New services begin.

3.35 In retrospect, there is an acceptance on the part of Pathfinders and Executive officials that the original timetable was unrealistic. The timetable did not take into account the fact that two significant steps (selection of areas and community consultation), each of which required the involvement of other actors aside from the local authority, were required before the LOA could be finalised. Programme design was in fact a two stage process with Pathfinders having first to consult with community planning partners to select the target communities and thereafter with communities themselves to draw up LOAs.

3.36 The timetable from approval to recruitment was also seen by the majority of Pathfinders as being unrealistic, given the need to involve both Community Planning partners and the local community.

COMMUNITY INVOLVEMENT

3.37 The Guidelines for Implementation stated that Ministers were placing ‘great emphasis on the involvement of the communities concerned in the selection of services and the determination of outcomes to be achieved’. Our discussions with Scottish Executive officials suggest that they recognised that combining the new outcome based approach with community consultation was a further challenge for Pathfinders.

3.38 Some LOAs relied on existing consultation material to demonstrate community involvement in setting outcomes e.g. Dumfries & Galloway Young People Pathfinder used evidence gathered for the Children’s Services Plan that was produced in April 2001. The reasons given for this were either that consultation had recently been carried out and/or that the time allowed for submission of the LOA did not permit new consultation, in which case some Pathfinders, such as North Lanarkshire, planned further consultation after the LOA had been submitted. Other Pathfinders undertook specific BNSF consultation. For example, Dumfries & Galloway Older People arranged focus groups which were attended by over 200 older people. All Pathfinders could see the rationale behind community consultation.

3.39 The greatest difficulty with community consultation appeared to be the timescale which was described by a number of Pathfinders as unrealistic. The majority of Pathfinders engaged in some consultation and some achieved substantial consultations in a short space of time - for instance the Dumfries & Galloway Older People consultations were arranged within a matter of weeks of the decision being made to target that age group.

3.40 There were opposing views among Pathfinders on whether community consultations were really necessary. A number of Pathfinders felt that they were aware of the issues without the need for consultations, as service deliverers already knew the main issues from working in the area or from previous consultations; in their experience, where additional consultation was carried out for BNSF, these views tended to be confirmed.

3.41 Executive officials accept that community wide consultation is not needed in cases where there has already been extensive and genuine consultation, but it wished to be convinced in all cases that local people either had or would be consulted on the development and delivery of the BNSF programme.

3.42 There were also opposing views about the adequacy of community consultation measures. In particular, two Pathfinders noted that genuine community consultation, where the community could contribute on their own terms, would require a longer lead in time – perhaps as long as a year. In West Dunbartonshire the lack of appropriate existing consultation mechanisms/structures for consulting with young people has been recognised in the LOA, which is itself putting in place appropriate mechanisms for such consultation and involvement.

3.43 In Dundee, it was felt that the timescale for submission of the LOA was unacceptably tight, and meant that the details of the LOA were being hastily worked out for presentation to the Executive, at times when consultation with interested parties was still ongoing. It was felt that both the Scottish Executive and local government were caught between the desire to push ahead with implementation of policies and the timescale required to genuinely engage communities and partners.

3.44 Although Dundee City Council held public meetings in both neighbourhoods selected for the BNSF programme, the feedback from community representatives to the BNSF Pathfinder indicated that they felt that they did not have time to develop their own options and were being steamrollered along a timetable not of their choosing. The Council commented on the need for the Executive to recognise that there needs to be a sufficient lead in period if consultation at a local level is to be meaningful and not "done" to people.

3.45 Internal communication within some Pathfinder authorities was also an issue which impacted on the time available to submit their LOA as some authorities did not circulate the Guidelines sufficiently quickly after their receipt. In some other cases where central policy teams were initially in receipt of the Guidelines, the staff who eventually took the lead were not engaged in the process until July or August 2001. This cut the time the service delivery departments had to put together the LOA.

SERVICE MAPPING

3.46 Service mapping was generally found to be a problematic area. The Guidelines for Implementation highlighted the need for service mapping, stating:

‘Action to tackle neighbourhood services does not take place in a vacuum. A lot of action is already in place, and partners will need to map and recognise this before deciding what else is needed. The LOA will need to demonstrate clearly what the fund will buy i.e. how outputs/outcomes will be achieved. To judge the success of the LOA, it is important to measure existing service levels, be able to monitor progress and demonstrate that the fund has made significant and real difference’.

3.47 This was significant because it suggested that Pathfinders were required to map existing activity in order to inform the content of their BNSF programme; the content of the programme would then set out the additional services to be provided, over and above what was already being provided. It was also significant because it stated that monitoring progress and demonstrating change were the tools for judging the success of the LOA. The Guidelines highlighted the importance of quality baseline data in defining existing service levels so that the change in service levels and their impact could be measured.

3.48 In October 2001 each Pathfinder was offered £25,000 to assist them in identifying baseline information for their LOA: specifically to gather information on mainstream spending going into neighbourhoods/target groups. The offer was made in response to concerns about the mapping exercise raised during discussions with the Pathfinders at the BNSF workshop on 30 August 2001. The offer letter reiterated the LOA deadline as end of October 2001 noting that: “in your LOA you should provide as much baseline spend data as is available, together with a timetable for the collection and presentation of remaining information by April 2002”.

3.49 Pathfinders welcomed the additional money, especially the smaller/rural authorities which did not have significant internal research capability. Although the majority of Pathfinder interviewees were clear about what was expected, a minority felt that the Executive were vague about the intended use of the money. The results of this exercise and the extent to which these were used in drafting LOAs were generally felt to be limited by data availability issues.

3.50 Pathfinders reported numerous difficulties with the collection and interpretation of the data. The difficulties with data stemmed from the fact that much of the data was not routinely collected for the client groups or geographies in question. Timing was another problem - it was clear that very few Pathfinders were able to complete a baseline service mapping exercise in time to inform an LOA to be submitted by October 2001.

MONITORING AND EVALUATION

3.51 BNSF's emphasis on achieving specific outcomes necessitates robust monitoring and evaluation arrangements. Both the Guidelines for Implementation and sample LOA dealt with this issue, but only the latter considered it in any degree of detail. The Guidelines emphasised the importance of putting in place arrangements to monitor and evaluate progress although it gave no further details of what was required. The sample LOA included a section on monitoring and evaluation which provided examples of the various methods with which monitoring data could be gathered; the examples included six monthly focus groups, annual household surveys and local crime surveys.

3.52 The content of the LOAs on monitoring and evaluation varied across the Pathfinders, perhaps because the initial guidelines could have been more detailed on what was required, but also because the Pathfinders did not have time to draw together appropriate indicators with appropriate baseline data after they had received the sample LOA. In a number of Pathfinders the LOA lacked specific detail on what information would be gathered, by whom and at what intervals.

3.53 The importance of outcome - as opposed to project - monitoring was not reflected in the majority of LOAs. Some Pathfinders acknowledged that further work was required. For instance in both Dumfries & Galloway LOAs BNSF money is addressing long standing issues of information gathering and information sharing which will improve the programme's own monitoring and evaluation. The Executive's view of the importance of monitoring and evaluation was backed up by the release of significant additional money for the 12 Pathfinders (£1.5m in total) by the Executive in early February 2002 specifically for this purpose.

3.54 The sample LOA provided examples of outcome-specific baseline data and made it clear that a baseline position would be needed for each target outcome. However, we concluded in our review of the LOAs and subsequent monitoring and evaluation arrangements that the Executive's requirement on **outcome** specific baseline data was not fully reflected in the majority of LOAs, several of which provided only broad contextual baseline data. This may have been because it was only in the sample LOA that the need to establish a baseline position for each outcome was stressed by the Executive.

3.55 The Pathfinders and the Executive, with the support of DTZ, have striven to improve this situation. In particular, reports prepared by DTZ – the review of annual reports and monitoring and evaluation overview report, as well as a separate topic report on monitoring and evaluation⁴ - highlighted situations where there was a need to strengthen monitoring and evaluation arrangements.

⁴ *Review of Annual Reports* (May 2003) DTZ Pieda Consulting, *Monitoring and Evaluation Overview Report* (June 2002) DTZ Pieda Consulting, *Topic Report on Monitoring and Evaluation* (to be published Feb 2004 2003) DTZ Pieda Consulting/Tribal HCH.

KEY PERSONNEL

3.56 The workload involved in formulating an LOA was said by most authorities to be significant. The main personnel involved in writing the document came exclusively from the local authorities and tended to be either senior management from the service department taking a lead in delivery and/or senior policy officers from a central services team. In a number of cases a steering group or working group was formed with representatives from various departments and policy officers; representation on the groups was of an equally senior level as the key personnel. In a number of cases these groups involved partners or community reps or linked into community planning – e.g. Renfrewshire’s proposal was progressed through a range of community planning sub-groups.

3.57 Three or four Pathfinder interviewees noted that in some instances involvement in formulating the LOA was at the expense of other duties which had to be shared by other staff; this was said by one of the rural authorities to be a greater problem in smaller/rural authorities, who tended not to have designated staff for external funding bids or special initiatives. Preparing an LOA created a hidden workload for the department which provided the staff member who worked on drawing up the LOA, and Pathfinders felt that this might not be fully appreciated by the Executive.

3.58 In these circumstances, the use of consultants might well have been appropriate. The timescales for the programme might however have been problematic, given that most authorities wish to put assignments of this type to competitive tender.

CHALLENGES FOR THE EXECUTIVE

3.59 The outcome-based approach was new for many in the Executive too, and there was a need to spread knowledge about the approach. Retrospectively, Executive officials are of the view that it might have been beneficial to devote even more time and internal discussion to considering what shape an LOA might take, and how best to adopt an outcome based approach to BNSF.

3.60 Introducing LOAs also proved a resource intensive process for the Executive. Substantial amounts of time were spent at the submission stage appraising LOAs, advising Councils about the Executive’s requirements, assessing revised drafts, and subsequently reviewing progress, monitoring and evaluation arrangements and so forth. However, this has to be weighed against the likelihood that such information about the overall impact and success and failure of BNSF programmes will be required in future. The Executive is still assessing the merits of the LOA approach and the BNSF programme as a whole. Some interviewees felt that too much time has been spent on reviewing and assessing Pathfinder programmes and trying to assess their impact.

RELATIONSHIPS IN THE EARLY STAGES

With the Executive

3.61 There were mixed views among Pathfinders on the impact of LOAs on relationships with the Executive. Two Pathfinders said that LOAs had not resulted in any change, but five felt the impact on relationships had been positive with one Pathfinder commenting '*there was a real sense that the Executive trusted the Council*'. Another Pathfinder commented on the flexibility the Executive was allowing them. The majority of Pathfinder interviewees felt that the Executive had been flexible and understanding about the difficulties they faced in implementing this new approach.

3.62 In four cases, it was felt that relationships with the Executive had become more difficult as a result of the BNSF programme. It was in those cases where there had been particular challenges in formulating and finalising the LOAs that it was felt that discussions over the LOA had resulted in a deterioration of relationships between the authority and the Executive. In three out of four cases, this involved authorities who reported some pre-existing tensions in their relationship with the Executive. Regardless of the state of relationships between the Executive and the authority as a whole, Pathfinder staff reported that in most cases they had a good working relationship with the Executive's staff involved in BNSF.

With Community Planning Partners

3.63 A number of Pathfinders stated that submission of the LOA was building on existing good relationships with partners but it was the first real test of community planning partnerships; the majority felt the experience had been beneficial to partners working together. The general view was that the process of drawing up a LOA had helped to engage community planning partners.

3.64 One Pathfinder stated that 'BNSF was the catalyst for closer relations between partners' while another felt that the BNSF had helped partners see the bigger picture beyond their own service. In one Pathfinder area the community planning partnership was used as the vehicle to make a decision on the location of the initiative without the political difficulties that would have been anticipated if the Council had been asked to do so.

3.65 Some difficulties were reported however which were a consequence of involving partners. One challenge identified by a number of Pathfinder interviewees was the additional time taken to involve partners and get their feedback when time was already limited. A second challenge, raised by North Ayrshire and West Dunbartonshire Pathfinders, was the difficulty in narrowing down the very wide and diverse scope of the LOA which was a direct consequence of involving a range of partners. It was suggested that in some cases the wide ranging nature of the LOAs in BNSF Pathfinders was a reflection of the desire to satisfy a range of partners' aims when it might have been preferable to focus on a smaller number of priorities.

3.66 Dundee Council commented that engagement with community planning partners had been positive but was still a learning process. In Glasgow the Council interviewees acknowledged that partner involvement could have been better. The long term impact of the BNSF programme on relationships with Community Planning partners and with the community in question will be evaluated more fully at a later date.

CHAPTER 4

CONCLUSIONS

INTRODUCTION

4.1 This section deals with:

- the advantages and disadvantages of the LOA approach
- best practice
- flexibility of the LOA approach
- lessons learnt
- future policy implications

ADVANTAGES

4.2 Stakeholders identified a range of advantages associated with the LOA approach:

- **Local ownership** – priorities are set by partners and the community to reflect local issues within a broad national framework.
- **Focused** – the LOA format makes partners think about the impact they hope to achieve rather than just what they are going to deliver; it also challenges them to consider what approach to delivery is the best to achieve the identified outcomes.
- **Flexibility** – the emphasis on outcomes rather than outputs allows partners flexibility in the programme as to what initiatives are supported; this is a positive feature, particularly from the standpoint of community involvement as the services and projects are not wholly pre-determined.
- **Clarity** – LOAs provide a clear statement of priorities and aims.
- **Accountability** – the community can see which partners sign up to an LOA and what they aim to provide and achieve. This allows the LOA to act as a reference document for the public (and other agencies).
- **Partnership** – LOAs encourage partner involvement and require trust among partners to achieve the identified outcomes.
- **Evidence** – the emphasis on outcomes means that LOAs have the potential to provide in-built monitoring and evaluation of effectiveness and thus to provide an evidence base to inform future policy development. If LOAs can be made to work well, they should be self evaluating.

DISADVANTAGES

4.3 At the same time, stakeholders identified a number of disadvantages or limitations of the LOA approach:

- **Programme design challenges** – designing a programme with an appropriate set of specific performance indicators, in consultation with local people, is now seen by Scottish Executive regeneration staff and local authorities alike as a challenging task.
- **Consultations** – for some Pathfinders the level of community consultation involved in the BNSF LOAs was excessive⁵ while for others it was felt that not enough time had been allowed for genuine consultation.
- **Time limited** – despite the greater flexibility associated with the use of Revenue Support Grant (RSG), BNSF is still a time limited programme with all the difficulties associated with such initiatives, and in particular the difficulty of attracting and retaining staff for a temporary initiative.
- **Project and Service Monitoring Issues** - as the monitoring of individual services and projects appears to be less developed than other programmes, LOAs require trust between partners that they are working towards the joint outcomes and delivering what they said they would.
- **Conflict** – for a few Pathfinders the use of LOAs led to a deterioration of their relationship with the Executive, but this was by no means the rule. Other Councils felt that the Executive had been flexible and understanding of their needs.
- **Bias in project selection** - the emphasis on achieving outcomes may make partners focus on activity that is easily measurable without necessarily being the best option. Worthwhile activities associated with ‘soft’ outcomes may not be selected for funding.
- **Partner commitment** – to get partners to focus on outcomes was more time consuming and harder work than had been expected, and there may be a reluctance on the part of those concerned to engage again in such a complex process; alternatively the newness of LOAs may have contributed to the learning process for BNSF and future exercises might be more straightforward.

⁵ although the Guidelines for Implementation made it quite clear that community wide consultation specifically for BNSF is not needed where there has already been a process of consultation on needs and there is evidence of this.

BEST PRACTICE

4.4 There were a number of examples of best practice LOAs, where Pathfinders have designed programmes with a series of specific actions and relevant outcome measures to address the needs of disadvantaged communities. These related for the most part to services to tackle disadvantage in particular deprived urban localities. The approach appeared initially to be more difficult to apply to rural areas, although the evidence to date suggests that an outcome oriented approach can work well in relation to rural services.

4.5 However, the name of the programme itself, and the guidelines and particularly the sample LOA, which were both written from a neighbourhood renewal rather than a rural deprivation perspective, do not convey the types of service which may be most appropriately developed in rural areas to address social exclusion issues.

4.6 ‘Best practice’ LOAs were generally those with a clear geographical focus, a more tightly focused range of actions and clarity about the measures of success and the arrangements made to obtain data on these measures. In one of the best practice LOAs (East Ayrshire), the community is closely involved in assessing the programme’s effectiveness. At least one of the Pathfinders appears to be demonstrating that the LOA approach, with its focus on meeting local needs and measurable improvements, can be made to work very effectively in the context of improving the quality of life in deprived neighbourhoods.

FLEXIBILITY OF LOAS

4.7 A small number of Pathfinders had at the outset expressed concerns that LOAs might be too rigid in tying them to the content of the LOA for three years and not allowing variation to take account of later conditions. In our interviews however it transpired that the majority of Pathfinders felt that these concerns had so far proved to be unfounded with their LOAs seen as flexible enough to contend with changing circumstances. These Pathfinders felt that the LOA development process had been vindicated; they also felt the Executive’s willingness to accept fine tuning had helped.

4.8 The Executive expects Pathfinders to retain the broad objectives and outcomes of the LOA across the lifetime of the programme. It has however been flexible in allowing Pathfinders to improve and/or clarify LOAs and associated outcome measures. Indeed, we (DTZ Pidea) have provided specific advice and support to Pathfinders to help them do this and identify relevant baseline data. The Executive has also accepted that some specific actions supported might change over time and thus that the outputs specified in the LOA might require adjustment.

4.9 A small number of Pathfinders still held the view that LOAs were too rigid. One Pathfinder felt that some services or projects that would have benefits for the neighbourhood but which did not contribute to the outcomes which had initially been chosen could not be supported by BNSF – this suggests that the setting of the outcomes is crucial. Despite the fact that the Executive has allowed Pathfinders to further define and clarify their LOAs, and specific outcome measures, there was also a suggestion from three or four Pathfinders that the Executive should allow greater flexibility for changes to the LOA. Three Pathfinders felt it was too early to tell whether the LOAs were too rigid.

LESSONS LEARNT

4.10 **Design Issues:** The main lesson that we would draw from experience so far is that the design of a programme of this type is demanding for all concerned – the Pathfinder itself, its community planning partners, communities and the Executive. Social inclusion covers a very wide range of topic areas and activities, and within the areas covered by the Social Justice Milestones, the range of potential outcomes which might be chosen is potentially very wide.

4.11 At a programme level it is hard to monitor and evaluate a programme which is as diverse as BNSF where 12 Pathfinders have over 300 separate outcomes. It is difficult to draw up guidelines which are specific enough to be relevant and helpful to all the different types of programme which may be supported. Given this, the task of summarising what has been achieved with the funding will be a challenging one. This is certainly true at programme level, and in some of the more complex individual Pathfinders, it may also be true at Pathfinder level.

4.12 Although the BNSF programme offered considerable freedoms to local authorities, they were also constrained by the need to secure agreement from community planning partners and to develop the Pathfinder in consultation with the relevant communities. While the arguments for both of these are strong, the involvement of other parties takes time, can complicate programme design, and make it harder to achieve a clear focus.

4.13 All concerned believe that the complexities of programme design were not fully appreciated at the outset, and that more training about how to approach the task of designing an outcome based programme would have been desirable.

4.14 **Timeframe:** The timescale for the Programme was felt by some Pathfinders to be unacceptably tight, and to have created difficulties in drawing up LOAs. The tight timescale also meant that the details of the LOA were being hastily worked out for presentation to the Executive, at times when consultation with interested parties was still ongoing. It was acknowledged by both sides that both Scottish Executive and Local Government are often caught between the desire to push ahead with implementation of policies and the timescale required to genuinely engage communities and partners.

4.15 Some Pathfinders felt that the timescale allowed for consultation with communities and partners did not permit the inclusive approach to LOAs desired by the Executive. In many cases, it was a case of going to other stakeholders with a plan rather than involving them at the earlier stages where they could have a direct impact on the design of the programme. It was felt by Pathfinders that ideally a lead in period of a year would be desirable although it was appreciated that this was probably not always practical. One authority commented that there is evidence from other programmes that these lessons about adequate lead in times are not being learned.

4.16 **Guidance:** The development of the Programme has been a learning experience for both the Executive and for Pathfinders. The initial Guidelines for Implementation did not give authorities a sufficiently clear indication of what the Executive expected, and while the sample local outcome agreement was clear and helpful, its timing was such that it did not impact fully on the design of LOAs.

4.17 It is our impression that Pathfinders had had much less exposure than Central Government to evaluation and performance measurement systems such as those advocated in the Treasury Green Book, the Framework for the Evaluation of Regeneration Projects and Programmes (often known as EGRUP) and the Logical Framework used by certain government departments. Pathfinders would have benefited from some specific guidance on what is meant by outcomes and outputs and on the choice of indicators.

4.18 Some of the more recently issued guidance from UK Government such as the revised Green Book⁶, the new guidance on Assessing the Impact of Spatial Interventions⁷ which replaces the EGRUP Framework, and ‘Choosing the Right Fabric: A Framework for Performance Information’⁸ provides much greater clarity on these issues, and would in our view have been particularly helpful had they been available at the time.

4.19 **Rural Areas:** The main focus of the programme has been on improving the quality of life of disadvantaged communities by improving neighbourhood services. This approach is not easily transferred to rural areas where deprivation is generally more dispersed. An outcome based approach to improving services is equally appropriate for rural areas, but the guidance would need to reflect the rather different circumstances in a rural area – the Guidelines which were issued in this case were written with a focus on improving services in deprived neighbourhoods. A separate sample LOA would have been desirable.

4.20 It could be argued that rather than try to ‘fit’ rural authorities into the guidelines for a programme designed to secure improvements to defined deprived localities in urban areas, it would be preferable to create a separate and parallel programme for rural authorities. This could focus specifically on addressing the specific disadvantages suffered by low income households in rural and isolated locations.

⁶ http://www.hm-treasury.gov.uk/media//05553/Green_Book_03.pdf

⁷ http://www.odpm.gov.uk/stellent/groups/odpm_urbanpolicy/documents/pdf/odpm_urbpol_pdf_023746.pdf

⁸ <http://www.hm-treasury.gov.uk/media//BB5BC/229.pdf>

4.21 However although the Programme's title - the Better Neighbourhood Services Fund - was not particularly appropriate for populations in dispersed rural areas, the LOA approach itself has proved relevant in rural areas. Provided that guidance is designed to take into account the different needs of urban and highly rural areas, there is no reason why the LOA approach should not be adopted to tackle social exclusion and deprivation in rural areas also.

4.22 It is also important to recognise that smaller and specifically rural authorities may be disadvantaged by the demands placed on authorities to submit an LOA, because they seldom have staff who deal with external funding issues or special projects.

FUTURE POLICY IMPLICATIONS

4.23 Encouragingly for the Executive's Regeneration Division, **all** Pathfinders expressed support for the LOA approach to BNSF. Interestingly, the wider uptake in local authorities of the LOA concept - i.e. a more outcome oriented focus - was mentioned by more than half of the Pathfinder interviewees.

4.24 Both programme design and programme monitoring and evaluation for 'bespoke' LOAs are potentially time consuming and expensive. Many authorities have given considerable thought to the target group on which they wish to impact, which may not be a group for which ready made performance indicators or statistics exist. In several cases, LOAs require specially designed survey work or the development of a customised database to track impact.

4.25 This level of investment in design and monitoring is only appropriate for relatively large scale programmes. For authorities in receipt of more modest funding, selection of outcomes from a range of 'off the peg' outcomes may be more appropriate.

4.26 The range, scope and number of outcome measures developed through BNSF suggests that some reduction and standardisation in the number of indicators and target outcomes in use would be highly desirable. A smaller number of more standard outcome targets relating to issues such as child poverty, getting people back into work and creating better neighbourhoods would in our opinion be desirable.

4.27 We would suggest that some narrowing of the potential scope of programmes would be helpful, and that authorities would find it helpful to be offered a suggested 'menu' of outcomes which they might wish to address. This would not in any way constrain their ability to develop individual and customised services and projects to meet local needs, but might be helpful at programme design stage. The Guidance on the integration of Community Planning Partnerships and Social Inclusion Partnerships⁹ makes reference to this issue and is likely to be followed up by a menu of outcome indicators which Community Planning partners may wish to use in the development of Regeneration Outcome Agreements.

⁹ *Integrating Social Inclusion Partnerships and Community Planning Partnerships, Communities Scotland and Scottish Executive, August 2003*

4.28 We note also the need to avoid proliferation of outcome agreements, where different funding streams have outcome agreements which overlap. Again, the Guidance on SIP integration enables Community Planning Partnerships to develop a single Regeneration Outcome Agreement for SIP Funds, BNSF and regeneration funds associated with the transfer of council housing to community ownership.

4.29 There are a number of sources of indicators – for example the Audit Commission’s library of quality of life indicators. As part of their work on a possible programme level monitoring and evaluation framework, DTZ briefly reviewed the range of existing indicators which might be used, and we concluded that the key issues were:

- attribution – i.e. is this indicator the best possible measure of the impact of the actions the Community Planning Partnership is proposing, or are there more appropriate measures to capture this impact?
- whether routinely collected data sources¹⁰ may be used to measure impact
- how widely the indicator is used by others – where survey data is used, there are considerable advantages in using ‘standard’ questions such as those used in the Scottish Household Survey or the Scottish Crime Survey, so that national and in the case of SHS, local authority level, comparators are available.
- the cost/difficulty of obtaining information about impact – is it proportionate to the scale of the actions proposed?

4.30 However, the selection of these outcomes will be critical and will require considerable thought and discussion. The selection and agreement of appropriate outcomes for Regeneration Outcome Agreements may be just as taxing as the selection of appropriate indicators for BNSF has proved to be.

4.31 A final comment relates to the profile of less individualised outcome agreements. Failure to attain outcome targets common to a number of authorities is likely to be much more public and visible than a failure to reach a variety of self selected and relatively specific one-off targets. In policy terms, however this option still allows more freedom to CPPs to select targets which are relevant to their programmes rather than being required to measure progress against a centrally determined set of indicators which would be identical for all pathfinders.

¹⁰ although a pitfall of using data collected by others for other purposes is that the criteria and definitions may change, thus affecting comparability over time. This has recently been experienced as a problem by North Lanarkshire with school attendance statistics.

OVERALL CONCLUSIONS

4.32 Authorities have found the evidence based approach implicit in Local Outcome Agreements to be an attractive, coherent and logical framework within which to develop new policies to combat disadvantage and subsequently to assess their effectiveness. While they have at times struggled with the demands of programme design and the selection of appropriate indicators, they have endorsed the overall value of the approach. Indeed, several authorities said that they have now adopted a similar approach in other areas of their work.

4.33 Comments included:

'LOAs are the way forward';

'Good concept, worth replicating';

'We are supporters of LOAs';

'Generally in favour';

'Focus on programme objectives is a positive feature';

'Must evidence change to justify the activity and the expenditure of tax payers' money'; and

'Despite the pain, we value the LOA!'

4.34 However Community Planning Partnerships would benefit from more specific guidance about the design of outcome agreements and in particular a more standardised and detailed approach to baseline preparation and subsequent monitoring of outcomes. Giving more specific guidance need not be incompatible with allowing scope for more innovative, one-off outcome agreements, where Community Planning Partnerships feel that this is desirable.

4.35 A menu of appropriate indicators, together with information on appropriate data sources and on data collection would do much to assist Community Planning Partnerships to make effective use of this type of agreement. The lessons learnt from BNSF are that the selection of indicators is critical, and that considerable thought must be given to issues such as attribution/plausibility and the cost, design and timing of any survey work needed to assess the overall effectiveness of the programme.

APPENDIX A: SAMPLE LOCAL OUTCOME AGREEMENT

BETTER NEIGHBOURHOOD SERVICES FUND

LOCAL OUTCOME AGREEMENT (SAMPLE)

[Please note that words in italics are points of clarification and not intended as part of the LOA]

Vision

1. As set out in its Community Plan, the vision for XXX is that “by 2010 XXX will be a thriving, safe and forward looking community that provides opportunities for all and cares for its people and its environment”. The Plan includes a number of core aims, linked to the Scottish Executive’s social justice targets, one of which – to create safe places to live, work and play - is particularly relevant to this Local Outcome Agreement:
2. The Better Neighbourhoods Services Fund is expected to contribute towards the achievement of these aims in the deprived neighbourhoods of A, B, C. The selection of areas/client groups, services to be improved and outcomes and outputs were agreed with local community planning partners and the communities involved. Annex ... provides further details of these.
 - *For the Annex you should draw on your outline proposal for this Annex, which should include a brief rationale for the choice of area/client group, number of people targeted and the consultation process you followed to agree services to be targeted and outcomes].*

Headline Outcomes

3. The outcomes which are expected to be achieved are:
 - 3.1 A reduction in the number of crimes committed by ..%, from x to y by 2003/4.
 - 3.2. An increase in reported crime as part of overall committed crime by ...%, from x% of all crimes to y% by 2003/4.
 - 3.3 Doubling the proportion of people who describe their neighbourhood as a “safe” place to live by 2003.
- *It is for Councils to decide on the appropriate number of outcomes, which will depend on the nature/range of the pathfinder. The key is to identify an appropriate range of outcomes, in consultation with local people themselves. The more outcomes, the more baseline data which will need to be collected, and the more indicators which will need to be monitored.*
- *As in the above example, preferably outcomes should include a mixture of “harder” and “softer” outcomes, the latter covering changes in community attitudes and perceptions of services.*

- *Outcomes and outputs (see below) should be SMART.*
- *The above outcomes are for illustration only. If your BNSF pathfinder will actually use crime targets as outcomes, these should be tied to those that the police are using.*
- *If a pathfinder covers different outcomes in different communities or communities of interest, it may be easier to produce separate LOAs for each.*
- *Where progress is stated as x% you will need to clarify if this is x% of current level or x percentage points improvement. Some interim proposals have not made this clear.*

Outputs (Implementation strategy)

4. The following outputs will be delivered:
 - 4.1. Deployment of neighbourhood wardens in A, B and C;
 - 4.2. Installation of CCTV cameras in areas in A, B and C;
 - 4.3. Successful establishment of youth centres catering for young people in A, B and C;
 - 4.4. Successful establishment of estate management committees in A, B and C;

Baseline

5. This is as follows:
 - 5.1 Committed crime: The number of crimes committed in 2000 was x in AA community, y in BB community and z in CC community. The target is to reduce the number of crimes by 5% to x-5% in AA, y-5% in BB, z-5% in CC by 2003/4. Source: police/local crime surveys.
 - 5.2 Reported crime: In 2000, x% of all crimes committed were reported to the police. This figure will be increased by y% points to z% by 2003/4. Source: police/local crime surveys.
 - 5.2 Attitudes: In 2001, x% of people surveyed in AAA community described their community as “safe”; y% in BBB community and z% in CCC. Source: focus groups/panels/surveys/estate management committees
- *It is likely that some Councils will not have been able to collect all the necessary baseline data by end-October 01, when the LOA has to be submitted. In this case, Councils should include an appendix identifying the limitations in the data, the steps to be taken to address these with a timescale for collection and the date by which the data will be provided to the Executive.*
- *When specifying years, you need to be clear whether these are calendar or financial – not always clear in outcome proposals.*

Progress towards achieving outcomes and outputs

6. At the end of 2001/2 we expect to have achieved:
 - recruitment and deployment of all neighbourhood wardens
 - installation of all CCTV cameras
 - establishment of youth centre in A community, providing a range of services
 - establishment of estate management committees in all 3 neighbourhoods
 - reduction in committed crime by ...% from baseline
 - increase in resident satisfaction with safety of neighbourhoods

7. At the end of 2002/3 we expect to have achieved:
 - establishment of youth centre in B and C communities, providing a range of services
 - reduction in committed crime by ...% from baseline.
 - increase in reported crime by ...% from baseline.
 - further increase in resident satisfaction with safety of neighbourhood.

Monitoring and Evaluation

8. Anticipated outcomes and outputs will be monitored and reviewed on a regular basis at a neighbourhood level through:
 - monthly meetings of estate management committees
 - six-monthly focus groups
 - annual household surveys
 - local crime survey
 - community planning thematic working groups.

9. An annual report will be prepared for the Scottish Executive which sets out progress towards the achievement of outcomes and outputs, as set out above, and highlights key lessons (positive and negative) emerging from the pathfinder.
 - *In this section (or in an Annex), we will expect to see evidence that the community/client group will be involved in ongoing monitoring and review of this agreement.]*

Resources

10. BNSF funds will be used as follows:

Table 1: BNSF projects in Local Authority X: summary of resources

	Year 1	Year 2	Year 3	Total over 3 years
Neighbourhood A				
Estate Wardens	3 wardens = £x	3 wardens = £y	3 wardens = £z	£(x+y+z)
CCTV				
Youth Centres	capital and running costs = £x	running costs = £y		
Subtotals	£Y1A	£Y2A	£Y3A	£A
Neighbourhood B				
Estate Wardens				
CCTV				
Youth Centres				
Subtotals	£Y1B	£Y2B	£Y3B	£B
Neighbourhood C				
Estate Wardens				
CCTV				
Youth Centres				
Subtotals	£Y1C	£Y2C	£Y3C	£C
Annual total	£Y1	£Y2	£Y3	£(A+B+C)=£(Y1+Y2+Y3)

Grand total

Annex ... provides details of the resources going into the areas/client groups by the Local Authority and community planning partners.

- *It may not be possible to have completed this exercise by end-October, but as much data as is available should be provided, together with a timetable for its collection and presentation to the Executive].*

Annexes

- The following annexes are required:
 - *Rationale for selection of communities/client groups, numbers, and consultation process. [If geographic focus, please include maps of BNSF areas (showing SIP and non-SIP areas) and postcodes of BNSF areas].*
 - Key resources going into area/client group by local authority and community planning partners.

- The following annexes should also be provided, if appropriate:
 - *More detail on gaps in baseline data and timetable, process for collection*
 - *Any other annexes you feel are necessary to allow a full evaluation of the BNSF pathfinder.*

APPENDIX B

PATHFINDER INTERVIEW TOPIC GUIDE

BNSF Topic Reports
Local Outcome Agreements

‘Assessing the impact of Local Outcome Agreements during programme design, submission and initial implementation of the Better Neighbourhood Services Fund’.

Pathfinder: _____	Date: _____
Consultee: _____	

- **Notes from files:**
- Did Pathfinders feel the concept and use of LOAs was adequately explained by the Scottish Executive?
- How useful did Pathfinders find the Executive’s guidance?
- Was the time allowed sufficient to engage communities and partners?
- Were the baseline statistics and the service mapping requirements realistic?
- What challenges (workload, data, consultation, timescale) were faced by Pathfinders in submitting and finalising the LOAs?
- Who were the key LA/community planning partners personnel responsible for drafting the LOA?
- Have there been any early signs of change in the nature of the relationship between the Scottish Executive and councils or the way councils engage with community planning partners?
- What are the advantages and disadvantages of LOAs (e.g. flexibility, defining own outcomes) compared to other more prescriptive policy approaches?
- Adv:
- Disadv:
- Are LOAs too rigid to allow for changing circumstances during implementation?
- What lessons about LOAs have been learnt so far? Would you have done anything differently in terms of the design and submission of LOA?

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