Better
Regulation
Task Force

Local Delivery of Central Policy

July 2002

Contents

1. Foreword

As part of the new Task Force's vision for the next 3 years, we have set ourselves the twin objectives of opposing regulation which reduces productivity and promoting administration which increases productivity. In this review we look at both issues.

There has been a lot of commentary about the UK's productivity. Eurostat figures suggest England's GDP per capita is below the European Union average, whilst only 3 of the 9 English regions have a GDP above this average. Developing skills and regional economic development are key to raising GDP. We therefore chose these areas as our case studies.

Which administrative model can best deliver these two policy objectives? There is a natural expectation that services received from Government should be to a common standard. No one for example, wants the delivery of unemployment benefit to vary throughout the country. However, in many cases local solutions are best. If there is a shortage of plumbers in the North East, this is best addressed locally, rather than by Central Government. The first response to a failure in delivery is usually for the centre to take control. But this can mean that flexibility to fit the solution to local need is lost. And it can also put at risk the involvement of local stakeholders.

In our report we make recommendations that the agencies charged with the delivery of skills and economic development should be given every opportunity to join-up and be granted the flexibility to develop local solutions.

When we looked at the delivery process from Whitehall to the ground level, we found too many initiatives, confused accountabilities and overly bureaucratic monitoring and reporting systems. We recommend that the centre delivers a programme of reviews focussed on local delivery issues which cross departmental boundaries. Above all else, we would urge that the five principles that we have established of Proportionality, Accountability, Consistency, Targeting and Transparency should be the framework which underpins each review.

There is an old adage, 'One boy one job, two boys half a job, three boys no job at all.' Having many different departments involved means an exponential growth in complexity, leading to less successful delivery. We recommend that mapping, simplifying and clarifying accountability for cross-cutting delivery will be key to resolving the confusion and mistrust. We also make specific recommendations as to how structural improvements can be made to improve the delivery of skills and economic development.

During the course of our review we found excellent people wanting to do a good job, but being frustrated by the bureaucracy confronting them. To ease this frustration, we recommend that bidding for funding, auditing and targets are simplified, transparent and proportionate. In our next Task Force report "Higher Education: Easing the Burden" we make similar recommendations concerning funding, auditing and accountabilities.
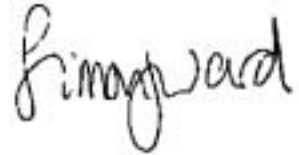
We knew the centre had produced good practice and guidelines for policy makers when developing new initiatives, but we found that the advice itself was dispersed across Government websites. We make recommendations in this report that this advice is drawn together as a definitive set of tools rather than conveyed as yet more guidance.

Once an initiative has got beyond the ideas phase, we recommend that the current checks and balances or 'gatekeepers' not only work, but need to be seen to work.

We hope the Government will act on all our recommendations. We are not the first to report on joined-up or local delivery issues, but we would like to be the last.

David Arculus
Chair, Better Regulation Task Force

Simon Ward
Chair, Local Delivery Sub-group

2. Introduction

Policies that are determined nationally in the UK are often delivered at a local level. This is done through a variety of agencies and across a range of public policy areas such as education, health, regeneration, sustainability and productivity. Very large sums of public money are spent in this fashion.

The preference for local delivery is a sound one. Generally speaking, the closer service delivery lies relative to the recipients, the more sensitive to local circumstances and needs that delivery will be. A sensible debate about local requirements is more likely to be achieved if it is conducted with representatives of the local community. Public money will therefore be used more productively and better quality services will be delivered.

The successful local delivery of national policy is therefore critical to the way in which the UK is governed, no more so than at a time when Ministers are placing so much emphasis on the quality of public services.

Even where there is a single policy issue such as Education, where the Department for Education and Skills (DfES) delivers through Local Education Authorities (LEAs) and schools, initiatives may be complex and involve partnership and co-operation. But issues which are more cross-cutting in nature, such as improving skills or productivity, cannot be delivered without Departments 'joining-up' their policy development and delivery.

The risk is that pressure to deliver, coupled with a large number of initiatives and targets from the centre, results in local stakeholders and partners becoming confused or even disenchanted by their dealings with Government and its agencies.

> The growth of the number of players active in the regions has led to some concern about a lack of clarity on who does what.
>
> Your Region, Your Choice: Revitalising the English Regions
> Government White Paper. May 2002

Getting this right is crucial to successful delivery, and the Task Force decided to examine this area, seeking to identify bureaucracy and red tape which might get in the way, as well as examples of good practice.

2.1 Scope of the report

We undertook a case study of local delivery, and sought to draw wider conclusions from what we found. We chose to look at the delivery of skills and economic development at the local level. The Government has put enterprise and productivity at the heart of its economic objective for this Parliament[1]. We took two of the five success criteria set out by Gordon Brown and Patricia Hewitt in their document, published in June 2001, "Enterprise and the Productivity Challenge", for achieving this objective:[2]

- Government at every level – national, regional and local – is actively promoting growth.

- Dramatically more adults, especially those currently low-paid, are equipped with the skills to achieve their ambitions.

Our goal was to study the processes for delivering them. In the remainder of the report we describe our specific findings and recommendations, based on numerous visits, written evidence and stakeholder meetings.

It is also important to set out what is not within the scope of this report. It is not about the delivery of policy by single Departments, nor about the Government's overall delivery agenda.

Nor did we study the social dimension of the delivery of economic development and skills (for example, how successfully the Government is engaging with disadvantaged communities).

At a local level the principal players are the Local Learning and Skills Councils (LLSCs) and the Regional Development Agencies (RDAs). Each is under the auspices of a different Government Department: the Department for Education and Skills (DfES) for the LLSCs and the Department of Trade and Industry (DTI) for RDAs. We studied how these players worked together, and with others including Business Link Operators (which reports to the Small Business Service, an Executive Agency of DTI) to help meet the Government's two success criteria.

2.2 Structure of the report

This report falls into two parts. The first addresses generic issues of joined-up delivery. The second looks in more detail at our chosen case study. We make recommendations to Government to address both the generic and the specific issues we have found. A full list of recommendations is given in chapter 3. As with all Task Force reports the Government has undertaken to respond within 60 days of publication.

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[1] Productivity in the UK: Enterprise and the Productivity Challenge – The Government's Strategy for the next Parliament. HM Treasury/DTI June 2001

[2] The other three criteria are as follows: 1. starting a business, anywhere in the country, requires talent and potential, not luck and contacts, and the UK is the best place in the world to start and run a business 2. there is a step change in competitive pressures in the economy 3. we can honestly say that innovation and ambition at all levels in companies in the UK are genuinely world-class.

2.3 Our approach

We met, and took evidence from, a variety of stakeholders at both national and local level. We visited the West Midlands, South West and North West of England, in order to gather the information and ideas that have helped us to reach our recommendations. We also spoke to people from other parts of the country.

Our contacts included Government Departments and Agencies, businesses and business representatives, Local Authorities, Further Education colleges, Regional Assemblies, and training organisations. We also met officials from the Scottish Executive responsible for enterprise and lifelong learning. A full list of those who contributed to the review is listed at Annex D. We are very grateful for the openness with which everybody contributed, and for the time they gave us. Annex E gives a list of all the reports, publications and information sources we used.

2.4 Target Audience

This report is aimed at Government. The Treasury has agreed to co-ordinate the response, but recommendations are also targeted at Ministers in the Department of Education and Skills, the Department for Trade and Industry, Cabinet Office and the Office of the Deputy Prime Minister (ODPM). Our generic recommendations are applicable to all Ministers, Departments and Government Agencies.

We will be following up this report and will of course be interested in stakeholders' views. We invite them to let us know if they see any changes.

3. Full List of Recommendations

Recommendation 1:

1. We want to see existing areas of complex joined-up delivery simplified and streamlined. But we do not believe the responsible departments can do this on their own. We recommend that a change programme is developed at the centre of government. The Treasury and the Regional Co-ordination Unit (RCU) of the Office of the Deputy Prime Minister should review specific areas of cross-cutting delivery. Each review would map delivery structures, accountabilities and initiatives; apply the principles of good regulation as set out in this report; draw up and agree, with the relevant Departments and bodies, firm plans to simplify delivery, remedy the shortcomings discovered and release efficiency savings. The Treasury would ensure delivery of these plans.

2. The first such review, to be commenced within six months, should map and re-engineer the delivery of skills and economic development, removing unnecessary links in the delivery chain and agreeing clear and complementary roles, objectives and funding for those players that remain.

3. We recommend that Business Links become the responsibility of RDAs, and that the review should deliver closer working between RDAs and LLSCs, drawing from the models of Scottish Enterprise and Highlands and Islands Enterprise.

   If DTI do not agree to move the Business Links to RDAs, we look to them to deliver within a year the same alignment of targets, reporting, accountability and audit that this move would have achieved.

Recommendation 2:

Too often new institutions are set up in haste. We want the following messages to be applied by all civil servants developing new policies and delivery mechanisms:

- When radical change of institutions is envisaged, Departments should assess the benefits of making the change against the costs on other parties, including business.

- It would be good practice to prepare a Regulatory Impact Assessment for legislation setting up such new bodies.

- Working within the framework of what is already in place should be the preferred option.

- Re-naming and re-launching a body may be attractive politically, but if confusion is to be avoided, it must be coupled with an effective publicity and marketing campaign.

- Implementation plans must allow sufficient time for trialling and learning the lessons of the trials before moving to full implementation.

- If a new body is to be set up, think carefully about abolishing the predecessor if nothing is ready to take its place.

Cabinet Office should promote these messages within the Civil Service, via the Policy Hub or by other means.

Cabinet Office should commission external evaluation of the Policy Hub in 2003, including the extent to which policymakers are aware of, and use, it.

Cabinet Office is due to review the lessons learned from policy failure. This review should aim to produce a definitive set of tools rather than more guidance.

Recommendation 3:
We want to stop unnecessary and complex new delivery proposals. There are already "gatekeeper" mechanisms in place, which need to work and to be seen to be working.

In particular, the Office of the Deputy Prime Minister should report to us by July 2003 on the operation and achievements of the RCU gatekeeper function, and on the blockages encountered, if any, with proposals for strengthening it where necessary.

Recommendation 4:
Local stakeholders did not understand the role of Government Offices (GOs). The Office of the Deputy Prime Minister should:

- Explain to local stakeholders how GOs add value.

- Identify and publicise examples of the GO championing local issues in Whitehall and making a difference.

- Ensure that GOs, with the support of regional stakeholders, seek more active roles with the bodies on which they sit.

Departments, including DfES in particular, should review their involvement in Government Offices so that their potential for joining up Government is maximised.

Recommendation 5:

The abolition of National Training Organisations with nothing to replace them has caused problems. DfES should make arrangements to allow sectors to address their urgent training needs, allowing DfES to take the necessary time to apply the lessons learned from the trailblazer Sector Skills Councils (SSCs).

Recommendation 6:

The bureaucracy and burdens of bidding and then accounting for funding could be disproportionate to the amount of money involved.

1. Departments should think carefully before setting up new competitive bidding mechanisms to fund local initiatives. If they decide this is really the best way to distribute funds, Departments must set out clearly:

- What are the criteria for a successful bid

- What the reporting and audit requirements will be

- What are the prospects for continuing the funding after the initial period

All these requirements need to be in proportion to the amounts of money involved. We will invite stakeholders to draw to our attention examples where this is not done, and will publish the evidence.

2. The RCU should lead work across Government to align funding streams. This means bringing timeframes, reporting and corporate governance requirements into line.

3. If there are too many targets, there is no room for local flexibility.

• DfES should review and rationalise the targets Local Learning and Skills Councils set local colleges and training providers, and should not seek to introduce new measures of every facet of their activity.

• DfES should measure, and progressively reduce, the total administrative burden on colleges and training providers of the accountability framework.

• The LSC should ensure it does not impose unnecessary burdens on local LSCs and should pass on to them as much budgetary flexibility as possible.

• DTI should set fewer, sharper, smarter targets for RDAs, focussing on targets that RDAs can genuinely influence and ensuring that targets are aligned between delivery agencies.

• DTI should reduce the detail and frequency of the current Performance Monitoring Framework, moving to six-monthly monitoring of RDAs by GOs for 2003/4.

4. Joined-up Delivery - the Big Picture

"We recognise that there are many barriers to providing services in the way people want them. The separation of government into different units - though necessary for administrative purposes - often means that people do not receive services in a co-ordinated way or that they receive multiple visits from different agencies. Individual agencies' performance targets and budgets can get in the way of them working together. Audit and inspection processes may hinder cross-cutting. Different government offices are often situated a long way apart from one another, and attempts to bring them together can be hampered by rules and regulations. And the multiplicity of administrative boundaries across the country can lead to inefficiency, complication and confusion."

quotation from Government website:
servicefirst.gov.uk/2001/joinedup/joinedup.htm#intro

As we began our study of local delivery of central Government policy, we reminded ourselves of previous Government commitments to joined-up working. The Modernising Government White Paper in March 1999 identified joined up working as a priority. There then followed a wave of activity to make it happen. A notable example was the report from the Cabinet Office Performance and Innovation Unit (PIU), "Wiring it Up", published in January 2000[3].

"Wiring it Up" diagnosed that organisational structures led to highly effective delivery except when it came to issues which crossed Departmental boundaries. It identified some obstacles preventing joined up working and recommended solutions for tackling them. A progress report was issued on actions up to spring 2001. While there has been a lot of activity, many of the problems and issues so clearly diagnosed in the PIU report were still very evident in our chosen area of local delivery. The report had said:

- "there is a tendency to take a provider-centred perspective rather than that of the service user";

- "budgets and organisational structures are arranged around vertical functional lines … rather than horizontal cross-cutting problems and issues";

- "systems of accountability (eg audit) and the way risk is handled can militate against innovative cross-cutting working";

- "the centre is not always effective at giving clear strategic direction and mechanisms for resolving conflicts between departments can be weak, leaving local service providers to wrestle with the consequences".

We found just the same problems and issues in the areas we studied. We found complex delivery mechanisms, multiplicity of partnerships and working arrangements, duplicated audit and inspection, multiple accountabilities, lack of "ownership", unnecessary and wasteful complexity and conflicting targets. We cannot quantify the waste

[3] 'Wiring it Up' - Performance and Innovation Unit report January 2000

but it must be significant. And perhaps just as important and wasteful, the muddle disempowers and disengages those external experts from business and other backgrounds whom the Government has deliberately recruited in order to make things better at local level – including members of Regional Development Agencies and Local Learning and Skills Councils.

"Wiring it Up" made recommendations to help to put in place a system where:

• there is clear progression from the Government's overall objectives through to target-setting and local delivery, with cross-cutting objectives given appropriate emphasis at all points;

• conflicting priorities are resolved at the outset and not pushed down the line;

• there is focus on outcomes so giving maximum freedom to service delivered to develop cross-cutting solutions locally where appropriate.

Detailed proposals included that there should be better consultation of those on the receiving end, including to identify where existing initiatives were not working effectively; and better use of the knowledge and experience of outside experts and practitioners who should be brought into the policy-making process. Audit and external scrutiny should minimise barriers and disincentives to cross-cutting working. Auditors and inspectors should

support and encourage sensible risk-taking, so long as risks were properly assessed and managed, good value for money was achieved and necessary controls were maintained.

The PIU report said that the centre should identify where important cross-cutting links were not being made or best practice was not being spread, and should challenge those shortcomings; sort out conflicts of priorities; and intervene directly only as a last resort.

We endorse all these proposals. But they were made over two years ago. Why do we still find, in the area we have studied, many similar problems? The Government has been very busy implementing the detailed recommendations, as its progress report to the Prime Minister showed. There are research studies, websites, and new Units to strengthen delivery and the capacity of individual departments to work effectively. But none of the current activity fully satisfies the need for mechanisms at the centre to tackle two particular problems affecting cross-cutting delivery:

• First, to sort out the relationships between the centre and the regional and local delivery bodies, clarifying accountabilities so that current policy objectives are delivered efficiently and successfully; and

• Second, to prevent new confusion from being created.

We heard that Permanent Secretaries across Whitehall recently commented that cross-cutting delivery was one of the most difficult issues facing them. We agree it is difficult. We do not underestimate the risks and problems involved – for example the requirements of public sector financial accountability (and the desire to avoid criticism by the National Audit Office and the Public Accounts Committee). But we think there are steps than can be taken which would improve matters.

4.1 Sorting out existing complex webs

The progress report to the Prime Minister on "Wiring it Up" set great store by cross-cutting reviews, led by the Treasury, which would pull together work across Whitehall and influence the Treasury spending reviews. There are attractions in using this as the mechanism for sorting out the existing problems.

The main attraction is the leadership by the Treasury. Financial sanctions could be a powerful lever in persuading spending Departments to work together. Without such a lever, reports making recommendations have little chance of securing real change. No one player in a local delivery network has the power to make the other players change, or to get them together to discuss the problems.

A programme of reviews which feeds into the spending round means that there will be periods when no reviews are undertaken. We believe there needs to be a rolling programme of reviews to audit and tackle existing areas of confused and sub-optimal cross-cutting delivery.

Such reviews should map the existing structures, accountabilities and connections. This is a useful technique for illustrating the problem.

We then propose that the Task Force's five principles be applied, in the following way:

- **Proportionality** – How do the respective requirements of the various funding and sponsor bodies accumulate on the front line? Is the application process for funding proportionate to the sums involved and the risk of the project? Is audit proportional or is it being over-egged? The NAO advocates the principle of a risk-based and proportionate approach, as for example in its report on the National Lottery.[4]

- **Accountability** – who "owns" the issue? With so many players often no-one does. There needs to be a lead body or champion – with leverage over the other contributors.

- **Consistency** –When moving across organisational boundaries are systems, data collection, funding application forms and risk assessments consistent? Are targets set consistently across different bodies?

- **Targeting** – Do targets specify outcome or just process? Are there too many targets?

- **Transparency** – the "joined up working" map needs to be published and communicated to all the parties and stakeholders. Are local needs established through good consultation?

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[4] Grants made by the National Lottery Charities Board – NAO April 2000

The result will be firm plans to move to a simplified and clarified structure of delivery. This would release savings by cutting away extraneous layers and simplification of accountabilities. And it will be clearer that the policy objective is being achieved.

In parallel to this report we have studied the Higher Education system. We found the same problems of multiple and overlapping accountabilities, audits and inspections; and the centre not being fully aware of all the different players and funding streams.

There are likely to be similar tangled webs in the areas of sustainability, regeneration and health inequality, and we would recommend these areas as pilots for applying our review methodology.

Recommendation 1 (part 1):

We want to see existing areas of complex joined-up delivery simplified and streamlined. But we do not believe the responsible departments can do this on their own.

We recommend that a change programme is developed at the centre of government. The Treasury and the Regional Co-ordination Unit of the Office of the Deputy Prime Minister should review specific areas of cross-cutting delivery. Each review would map delivery structures, accountabilities and initiatives; apply the principles of good regulation as set out in this report; and draw up and agree, with the relevant Departments and bodies, firm plans to simplify delivery, remedy the shortcomings discovered and release efficiency savings. The Treasury would ensure delivery of these plans.

We had originally intended that the Treasury would carry out these reviews. However, the Treasury proposed an alternative model. They and the Regional Co-ordination Unit have been working together on reviews aimed at rationalising Area Based Initiatives, with the Regional Co-ordination Unit conducting the reviews and the Treasury helping to ensure the recommendations are implemented. We see advantages in this way of working so long as the Treasury uses its powerful influence to ensure change happens.

4.2 Preventing new complexities

Just as important as sorting out existing confused webs of responsibility is the need to prevent new confusion. There are several players with a potential role, but no one body has all the necessary tools and levers. There are many providers of advice and good practice, and a number of bodies with a gatekeeper role. These are described below.

4.2.1 Toolkits

The National Audit Office reported in November 2001 on Modern Policy Making, recommending that Cabinet Office:

- accelerate the dissemination of good practice and seek assurance that progress is being made;

- promote more active use of the website;

- benchmark departments to identify areas needing improvement; and

- identify how to apply the lessons of policy design and delivery failures.

The Government's Centre for Management and Policy Studies (CMPS), a part of the Cabinet Office, has recently launched the "Policy Hub", a website[5] which pulls together a number of case studies, examples, good practice and checklists which policy-makers are encouraged to work through.

CMPS and RCU are working up tools for policy makers and Government Offices to help them address regional perspectives in the policy process; and are piloting a policy "self-audit tool".

Other relevant tools include:

- the NAO published in November 2001[6] a list of key questions which Departments need to consider to achieve successful joint working;

- the Public Sector Productivity Panel has, with its report on Accountability for Results, published in March 2002, issued a list of questions which it intends should be discussed by all parties involved in the accountability relationship. They want this to lead to mutual understanding of what each party is accountable for delivering and how this will take place;

- the Cabinet Office Regulatory Impact Unit has produced and is piloting with selected Whitehall departments a "Policy Effects Framework". This is a strategy to help policy makers prevent red tape and manage the impact of any new central policy initiative that affects the public sector.

[5] policyhub.cmps.gov.uk/default.jsp
[6] Joining Up to Improve Public Services, Annex to Executive summary. NAO, November 2001,

- the Office of Public Service Reform has a programme to improve programme and project delivery, by developing a package of measures to improve project management, reflecting the principles in the report "Reforming Our Public Services", published in March 2002. These are: national standards; devolution; flexibility; and choice.

- the Delivery Unit in Cabinet Office is developing a toolkit based on the techniques it is using to help Departments deliver their priority outcomes.

There is of course a danger that there will be too many tools of which policymakers are not aware. If this is the case, policymakers will not use any of them; or overlook some of the initiatives. In tackling these issues, it is encouraging that so many parts of the public sector are trying to help. But if those promoting joined-up working cannot join up themselves there is little hope for anyone else!

We endorse the NAO recommendation that the Policy Hub should be promoted. There should be a single gateway to all this advice and guidance. But policy makers may not use the website, and there will still be examples of poorly-conceived proposals with unclear accountabilities, overlapping delivery mechanisms and other faults. Government needs to use a variety of means of promoting these different toolkits.

The joining up has to start in the centre of Government because, without it, the chances of joined up delivery at the local level will be slim.

Of course, advice alone is not sufficient to prevent these problems. NAO recommended the Government should analyse the causes of policy failure. We agree. This analysis should shed light on other issues that need to be to addressed, and suggest how to tackle them.

Recommendation 2 (part 2):
Cabinet Office should commission external evaluation of the Policy Hub in 2003, including the extent to which policymakers are aware of, and use, it.

Cabinet Office is due to review the lessons learned from policy failure. This review should aim to produce a definitive set of tools rather than more guidance.

4.2.2 Gatekeepers

In February 2000 the Performance and Innovation Unit, in its report, "Reaching Out – The Role of Central Government at Regional and Local Level", made recommendations on the role of Government Offices in the Regions and proposed that a Regional Co-ordination Unit should be set up. It was set up on 1 April 2000, is based in the Office of the Deputy Prime Minister, and is responsible for:

- ensuring better co-ordination of policy initiatives with a regional or local impact;

- ensuring better collective consideration of proposals to change regional or local networks.

Departments are instructed to consult the RCU and Government Offices whenever they plan a regional delivery initiative. This is known as a "double key" mechanism, which aims to ensure that Departments' proposed new programmes minimise burdens imposed on local service providers. This can be through aligning boundaries or bureaucracies – for example, their systems for performance management, monitoring, appraisal and reporting arrangements - and by resisting suggestions that new schemes need to be delivered through new structures. There is a Cabinet sub-committee, chaired by the Deputy Prime Minister, which oversees this process.

The RCU is engaging with Whitehall Departments to try to prevent unnecessary new delivery mechanisms. It has spoken to local stakeholders and identified some issues of complex funding and reporting mechanisms which it hopes

to align. But so far, there are few successful outcomes in the public domain, and indeed some criticism of the lack of results. A May 2002 report[7] based on fieldwork in 2000-2001 said "Government in the Regions plays a helpful part in supporting area-based initiatives and making links between them, but Government Offices for the Regions (and the Regional Co-ordination Unit) have been as yet unable to resolve the conflicting requirements of different Government Departments".

The research highlights problems caused by the absence of an integrated regional perspective on local areas within the region, and reinforces the sense that the presence of Government within the region has multiplied but remains fragmented.

Another type of gatekeeper, at the local level, is the local strategic partnership (LSP). One of the roles of an LSP is to bring together at a local level the different parts of the public sector as well as the private, community and voluntary sectors so that different initiatives and services support each other and work together.

LSPs have a remit to rationalise existing local partnerships. Government guidance, issued in 2001, says "early links should be established between LSPs and other existing partnerships, such as those dealing with crime, education, jobs, health and housing. Opportunities to rationalise membership and activities should be identified – LSPs should reduce, not add to, the time commitment expected of partners." And, further, "well-argued proposals from effective LSPs to

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[7] "Research Summary Number 1" sponsored jointly by the RCU and the Neighbourhood Renewal Unit of DTLR May 2002

rationalise plans, partnerships and initiatives will meet with a positive response from (Government.)"

But LSPs have not yet got to grips with their rationalisation role and will need further support. The Government must be clearer about this role, how LSPs are to discharge it, and how the Government will make change happen.

Government should ensure that where delivery includes local partnership working, it first reviews whether a new or existing partnership is appropriate and then clearly set out the expectations, delegations and accountabilities of the partnership.

With the creation of the Office of the Deputy Prime Minister in June 2002, this department collectively (ie RCU, Neighbourhood Renewal Unit (NRU)

and Local Government Directorate) needs urgently to consider how best to deal with requests from local partners to reduce bureaucracy.

All Departments must involve RCU in the very earliest stages of development of local delivery ideas. The RCU gatekeeper role is very important. There is an urgent need for some public "wins" by the RCU and by LSPs to reassure local stakeholders that there is someone "on their side", helping to prevent the setting up of yet more local initiatives and bodies.

A further gateway is planned by the Office of the Deputy Prime Minister to control new demands on local authorities. It may be that these separate gatekeepers could be joined up to good effect.

Recommendation 3:

We want to stop complex and unnecessary local delivery proposals. There are already "gatekeeper" mechanisms in place, which need to work and to be seen to be working.

In particular, the Office of the Deputy Prime Minister should report to us by July 2003 on the operation and achievements of the RCU gatekeeper function, and on the blockages encountered if any, with proposals for strengthening it where necessary.

5. Case Study of Delivering the Skills and Economic Development Agenda - Overview

The broad recommendations made in the previous chapter are drawn from the lessons we learned when we investigated a particular area of local delivery of central Government policy. In the remainder of this report we focus on how skills and economic development are delivered at a local level. We make a number of specific recommendations.

As mentioned in the introduction, we have taken two of the Government's five success criteria for the rest of this Parliament[8]:

• Government at every level – national, regional and local – is actively promoting growth.

• Dramatically more adults, especially those currently low-paid, are equipped with the skills to achieve their ambitions.

Here we investigate whether the systems in place will deliver these ambitions.

5.1 Who Are the Players

When we started this review, we expected to find a logical flow from a Government department via national, regional and local agencies to the end user, in this case a student, a worker or a business. We looked for clear lines of accountabilities and responsibilities: who does what, why and where. We hoped to find at each stage that value was added.
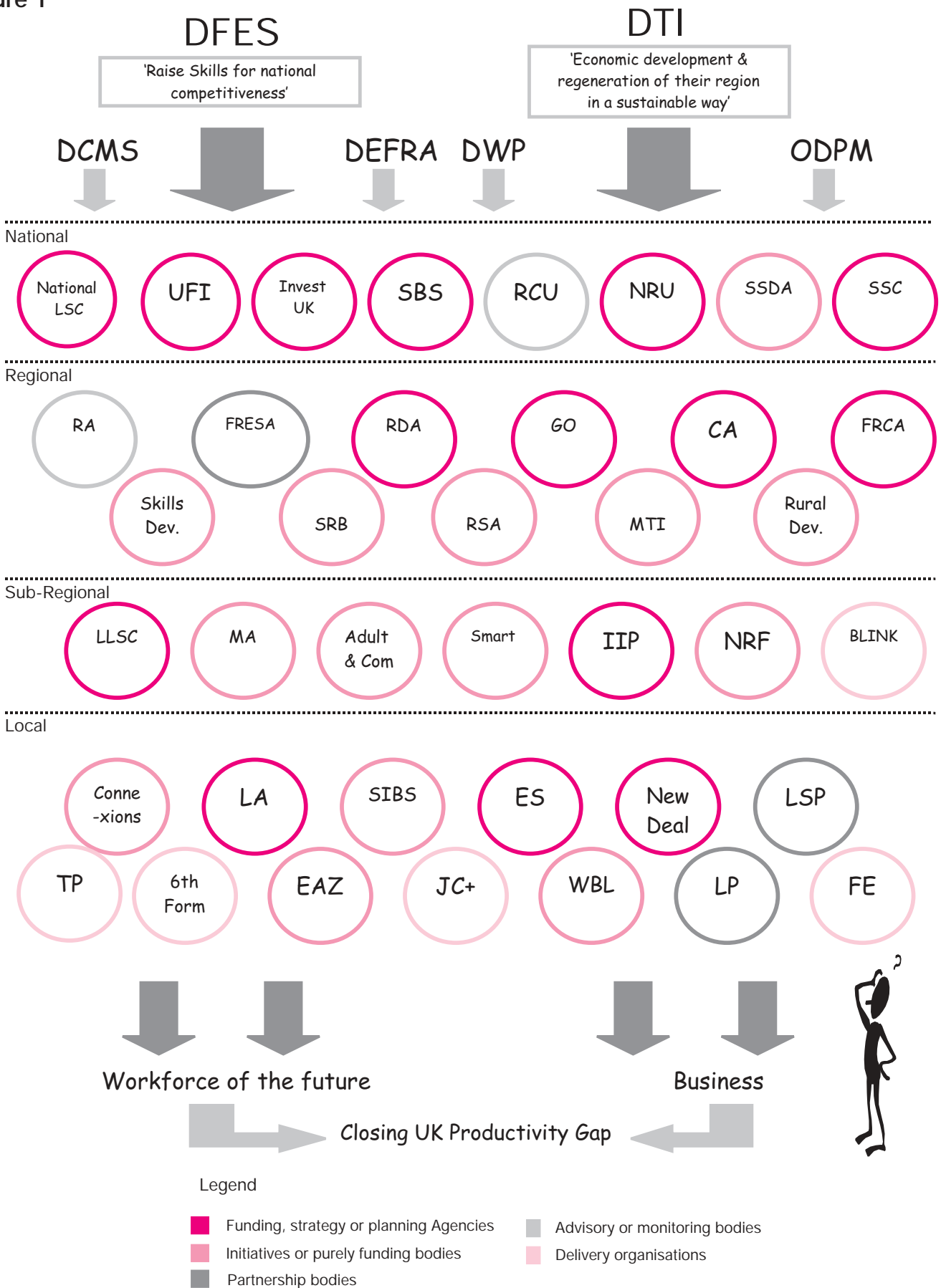
The Task Force identified a lot of initiatives, agencies and bodies, all of which had a part to play in the delivery of skills or regional economic development. Figure1 provides a picture of what we found.

The figure shows all the organisations, agencies, and initiatives that were mentioned to us by stakeholders during our discussions. It is probably not complete. When we asked Departments to help complete the map, they could not be sure we had identified all the players. And not surprisingly stakeholders who operated within the territory mapped did not have a complete overview. One RDA told us they had identified 52 bodies they needed to work with.

From the central Government Departments we followed a trail that led us to regional and sub regional structures, to organisations who delivered and to those who were the ultimate customer. We met many stakeholders to find out how policy on skills and economic development was being translated into practice.

Figure 1

DFES

'Raise Skills for national competitiveness'

DTI

'Economic development & regeneration of their region in a sustainable way'

DCMS   DEFRA   DWP   ODPM

National

National LSC — UFI — Invest UK — SBS — RCU — NRU — SSDA — SSC

Regional

RA — FRESA — RDA — GO — CA — FRCA

Skills Dev. — SRB — RSA — MTI — Rural Dev.

Sub-Regional

LLSC — MA — Adult & Com — Smart — IIP — NRF — BLINK

Local

Conne-xions — LA — SIBS — ES — New Deal — LSP

TP — 6th Form — EAZ — JC+ — WBL — LP — FE

Workforce of the future   Business

Closing UK Productivity Gap

Legend

- ■ Funding, strategy or planning Agencies
- ■ Initiatives or purely funding bodies
- ■ Partnership bodies
- ■ Advisory or monitoring bodies
- ■ Delivery organisations

No-one could tell us how all these bodies fitted together; how their objectives and aims complemented each other; or how they each added value. It is impossible to draw a map of the "business process" which leads from the policy, at Government level through all these bodies, through to successful delivery at the local level.

This complexity and muddle is wasteful. Having so many layers, the system is unnecessarily time-consuming and bureaucratic. The lack of clarity adds to the risk of fraud and diversion of funds to "off-target" activities. But the muddle means that employers are not being engaged; training is not delivered; and skills gaps are not being addressed.

5.2 The View from Whitehall
At the very top of the diagram are the lead government departments for skills and economic development, namely the Department for Education and Skills, the Department for Trade and Industry and, because of the regional dimension, the Office of the Deputy Prime Minister. It is with these Government Departments that we started our review.

Government Offices for the Regions are the next layer down from national government, though they are still a part of central Government. There are 9 GOs: 8 English regions and London. Each Government Office represents eight Government Departments[9]. They are responsible for administering some policy initiatives themselves, and provide a regional perspective to the development and evaluation of Central Government policy.

Regional stakeholders, although finding individuals within the GOs helpful in providing guidance on engaging with Whitehall, did not understand how the GOs add value to either the economic development or the skills agenda. The misunderstanding bred suspicion.

The Government believes that GOs have a valuable "joining up" role for central Government. This role goes a great deal wider than either the RDA or LLSC agendas. They have roles in relation to housing, transport, planning, local government, neighbourhood renewal, various DfES programmes, rural renewal, sustainable development, crime reduction, drugs advice, community cohesion, public health and culture. We did not study the GO roles in these areas, but we studied their relationships to both the RDAs and the Local Learning and Skills Councils. GOs aim to help join up those two agencies' work with a range of others.

GOs were often described as the "eyes and ears" of the centre. We found this had "big brother" connotations. We recognise that GOs have a legitimate role in monitoring RDA spending as part of the public accountability chain, and that this is better done on the spot than in the centre. But for GOs to be seen as helpers and partners as well as "big brother" they need to be able to feed back issues to the centre and champion the bodies they "sponsor" when they need help. There is no room for observers – GO staff must show they have an active role. However, the GOs' influence back into Government is viewed as having limited impact.

[9] Department for the Environment, Food & Rural Affairs; the Department for Transport,Office of the Deputy Prime Minister; the Department of Trade and Industry; the Department for Education and Skills; the Department for Work and Pensions; the Home Office; the Department of Health and the Department for Culture, Media and Sport.

Stakeholders see little change in the behaviour or policies of central Government. The research report, by RCU and the Neighbourhood Renewal Unit (NRU), cited in the previous chapter, bears this out.

'The division of responsibility between GO (Local Strategic Partnerships and Neighbourhood Regeneration) and RDA (Competiveness, Economy and Employment and Regeneration) creates new opportunities for conflict and mixed messages.'

And while the GO ethos is to break down departmental silos, we came across GO officials who knew about the issues of their parent department, but not the bigger picture. GOs must work hard to maximise the potential for joining up and parent departments must support them. We heard that DfES were beginning to help GO staff develop a role other than observer at LLSC meetings. We welcome this recognition that GOs have not yet worked out a useful role in relation to LLSCs and look forward to the issue being rapidly addressed.

The recent Government White Paper 'Your Region, Your Choice'[10] signals that Government Offices will be given a still larger role in the future. Unless handled carefully this could well further confuse local stakeholders. Urgent work is needed to build up GOs' local profiles and credibility.

Recommendation 4:

Local stakeholders did not understand the role of Government Offices. The Office of the Deputy Prime Minister should:

• Explain to local stakeholders how GOs add value

• Identify and publicise examples of the GO championing local issues in Whitehall and making a difference

• Ensure that GOs, with the support of regional stakeholders, seek more active roles with the bodies on which they sit

Departments, including DfES in particular, should review their involvement in Government Offices so that their potential for joining up Government is maximised.

[10] Your Region, Your Choice – Revitalising the English Regions. DTLR/Cabinet Office May 2002

5.3 Local Delivery Bodies

For local delivery of the skills agenda, the National Learning and Skills Council (LSC) and its local subsidiaries the Local Learning and Skills Councils (LLSCs), are the lead bodies for strategically planning and funding all post 16 learning, prior to higher education.

For local delivery of economic development the Regional Development Agencies (RDAs) have the remit to plan and implement their regions' economic strategy. The DTI sponsored Business Links Operators , the delivery arm of the Small Business Service (SBS), are also key players, working with RDAs and LLSCs to assist and engage small and medium sized enterprises.

5.4 What it looks like on the ground

The picture from central Government was already complex, but viewed from the bottom up it was a maze few could find a way through. We talked to businesses, LLSCs, the NW and SW RDAs, GOs, local authorities, tourist boards, Further Education colleges, training providers, the London Development Agency, Advantage West Midlands, Yorkshire Forward and the Birmingham Chamber of Commerce. We visited the North West, West Midlands and South West Regions to meet stakeholders there. The perspective from these stakeholders is different from Whitehall's.

The current landscape is confusing, including to those tasked with delivery. If those operating within the system have difficulty in understanding how everything works together, there is little chance of the end user coping with it.

At present, there is enormous confusion. Even big business finds it difficult to navigate. What chance does a small business have?

NW Business

Overlay all the bodies with a large number of initiatives and funding streams, and it is of little surprise that everyone spends more time trying to navigate the system successfully than doing their "real" jobs. The following were heartfelt cries that we heard time and time again:

- Delivery organisations are suffering initiative overload with a lack of sustainability in initiatives and funding

- The absence of indication of success of bids makes the decision to apply questionable

- Different reporting requirements for different (but similar) initiatives are time-consuming and inefficient

- Confusion over ownership of policy e.g. who owns the skills agenda?

- There is a lack of co-ordination between players

- Government is unwilling to let go. There is little trust.

In Recommendation 1 (part 1), we proposed a rolling review programme, led by the Treasury and the RCU, which would look at particular areas of complex joined-up delivery and re-engineer it more efficiently. The area of skills and local economic development should be the first such review.

Recommendation 1 (part 2):
The first such review, to be commenced within six months, should map and re-engineer the delivery of skills and economic development, removing unnecessary links in the delivery chain and agreeing clear and complementary roles, objectives and funding for those players that remain.

The implementation of the Regional White Paper may be an opportunity to resolve some of the confusion by bringing together regional and sub-regional organisations under the elected regional assemblies. However the proposals also have the potential to add to the complexity, if central Government does not step back. Any move towards regional government must be accompanied by a genuine devolution of power from central Government. Where elected regional assemblies are created, they should be allowed to work without interference with all stakeholders in delivering improved services for the end user.

All Departments must consider critically which services and staff must be delivered in a fully consistent manner and so must be directed from the centre, and which would be improved by taking into account regional and local conditions. There should be a bias towards devolution.
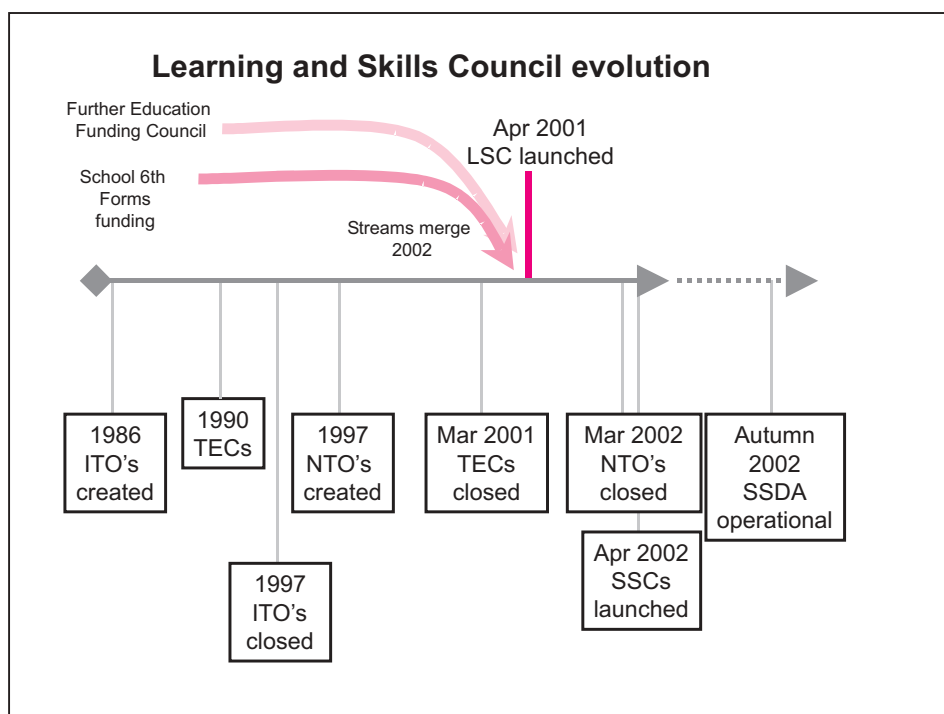
And yet where functions are devolved, this must not lead to extra layers of bureaucracy and lots more staff. If functions are passed from the centre to nine regions, this might result in nine times the number of public servants carrying them out. This must not happen. It will be important that existing layers of control are stripped away from both above and below the regional level.

6. Learning and Skills

Bodies responsible for delivering learning and skills development in association with business have changed many times. It is worthwhile charting the evolution of the Learning and Skills Council organisation and sector training bodies.

Figure 2 shows the development process over the last twenty years. The picture is characterised by frequent upheaval and reinvention of the overseeing bodies.

Figure 2

Learning and Skills Council evolution

Further Education Funding Council

School 6th Forms funding

Apr 2001 LSC launched

Streams merge 2002

| 1986 ITO's created | 1990 TECs | 1997 NTO's created | Mar 2001 TECs closed | Mar 2002 NTO's closed | Autumn 2002 SSDA operational |

1997 ITO's closed

Apr 2002 SSCs launched

6.1 The Origins of LSCs

In 1990 Training and Enterprise Councils (TECs) were created. Their remit was to ensure serious commitment and investment by employers in training. They formed local partnerships with Business Links, Chambers of Commerce, local authorities and local businesses.

They were publicly-funded companies led by a Board, which included non-executive directors from the private sector.

In 1998 the then Department for Education and Employment (DfEE) launched a consultation on training and skills which culminated in the June 1999 White Paper 'Learning to Succeed – a new framework for post-16 learning'. The White Paper proposed the creation of a National Learning and Skills Council, which would operate via 47 Local Learning and Skills Councils (LLSCs).

The National Learning and Skills Council was launched in April 2001. As previously mentioned, it is responsible for planning and funding all post-16 skills and training, including that delivered through FE and sixth form colleges.

TECs, with a few exceptions, closed in March 2001. The LSC has a total budget of £7 billion, of which £3.9 billion is for youth programmes (16-19 year olds), £1.3 billion for school sixth forms and £2.5 billion for adult learning.[11]

The Task Force supports the thinking behind the setting up of LSCs. The move to a strategic approach to skills funding is sound. But the view of local stakeholders is that the move was carried out too rapidly, with insufficient trialling and without adequate communication of what the change meant for business and other key stakeholders.

One example often cited by the FE sector was the failures of software systems for data collection. To those on the receiving end it appeared that meeting the launch date took precedence over getting it right first time. With £7 billion of public money, 450 further education (FE) colleges and around 6 million people in training, this is a foolish approach. There are disadvantages in being too "task-centred": customer focus can be overlooked.

6.2 Sector Training

Training delivery has a similar chequered history. First there were Industry Training Boards. These were wound up in the 1980s and replaced by Industry Training Organisations (ITOs). In 1997 the ITOs were replaced by National Training Organisations. These were in turn wound up in March 2002 and will be replaced by Sector Skills Councils (SSCs). These will be UK-wide employer-led bodies, each representing a particular sector. They will define the skills and productivity priorities confronting each sector. Their introduction will be phased. In the first instance, there will be 'trailblazer' Councils covering five sectors – media, agriculture, apparel, oil and gas and retail. The Sector Skills Development Agency (SSDA) will oversee the process of licensing individual SSCs, and providing part funding.

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[11] Grant letter from Estelle Morris to Bryan Sanderson Chair of LSC. December 10th 2001

The Task Force endorses the move to SSCs, with industry involved in driving its own sectors' needs, but we are alarmed at the way in which the existing processes were discarded. A vacuum now exists until all the individual SSCs are in place. This is of most concern to those sectors not included amongst the 'trailblazers'. A more considered change to SSCs could have avoided this problem. Trialling is right so long as sufficient time is allowed to learn and apply its lessons. The abolition of the NTOs makes this unlikely, as new arrangements need to be put in place rapidly. Communication to business and other stakeholders about the changes has been inadequate.

Sectors who geared up quickly, but who were unsuccessful in securing "trailblazer" status, now find the delay very frustrating. Better management of this first phase could have helped avoid this problem of raised and then dashed expectations.

The change has also involved the creation of yet another new body, the SSDA. The organisational landscape for the delivery of skills is already crowded and lacking in clear accountabilities. Business will have to engage with yet another public body.

> Some of the country's main industrial sectors, such as steel, will not get their own training bodies it emerged yesterday as the government pushed ahead with reforms to skills development.
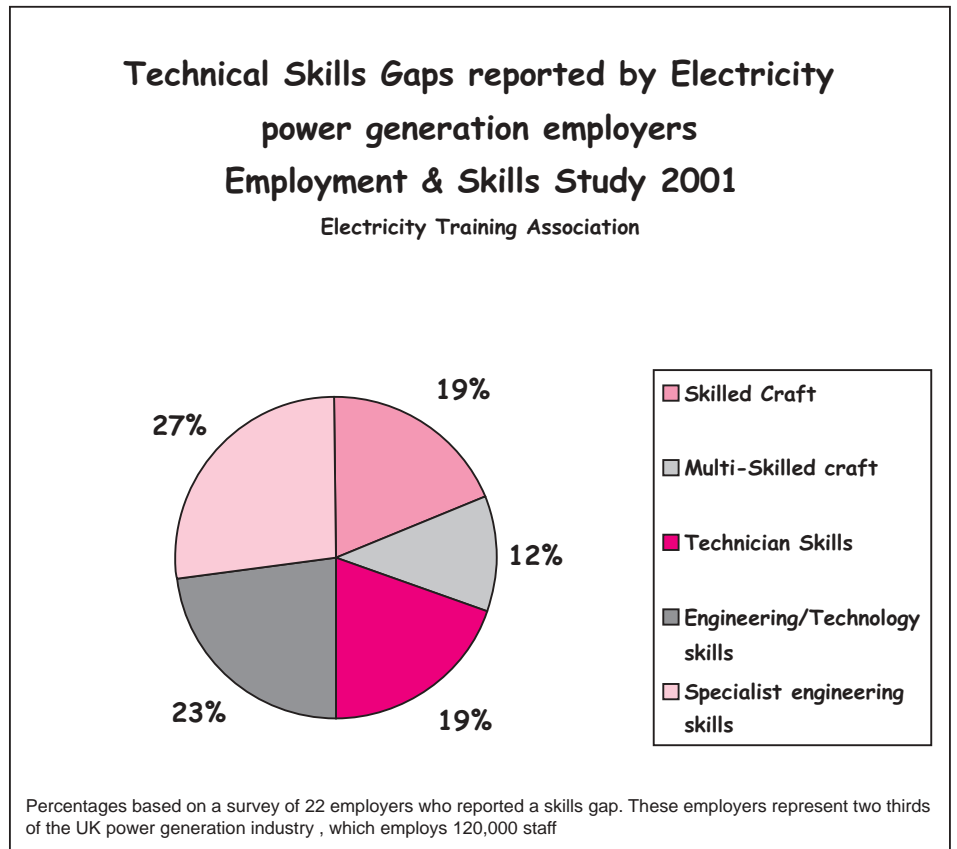>
> Leading industrial sectors set to lose training bodies – FT 21st May 2002

Utility sector representatives told us they find it very difficult to engage with the multitude of bodies such as LLSCs and RDAs to access funding. They hope the SSCs will solve the issue, but are frustrated by the length of time it is taking and the procedures that have to be complied with in setting up their sector body.

The UK power generation industry has a total annual turnover in the region of £30 Billion. It is one of the UK's largest industrial sectors and plays a key role in the UK's economy. It serves around 27 million customers and employs approximately 120,000 staff. But it has an ageing workforce, which in the next 5-10 years will lead to huge skill shortages. Figure 3 illustrates the current skills gap within the power generation industry. The fear is that this gap will be exacerbated by any delay in forming a SSC for the sector.

Figure 3

Technical Skills Gaps reported by Electricity power generation employers Employment & Skills Study 2001

Electricity Training Association

- Skilled Craft
- Multi-Skilled craft
- Technician Skills
- Engineering/Technology skills
- Specialist engineering skills

Percentages based on a survey of 22 employers who reported a skills gap. These employers represent two thirds of the UK power generation industry , which employs 120,000 staff

Abolition of the NTOs has come at just the wrong time for addressing this problem, and setting up the SSC will mean serious delay.

Recommendation 5:
The abolition of National Training Organisations with nothing to replace them has caused problems. DfES should make arrangements to allow sectors to address their urgent training needs, allowing DfES to take the necessary time to apply the lessons learned from the trailblazer Sector Skills Councils.

We were concerned at stakeholder perception of these two recent institutional changes. Business members of the Task Force were surprised at Government's readiness to discard existing "brands" in favour of new, unfamiliar ones. Each change and re-organisation has the potential to distract attention and divert resource away from delivery. We suggest that each proposal to change needs to be carefully appraised for its costs as well as its benefits. A Regulatory Impact Assessment is a good way of assessing the impacts on the various stakeholders.

Recommendation 2 (part 1):

Too often new institutions are set up in haste. We want the following messages to be applied by all civil servants developing new policies and delivery mechanisms:

• When radical change of institutions is envisaged, Departments must assess the benefits of making the change against the costs on other parties, including business.

• It would be good practice to prepare a Regulatory Impact Assessment for legislation setting up such new bodies.

• Working within the framework of what is already in place should be the preferred option.

• Re-naming and re-launching a body may be attractive politically but if confusion is to be avoided, it must be coupled with an effective publicity and marketing campaign.

• Implementation plans must allow sufficient time for trialling and learning the lessons of the trials before moving to full implementation.

• If a new body is to be set up, think carefully about abolishing the predecessor if nothing is ready to take its place.

Cabinet Office should promote these messages within the Civil Service, via the Policy Hub or by other means.

7. Initiatives and Funding Streams

7. Initiatives and funding streams

The Government wants good take-up of its local initiatives, but the number and complexity of initiatives and funding streams can work against this. Departments who under-spend are rightly criticised. Yet the Government does not make it easy. There are a large number of different schemes for skills and economic development, each with their own complex application reporting, monitoring and audit arrangements. The Audit Commission has reported critically on this. A Government programme to review Area-Based Initiatives is due to report shortly. Whilst the review looked at a broader range of initiatives than those impacting on skills and economic development, we hope this will trigger rapid rationalisation. We understand the review proposes to reduce by half the 40 major funding channels.

7.1 Bidding

Bidding for funding streams received a lot of criticism during our consultation.

'The bidding philosophy requires construction and involvement of many partners. These partnerships operate in an increasingly complex web of partnerships allied to multiple funding routes with often overlapping aims and activities'

'It is not worth the effort of applying for anything less than five figures'

'..even if the funding bid is for £5M or 50 pence, you still have to go through the same hoops!'

'Funding streams are too complex – no guidance on likelihood of success'

'Rigid rules allow no flexibility or creativity'

Even organisations making the grants complained of the complexity of processes.

A snapshot identified 178 grant schemes available from the UK government (those applicable to skills and economic development are listed in Annex G). A non-profit organisation has collected them together and for a small fee shares the information with other organisations. The Government UK Online provides no road map as to how to navigate this very large number of schemes.

Businesses, RDAs and Local Authorities frequently have to employ professional project writers to put project bids together. We found a company who spent £250,000 in this way on a single bid. This is a scarce 'skill' that has arisen as a result of sheer complexity and the need to create bids, often at short notice, that fit the funding scheme. Many organisations do not feel competent to do this without expert help. And the shortage of the skills and resources to mount the bid must mean worthwhile projects never even get to the bidding stage.

Departments, eager to select the best schemes on which to spend their budgets, may see many attractions in competitive bidding. They can sit back and wait for the bids to come in, and then choose the best. Setting a tight deadline may mean they can spend their money quickly and avoid an underspend at the end of the year. But the burdens are transferred to the bidders. Local organisations may feel they must try for every possible funding source, and tight timetables can impose great pressure on bodies with "real" jobs to do. The decision to set up a competitive funding stream should not be taken lightly by Government.

The Community Office in Hawes, Wensleydale, North Yorkshire delivers many local services, because of the distance from the nearest administration centre for the Local Authority, Job Centre or Benefits Office. It is mentioned in the Rural White Paper as an example of good practice. However, because of the range of services provided, the Community Office has to approach 11 different organisations for contributions to its running costs. The bureaucracy involved is completely disproportionate to the few thousand pounds sought.

There is also duplication of funding routes, which has led to complexity in funding pilots. One example was the 'Market Towns Initiative' where both the RDA and the Countryside Agency were funding the same outcome. But neither organisation could merge their funding streams to allow one of them to administer it. With local autonomy, the two bodies would have been able to resolve the issue themselves at the regional level.

7.2 Is it going to be worth it?

'Last year we embarked on a project to record statutory health and safety information on a web based database. We spoke to a local IT provider who thought that our idea was innovative within our sector and suggested we apply for funding through the DTI's SMART Fund.

We submitted our application which required company accounts, business need, system specification, personnel involved. The grant requested was approximately £5,000. We waited approximately one month (from memory) to be told that we were too profitable and didn't need grant aid. I had spent a couple of days preparing the application and I was annoyed that the application literature contained no clear guidance on the means testing applied.'

Local Businessman

When bidding for funds, bodies need to be clear whether it will be worthwhile, or whether the hassle will outweigh the good achieved by a successful bid. We have found similar problems in our parallel study of Higher Education. Greater clarity is needed from Departments when they announce new funding initiatives.

Recommendation 6 (part 1):

The bureaucracy and burdens of bidding and then accounting for funding could be disproportionate to the amount of money involved.

1. Departments should think carefully before setting up new competitive bidding mechanisms to fund local initiatives. If they decide this is really the best way to distribute funds, Departments must set out clearly:

- What are the criteria for a successful bid

- What the reporting and audit requirements will be

- What are the prospects for continuing the funding after the initial period

All these requirements need to be in proportion to the amounts of money involved. We will invite stakeholders to draw to our attention examples where this is not done, and will publish the evidence.

2. The RCU should lead work across Government to align funding streams. This means bringing timeframes, reporting and corporate governance requirements into line.

8. FE Bureaucracy

The move to strategic planning of skill funding by LLSCs is a sensible one. However, Further Education staff and business noted that because many TEC staff had the right to transfer to LLSCs along with their functions, this reduced the opportunity for "new blood".

LLSCs have managed the transition from the Further Education Funding Council to direct funding of FE colleges. But the creation of 47 LLSCs to scrutinise FE colleges has not yet helped rationalise the 73 funding strands in the FE sector. The grant letter from Estelle Morris to Sir Bryan Sanderson for 2002/3 sets out the budget under nine broad headings and

expects the National Council to pass on the increased flexibility to LLSCs. However we found little sign that this was happening.

There are excessive form filling data requirements for colleges. An example cited was a training co-ordinator who had to complete 26 pieces of paper before starting a trainee on a work-based learning programme.

College Principals have to prove they are financially responsible for their college by filling in a form of over 40 questions. This is irrespective of the fact that they have an audit committee, internal auditors and an annual audit report.

FE Principal 1

'I believe that we as a College are now suffering from systemic overload as a result of a number of factors:

1. An FE funding methodology that is overcomplex, causing complicated administrative systems that are difficult to ensure full compliance with, that are not customer friendly and are subject to detailed audit with the potential of substantial and retrospective clawback.

2. A Work Based learning funding system that is prescribed in enormous detail, requiring disproportionate administration, subject to very detailed audit and regular review and change, compounded by LSC information systems that have been developed too hastily and don't work.

3. Partnership activity that is very consuming of staff time. Associated with that is a bidding philosophy that requires the construction and involvement of many partners. These partnerships operate in an increasingly complex web of partnerships, allied to multiple funding routes with often overlapping aims and activities.

4. A belief that education and training can only be delivered effectively by target driven, performance management approaches from the centre, supported by extensive checking, reporting and audit because colleges and other providers are not to be trusted.'

FE Principal 2

'LLSC planning and allocation is by institution and is much more intrusive and supply-side than under FEFC (Further education funding council) regulations. If providers exceed target it is at their own risk and cost. Growth is limited geographically and even within LLSC areas, thus creating provider monopoly zones. This is not good for the customer (lack of choice) and limits potential for growth in education and training. Consequently Government targets become harder to achieve.

It is fair to say that the LSC is not coping with the proliferation of work; communication lines are poor/non-existent. The complexity and increased confusion of the system makes it hard; introducing change makes it worse. E.g. Bringing in a new funding system this August is a tall order. The software will not be ready in time.

Colleges are struggling too to cope with the increased burden of paperwork. Staff rarely complain about teaching and learning and serving the customer, but the increased administration and bureaucracy has dramatically increased over the last 3 years.'

The LSC is directly responsible for 5 audits or inspections in FE colleges:

1. External audit of financial statements
2. External audit of the individual Student records
3. Retention and Achievement
4. Area inspections
5. National Provider Financial Assurance (NPFA) Audit.

However, the LSC is not the only body auditing FE Colleges. Across the education sector, audit is fragmented, with no-one taking an overview of the complete picture.

DfES published, in June 2002, a discussion document, "Success for All – Reforming Further Education and Training". It recognised that "too much management time has been spent chasing and accounting for funding and not enough on raising standards…".

The document establishes the following accountability framework for the learning and skills sector:

• the primary responsibility for improving the quality of provision rests with the provider. Providers are expected to establish and sustain a culture of continuous improvement, based on self-assessment and development planning;

• the LSC's responsibility is to define its quality and success measures, to be relentless in demanding that all learners are in high-quality provision, that learners and employers are satisfied with the learning they receive and to intervene in inverse proportion to success; and

• OFSTED and the Adult Learning Inspectorate provide rigorous independent inspection against a Common Inspection Framework for all providers in the learning and skills sector.

The document goes on to describe work under way to develop baselines; targets; performance indicators; benchmarks; measures of recruitment, retention, achievement and satisfaction; floor targets; performance levels; and measures of value-added.

The Task Force welcomes the aim of clarifying accountabilities and the recognition of the excessive bureaucracy of the funding regime. However, we are concerned that the work under way to develop these new measures may result in an impossible load on the training provider. There will no doubt be a strong justification for each new measure, but the overall burden must be assessed before the new performance regime is introduced.

Recommendation 6 (part 2):

If there are too many targets, there is no room for local flexibility.

- DfES should review and rationalise the targets Local Learning and Skills Councils set local colleges and training providers, and should not seek to introduce new measures of every facet of their activity.

- DfES should measure, and progressively reduce, the total administrative burden on colleges and training providers of the accountability framework.

- The LSC should ensure it does not impose unnecessary burdens on local LSCs and should pass on to them as much budgetary flexibility as possible.

LSC Workshops to Help Cut Red Tape

John Harwood, the Chief Executive of the Learning and Skills Council and Sir George Sweeney, Chairman of the LSC's bureaucracy busting group announced on the 29th January 2002, nine regional workshops for college principals and senior staff to discuss ways to significantly cut the burden of red tape on FE institutions.

Sir George commented 'John Harwood has given us the challenge. He wants to make significant inroads into reducing red tape by the LSC's 25 per cent target during 2002.'

LSC press release January 2002

The Task Force welcomes the National LSC 'bureaucracy-busting' task force, chaired by Sir George Sweeney, which aims to reduce FE bureaucracy by 25 per cent. Final recommendations are due to be published in October 2002.

The Task Force has discussed this work with George Sweeney. We commended to him the 5 Principles of Good Regulation (Annex C). Using a risk-based approach is key for reducing the auditing and reporting burden currently faced by FE colleges. This would help achieve the 25% target. It would mean concentrating on the poor achievers in the FE sector, who are the minority, freeing up the rest of FE to get on with delivering skills.

The Department told us that they were aiming to develop a strategy to improve management and co-ordination of data, and had set up a working group involving a large number of bodies working with post-16 learners. This too is welcome if it succeeds in delivering change.

But a warning: the Better Regulation Task Force recommendations to reduce bureaucracy on Head Teachers were effective. Yet Head Teachers told us that the space freed up by our "bureaucracy-busting" had been quickly filled by new burdens. It would be unfortunate if George Sweeney and one part of the Department were successful at reducing burdens, only for the LSCs and another part of the Department to load on yet more. DfES should guard against this.

9. Regional Development Agencies: Specific Findings

The White Paper, 'Building Partnerships for Prosperity – Sustainable Growth, Competitiveness and Employment in the English Regions', was published in December 1997. It set out the Government's proposals for establishing the RDAs.

As a result of the White Paper, the 8 English Regional Development Agencies were created on the 1st of April 1999, with the London Development Agency coming into being on 3 July 2000.

RDAs

The Regional Development Agencies cover: South East, North East, East of England, South West, West Midlands, East Midlands, Yorkshire & Humber, North West and London.

An RDA's responsibilities are:

• To further the economic development and the regeneration of its area

• To promote business efficiency, investment and competitiveness in its area

• To promote employment in its area

• To enhance the development and application of skills relevant to employment in its area

• To contribute to the achievement of sustainable development in the UK where it is relevant to its area to do so.

RDA Budgets 2002/03

One NE	£185M
North West Development Agency (DA)	£281M
Yorkshire Forward	£208M
East Midlands DA	£104M
Advantage West Midlands	£192M
East of England DA	£76M
South East of England DA	£100M
South West of England DA	£94M
London DA	£285M

Prior to 2002, the RDA's budget consisted of 13 different funding streams, coming from a variety of departments. Each had its own bidding process, reporting and monitoring procedures.

Recognising concerns about multiple funding streams, DTI has moved to a single funding stream for RDAs in 2002/2003. This single funding stream or 'single pot' will allow RDAs to implement change at their discretion, rather than simply managing 'inherited' initiatives from a variety of Departments. But there are still problems with targets.

Funding streams merged to form the single pot	
Programme	**Origin Department**
Administration	DTI
Land and Property	DTLR
Single Regeneration Budget (SRB)	DTLR
Skills Development Fund	DfES
Inward Investment	DTI/BTI
Regional Innovation Fund	DTI
Rural Development Fund	DEFRA
Regional Centres of Manufacturing Expertise	DTI

9.1 Too many targets

The Government is keen to see delivery against targets. Targets are crucial for any organisation trying to move forward and achieve its desired outcome. But the thought, skill and effort needed to produce the 'right' targets should not be underestimated.

As a result of moving to a single budget stream for RDAs, 3 levels of targets (known as Tier 1, 2 & 3) have been created, to ensure Departmental funding still achieves intended outcomes.

Tier 1, 2 & 3 Definitions:

Tier 1 Objectives: High level objectives closely linked to individual RDA's statutory purposes and common to all RDAs

Tier 2 Targets (outcomes): Regional outcomes that RDAs must work with partners to achieve. The 'Target' definition of these outcomes is the same for all RDAs and mostly flow from the Public Service Agreements[12] between Treasury and individual Government Departments.

Covering:
Sustainable Economic Performance
Regeneration
Urban
Rural
Physical Development
Employment
Skills
Productivity
Enterprise
Investment
Innovation

Tier 3 Milestones (outputs): The outputs that RDAs will achieve through their own activities and resource and which will contribute to the achievement of Tier 2 Targets. The definition of the five core targets applies to all RDAs. In addition, each RDA will also agree supplementary milestones which will vary regionally but be particularly relevant to individual regions.

Core Milestones

1. Employment Opportunities: Support the creation or safeguarding of x net jobs
2. Brownfield Land: Remediate and/or recycle x hectares of brownfield land
3. Education and Skills: Support the creation of learning opportunities for x individuals
4. Business Performance: Support the creation and/or attraction of x new businesses.
5. Strategic Added Value: Mobilise the actions of key regional and sub-regional partners to support the achievement of regional priorities and deliver agreed regional strategies

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[12] Of the 11 Tier 2 targets, regeneration, urban and rural are not PSA targets.

In total there are over 16 topic areas which are broken down into specific targets. There is a danger that with so many targets, the RDAs will lose focus and move too far from their core purpose of implementing the Regional Economic strategy.

9.2 Conflicting targets

There are conflicting targets. For example, local Business Links Operators are not given a target for local business start-ups, as it is believed this might adversely influence the advice given to potential entrepreneurs. A business adviser chasing a target for start-ups might not give the best advice to each client. Yet the DTI, which is responsible for both Business Links and RDAs, does set start-up targets for the RDA. There is no logic in this.

9.3 Unrealistic targets

Some of the Tier 2 targets are unrealistic. For example, Gross Domestic Product (GDP) or house prices targets, whilst useful indicators of successful economic development in a region, do not make good targets, as many of the variables affecting achievement of the target are beyond an RDA's control.

9.4 Non-aligned targets

National targets for the LSC[13] for raising the achievement of young people and adults are set out in the grant letter sent by the Secretary of State to the LSC. Examples are a 5% increase in the number of learners reaching Level 2 NVQs by the age of 19 by the end of 2002; and the percentage of adults at Level 2. The RDAs have vague Tier 3 targets for education and skills to 'support the creation of learning opportunities for 'x' individuals'. It would make sense for the RDAs to have targets which are in line with the LLSCs in their region.

9.5 Reporting

Centrally imposed monitoring and auditing takes up far too much time, and distracts those whose job it is to deliver from doing so. RDAs have to report annually to Parliament, Government Ministers, national civil servants, the NAO; quarterly to DTI via the Government Offices and Regional Assemblies; and monthly to the Government Offices.

'For the last 3 months I've been involved in nothing but navel contemplation. Shortly we are actually going to stop doing anything apart from reporting on ourselves' – RDA executive

The RDAs have guidance from both DTI[14] and the Office of the Deputy Prime Minister, but these both focus on monitoring systems and what may be acceptable. The RDA single budget should simplify monitoring, but Departments still want to see 'their' money spent as they intended. To

[13] Grant Letter 2002-03 from Estelle Morris to Bryan Sanderson, Chair of LSC, 10th December 2001
[14] RDA Performance monitoring framework guidance DTI April 2002

ensure this, Departments' bureaucracy has shifted from the RDA funding stream to the RDA targets.

The RDAs have consulted in the past with the NAO on how to improve their monitoring systems and audit trails and guidance has been published[15]. But the performance monitoring framework for 2002/2003 is too subjective, too detailed and too frequent, resulting in 36 reports a year that the DTI will have to interpret.

There are also systems which seem irrelevant, such as the Government Office signing off the RDA's monthly grant aid spend forecast, when the RDA has already been granted the money.

Recommendation 6 (part 3):

- DTI should set fewer, sharper, smarter targets for RDAs, focussing on targets that RDAs can genuinely influence and ensuring that targets are aligned between delivery agencies.

- DTI should reduce the detail and frequency of the current Performance Monitoring Framework, moving to six-monthly monitoring of RDAs by GOs for 2003/4.

[15] Regional Development Agencies: Monitoring of Partnership systems - NAO January 2001

10. Delivery issues

10.1 Bodies and structures

> People don't understand how they are supposed to interact at a regional/sub-regional level. - SW regional stakeholder

We struggled with the justification for four bodies active on the ground: Government Offices, RDAs, Local LSCs and Business Links. Our stakeholders struggled too. We have already recommended that the Government reviews the roles and responsibilities of all the parties. We wanted to make our own suggestions.

Small business growth is the driver for overall economic growth. As RDAs exist to stimulate regional economic growth, we thought there was a good argument for RDAs to co-ordinate the Business Links in their areas. A further advantage is that many Business Link Operators are delivered by local Chambers of Commerce and other important local bodies with a wider role to play in economic development and skills, so closer working between Business Links and RDAs could promote still greater joining up. It would help resolve the problems of conflicting targets mentioned earlier in this report. Our stakeholders agreed.

Having said at the beginning of this report that we favour local delivery, we endorse the report, "Reforming our public services – principles into practice"[16] when it says that public services need to be rebuilt around the needs of their customers. The report stresses that the Government's job is to set the national standards, within a framework of clear accountability. It continues that these standards can only be delivered effectively by devolution and delegation to the front line, giving local leaders responsibility and accountability for delivery and the opportunity to design and develop services around the needs of local people. This means more flexibility is needed for public service organisations and their staff to achieve the diversity of provision needed to respond to the wide range of customer aspirations. For these reasons, we continue to believe that Business Links Operators should come under the auspices of RDAs.

We have been told that one of the conclusions of an internal Government cross-cutting review of services to small business was that whatever the governance and organisational framework, RDAs and SBS need to work together.

If DTI do not agree to move Business Links to RDAs, they nonetheless need to make sure this close working happens. This means aligning the targets, measurement systems, accountability and audit systems so both organisations are pulling in the same direction. In our view it will take more than protocols or pieces of paper to ensure close working – there needs to be leverage built into the system. If this is not happening a year from now, we will judge the case for our preferred model to have been made for us.

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[16] Reforming our public services - Principles into practice. The Prime Minister's Office of Public Services Reform. March 2002

At the time of their setting up, some commentators asked why LLSCs were being set up as separate bodies; why GOs had no formal role; and why there was no regional tier (9 RDAs, but 47 LLSCs). In the light of (early) experience, these questions are still being posed. The problems are being addressed in part by LLSCs banding together to work with their RDA in structures called FRESAs – Framework for Regional Employment and Skills Action. We hope they prove successful.

In Scotland, Enterprise and Lifelong learning are merged in one Government Department which runs two networks that are responsible for Local Enterprise Companies on the ground.

Scotland

Scottish Enterprise was formed by merging the Scottish Development Agency and the Training Agency. It began operating in April 1991. Scottish Enterprise has a national role and also delivers locally via 12 Local Enterprise Companies (LECs). LECs have their own boards, made up from local people from the private, public and voluntary sectors, usually with an established local business person as the Chair.

Local enterprise companies deliver a "one stop shop" for all business support, bringing together the roles of RDAs, LLSCs and Business Links.

The former Highlands and Islands Development Board became Highlands and Islands Enterprise, also in 1991. It too delivers via 10 LECs.

HIE has wider responsibilities than Scottish Enterprise in that it supports projects which enhance the quality of life in the Highlands and Islands, not just on the grounds of economic benefit.

Recommendation 1 (part 3)

We recommend that Business Links become the responsibility of RDAs, and that the review should deliver closer working between RDAs and LLSCs, drawing from the models of Scottish Enterprise and Highlands and Islands Enterprise.

If DTI do not agree to move the Business Links to RDAs, we look to them to deliver within a year the same alignment of targets, reporting, accountability and audit that this move would have achieved.

10.2 Responsibility and Discretion

Whitehall micro-managing from the centre was a common complaint we heard not just from business stakeholders, but those in Local Authorities, RDAs, LLSCs, Business Link Operators and GOs.

RDAs

RDA business board members were particularly frustrated that senior appointments and salaries within the RDA had to be approved by the DTI.

Equally there were frustrations from business at the lack of transparency in applying for Regional Selective Assistance. Companies had negotiated projects with the RDA, only to find the ultimate decision had to be taken by the DTI.

RDAs felt their hands were tied by project funding ceilings. Again Regional Selective Assistance was often mentioned, because big projects requiring funding greater than £2 million could only be handled through DTI.

LLSCs

The Local Learning and Skills Councils (LLSC) told us that their nationally defined targets were not flexible enough at the local level.

DfES have already moved to simplify funding for the LSC into nine main funding streams, but to accompany this, there is a 35 page document of guidance produced by DfES, setting out the assumptions made on how much money is needed for particular activities, what Ministers expect and what reports are necessary. The local LLSCs have not seen the benefit of DfES' simplifications.

It must be said, however, that when it came to a crisis, the RDAs and the LLSCs could pull out the stops and achieve results with less bureaucracy than usual. The text box describes two examples.

Entrepreneurial spirit invigorating local people to solve problems locally is exactly what RDAs and LLSCs want and need, but micro-management inspired by fear of the NAO and Public Accounts Committee will demotivate these agencies and their stakeholders. DTI and DfES should take steps to learn from recent successful responses to crises and remove bureaucracy which prevents creative solutions. Examples of "entrepreneurship" should be promoted as good practice.

Locally-delivered solutions

Example 1. Foot and mouth disease: crisis versus planned event

Yorkshire Forward delivered support to businesses affected by Foot and Mouth in their area. Foot and Mouth broke out in early March and by May they had delivered financial support to small rural businesses.

It took them 12 steps to achieve this.

If they had planned for the crisis, based on current systems, it would have taken them in the region of 28 steps, with many meetings in Whitehall and more like 12 months rather than the 12 weeks it took them to deliver.

Example 2. Camell Laird

After Camell Laird shipyard in Liverpool went into receivership, the £35,000 per week training bill for apprentices may not have been met.

The Local Learning and Skills Council knew of the issue and within days guaranteed funding for one month and put in place a strategy to find new opportunities with companies within the area, saving 310 apprentices.

10.3 Business as a partner

Previous Task Force reports (most recently, "Employment: Striking a Balance", and earlier in our 1999 report on enforcement) have identified that policy officials need to have a closer understanding of business. Policy-makers should spend time with business to understand them better. Staff in the regions also need to establish good working relations with business. Businesses feel they are treated as a commercial supplier to be negotiated with, success being measured as giving as little away in funding as possible.

But the private sector in particular had problems in understanding the regional and local agencies and could have misperceptions, which led to their being disappointed. When engaging with business it is important to communicate in the right way to establish a working relationship.

On RDAs :

'Our redundancies could have been reduced if the RDA had also lobbied on our behalf in convincing the Government to give us the contract...'

'There was no transparency and we didn't understand the rules of the game..'

Of Business Link Operators:

'I've given up and use my own business networks, such as the CBI or other business contacts for help…'

When the Government set up LSCs and RDAs it wanted private sector involvement at board level from the outset. Involving the private sector to improve delivery by these agencies is sensible.

However, businesses involved in the LSC or RDAs are not always clear about what is expected of them.

'Employers' engagement to date is low, and the criteria for business background are elastic. At present 81% of local LSC Chairs have a business background, but only 30% of local board members are active employers from the private sector (including local Chairs). This is in spite of the fact that the LSC set a target of 40% of Council members with a business background.' - CBI

'The only way to engage business and business people is for public servants to deal with them as equals – not merely a tick box exercise in walking/talking corporate governance' – NW business

Too often, expectations were raised. Employers felt they would have important roles, and that they would need to contribute a proportionate amount of time. But in practice, they found they had little influence, the pace was slow and the time commitment was greater than initially expected. This puts business off from volunteering to serve on LSC and RDA boards. This in turn weakens corporate accountability; the centre feels less able to delegate, meaning still less empowerment for those who remain. This sets up a vicious circle.

To break the circle, those seeking business partners for delivery need to think through whether they are really prepared to delegate real responsibility. Business will expect nothing less. "Reforming Our Public Services" stresses putting the customer first. It must be remembered that business is also a customer.

11. Conclusions

We are not the first to have identified these issues. There must be a co-ordinated attempt to tackle the problems and prevent new ones. Central gatekeeper mechanisms and assessment tools must be consistently used by all Departments.

The government recognises in publications such as "Reforming our Public Services" that too many targets and too much control from the centre can harm rather than help delivery. In business, there is a concept known as "loose-tight" – for each function you choose either to delegate or to centralise but you do not have any mixtures. For issues where local input is needed, a "loose" model is required, so all Departments must be willing to give up some of their power to the regional or local bodies who have been appointed as the delivery agents.

The formal adoption of improved mechanisms and tools, and the yielding of central power, can only go so far in achieving better local delivery. Crucially, this needs to be accompanied by a culture shift in the centre to one in which micro-management is replaced by trust.

Annex A

Better Regulation Task Force and its approach

The Better Regulation Task Force is an independent advisory group established in 1997. Members, appointed in the first instance for two years, are unpaid. They come from a variety of backgrounds - from large and small businesses, citizen and consumer groups, unions, and those responsible for enforcing regulators - and all have experience of regulatory issues. The Chair, appointed initially for three years in April 2002, is David Arculus. Officials of the Regulatory Impact Unit in the Cabinet Office provide support for the Task Force.

Terms of reference

The Task Force's terms of reference are:
"To advise the Government on action to ensure that regulation and its enforcement are transparent, accountable, proportionate, consistent and targeted."

Members of the Task Force

David Arculus, Chairman	Severn Trent plc
Teresa Graham, Deputy Chair	Baker Tilly
Matti Alderson	Fire Horses
Stephen Falder	HMG Paints
Michael Gibbons	Formerly Powergen plc
Kevin Hawkins	Safeway Stores plc
Deirdre Hutton	National Consumer Council
Simon Petch	CONNECT
Ian Peters	Engineering Employers Federation
Penelope Rowlatt	Independent economist
Janet Russell	Kirklees Metropolitan Council
Sukhvinder Stubbs	Barrow Cadbury Trust
Tim Sweeney	Independent consultant: financial services
Rex Symons	Bournemouth Primary Care NHS Trust
Barbara Thomas	Private Equity Investor plc
Simon Ward	Consultant: hospitality industry

Members of the Task Force until 31 March 2002

Christopher Haskins, Chairman	Northern Foods
Sarah Anderson	Mayday Group
Jyoti Banerjee	Technology analyst
Ram Gidoomal	Winning Communications
Peter Hughes	Scottish Engineering
Chai Patel	Westminster Health Care plc
Ann Shaw	Shaws Farms

A Register of Members' Interests has been drawn up and is on our website: **www.cabinet-office.gov.uk/regulation/taskforce** or is available on request.

Annex B

Simon Ward (Chair) is a self-employed advisor to the hospitality sector. He is also a non-executive director of the Leisure and Lifestyle Division of the accountants Robson Rhodes. Simon is a Director of the Consumer Policy Institute and of Greater London Enterprise. Until last year, Simon was Group Strategic Affairs Director for Whitbread.

Teresa Graham is a Partner in Baker Tilly, Chartered Accountants, specialising in providing business advice to ambitious growing companies. She is also a non-executive Member of the Steering Board of the Department of Trade and Industry's Small Business Service and Chair of their Audit Committee. Teresa is also the Deputy Chair of the Better Regulation Task Force.

Janet Russell is Director of Environment and Transport at Kirklees Metropolitan Council. She has been Vice-Chair of the Chartered Institute of Environmental Health's Occupational Health and Safety Committee and an Association of Metropolitan Authorities Advisor on the Local Authority Co-ordinating Body on Trading Standards (LACOTS). Janet is also the Local Government Authority representative on the Health and Safety Executive/Local Authority liaison committee.

Ann Shaw is a Director of Shaws Farms, a family investment company, Director of Elmfield Farms Ltd, a family farming company. She is currently a member of the Senate of Queen's University Belfast, a member of the Training & Employment Agency's Skills Task Force and a member of the committee of the Institute of Directors. Ann is a former Chairman of the Health and Safety Agency Northern Ireland and of the Institute of Directors, Northern Ireland. Ann currently chairs the Lloyds/TSB Foundation in Northern Ireland and is a Divisional Trustee of the NSPCC. Ann stood down from the Task Force at the end of March 2002.

Task Force Secretariat
David Pendlington

Annex C

Transparency	• The case for a regulation should be clearly made and the purpose clearly communicated. • Proper consultation should take place before creating and implementing a regulation. • Penalties for non-compliance should be clearly spelt out. • Regulations should be simple and clear, and come with guidance in plain English. • Those being regulated should be made aware of their obligations and given support and time to comply by the enforcing authorities with examples of methods of compliance.
Accountability	• Regulators and enforcers should be clearly accountable to government and citizens and to parliaments and assemblies. • Those being regulated must understand their responsibility for their actions. • There should be a well-publicised, accessible, fair and efficient appeals procedure. • Enforcers should be given the powers to be effective but fair.
Proportionality	• Any enforcement action (i.e. inspection, sanctions etc.) should be in proportion to the risk, with penalties proportionate to the harm done. • Compliance should be affordable to those regulated - regulators should 'think small first'. • Alternatives to state regulation should be fully considered, as they might be more effective and cheaper to apply.
Consistency	• New regulations should be consistent with existing regulations. • Departmental regulators should be consistent with each other. • Enforcement agencies should apply regulations consistently across the country. • Regulations should be compatible with international trade rules, EU law and competition policy. • EU Directives, once agreed, should be consistently applied across the Union and transposed without 'gold-plating'.
Targeting	• Regulations should be aimed at the problem and avoid a scattergun approach. • Where possible, a goals based approach should be used, with enforcers and those being regulated given flexibility in deciding how best to achieve clear, unambiguous targets. • Regulations should be reviewed from time to time to test whether they are still necessary and effective. If not, they should be modified or eliminated. • Where regulation disproportionately affects small businesses, the state should consider support options for those who are disadvantaged, including direct compensation.

A leaflet explaining our Principles of Good Regulation is on our website and available on request: **www.cabinet-office.gov.uk/regulation/taskforce**

Annex D

Contributors to review

Association of Colleges
Association of Colleges North West
Association of Colleges South West
Avon Sheet Metal
Barrow-in-Furness Sixth Form College
Birmingham and Solihull Business Link
Birmingham and Solihull Learning and Skills Council
Birmingham Chamber for Commerce and Industry
Blackburn with Darwen Borough Council
Blackpool Borough Council
Bristol and Western Engineering Manufacturers Association Limited
Bristol Business School
British Chamber of Commerce
British Telecom
Brunner Mond Group
Burnley College
Business Link Chesire and Warrington
Business Link Cumbria
Business Link for Norfolk
Business Serve plc
Cheshire County Council
Collinson Grant Associates
Confederation of British Industry
Creative Media Matrix
Cumbria County Council
Department for Education and Skills
Department for Work and Pensions
Department of Trade and Industry
Devon, Cornwall and Isles of Scilly Learning and Skills Council
Electricity Training Association
Federation of Small Business
Greater Manchester Learning and Skills Council
Greater Mersyside Learning and Skills Council
Her Majesty's Treasury
Innogy plc
Invest UK
King George V College
Knowsley Metropolitan Borough Council
Knowsley Community College
Lancashire Learning and Skills Council
Learning and Skills Group
Learning and Skills Council
Liverpool City Council
Local Government Association

London Development Authority
Mail Marketing International
Manchester City Council
Motion Media plc
National Audit Office
North West Development Agency
North West Government Office
North West Regional Assembly
Norton Radstock College
Office of the Deputy Prime Minister
Oldham Metropolitan Borough Council
Oldham Sixth Form College
Premises Networks Management plc
Performance and Innovation Unit
Policy Studies Directorate
Reaseheath College
Rolls Royce (Defence Europe) Ltd
Salford College
Scapa Europe
Scott Bader
Scottish Executive
Small Business Council
Small Business Service
South Trafford College
South West Government Office
South West Regional Assembly
South West Regional Development Agency
St Helens Metroplitan Borough Council
Stroud College of Further Education
Tourism Task Force
United Utilities
Warthog plc
Warrington Council
West Midlands Government Office
Westland Helicopters
Wigan Metropolitan Borough Council
Wiltshire College
Xaverian College
Yorkshire Forward

Annex E

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Annex F

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Employment Regulation: Striking a Balance	May 02

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Annual Report 00-01	Oct 01
Housing Benefit: a case study of lone parents	Sept 01
Economic Regulators	July 01
Local Shops: a progress report on small firms regulation	July 01
Regulating Cyberspace - Better Regulation for e-commerce	Dec 00
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Annual Report 99-00	Oct 00
Revised Principles of Good Regulation	Oct 00
Protecting Vulnerable People	Sept 00
Alternatives to State Regulation	July 00
Tackling the Impact of Increasing Regulation - a case study of Hotels and Restaurants	June 00
Helping Small Firms Cope with Regulations - Exemptions and Other Approaches	April 00
Red Tape Affecting Head Teachers	April 00
Payroll Review	Mar 00
Self-regulation interim report	Oct 99

1998/99

Annual Report 98-99	Sept 99

Annex G

UK Government Budget/Grant schemes for Economic Development and Skills

Action team for jobs
Adult and learning community fund
Basic employability training
Broadband Fund
Building Basic Skills in the Workplace
Business in the community local investment fund
Childrens fund
Education action zones
Employment zones
England rural development programme
Equal
Ethnic Minority Achievement Grant
European Regional Development Fund
European Social Fund
European Vocational training
Grundtvig – Adult education and other educational pathways
Individual Learning Accounts
Inward Investment
Land and Property
Learning Partnerships
Local Education Authority-secured Adult and Community Learning
Lottery Funding
LSC Adult
LSC Adult programmes
LSC Disability access
LSC local initiatives fund
LSC raising standards
LSC Six forms
LSC Teachers Pay Initiative
LSC Youth
Market Towns
Mentoring fund
Neighbourhood Renewal
Neighbourhood Support Fund
New Deal
New Deal for Communities
New entrepreneur scholarships
Partnership at Work Fund
Phoenix fund
Rapid Response Fund
RDA Skills Development Fund

Regional centres of Manufacturing expertise
Regional Innovation Fund
Regional selective assistance
Rural Development Fund
Rural enterprise scheme
Short Intensive Basic Skills
Single Regeneration Budget
Skills Development Fund
Small firms training loan
Sure start
UK Online

Annex H

Glossary of Terms for Local Delivery of Central Government Policy

Central Government

DCMS – Department for Culture, Media and Sport

Has responsibility for museums, galleries and libraries, the built heritage, the arts, sport, education, broadcasting, media and tourism, as well as the creative industries and the National Lottery.

DEFRA – Department for Environment, Food and Rural Affairs

Tasked with the sustainable use of natural resources, development of rural economies and communities and environmental standards for both urban and rural areas.

DfES – Department for Education and Skills

Assigned to help build a competitive workforce and economy by developing the education and skills required by people of all age groups to achieve this.

DTI – Department of Trade and Industry

Department assigned to increase economic competitiveness and scientific excellence in order to generate higher levels of sustainable growth and productivity in the modern economy.

DWP – Department for Work and Pensions

Department responsible for delivering support and advice to people of working age, employers, pensioners, families, children and disabled people to help them become financially independent and help reduce poverty.

NRU – Neighbourhood Renewal Unit

Part of the ODPM, the NRU goals are to improve living standards in the country's poorest areas and narrow the gap between these neighbourhoods and the rest of the country.

ODPM – Office of the Deputy Prime Minister

This includes The Regional Co-ordination Unit, The Government Offices in the Regions, The DPM's Central Policy Group and the Social Exclusion Unit. Also responsible for housing, planning, regeneration and regional and local government.

RCU – Regional Co-ordination Unit

Part of the ODPM, the RCU is the Headquarters function of the Government Offices for the Regions (GO) and has the role of co-ordination in influencing design and implementation relating to these in Whitehall.

SBS – Small Business Service

An agency within the Government, its purpose is to support small businesses, with particular regard to the burden of regulation, and promote enterprise across society as a whole.

National

CA - Countryside Agency

Works with other bodies, such as local authorities and landowners, to provide grants and advice to promote rural economies, conserve the landscape, and make the countryside more accessible.

ES - Employment Service

The employment service's key role is to help the unemployed find work through the Jobcentre network. It also oversees the eligibility screening and payment of Jobseekers allowance to the unemployed.

FRCA – Farming and Rural Conservation Agency

Created to assist government in the design, development and implementation of policies on the integration of farming and conservation, environmental protection and the rural economy.

Invest UK

Acts as the UK government's investment agency covering the whole of the UK. It helps international companies to set up or expand business from a British base.

LSC – Learning and Skills Council

The Learning and Skills Council is responsible for funding and planning education and training for over 16-year-olds in England and to raise participation and attainment through high-quality education and training.

LLSC – Local Learning and Skills Council

Tasked to prepare and adopt a local learning plan incorporating skills and participation strategies and implement this in the local community in order to raise local labour force productivity.

SSC – Sector Skills Councils

Formed to lead the skills and productivity drive in industry or business sectors recognised by employers. They bring together employers, trade unions and professional bodies working with government to develop the skills that UK business needs.

SSDA – Sector Skills Development Agency

Established to underpin the SSC network and promote effective working between sectors.

Ufi Limited

Working as a PPP throughout England, Wales and N.I. Ufi provides learning services through learndirect, aiming to put individuals in a better position to get jobs, improve their career prospects and boost business competitiveness.

Initiatives

ACLF - Adult and Community Learning Fund

A DfES initiative, the fund aims to encourage community based learning activity and improve basic skills among adults, and to build the capacity of community based organisations that provide learning opportunities.

IIP – Investors in People

A national quality standard which sets a level of good practice for improving an organisation's performance through its people.

LSP – Local Strategic Partnership

LSPs are intended to bring together at a local level the different parts of the public sector as well as the private business community and voluntary sectors, so that different initiatives and services support each other and work together.

MA - Modern Apprenticeships

Courses which allow individuals to simultaneously earn a living wage whilst obtaining a National Vocational Qualification.

MTI – Market Towns Initiative

Controlled by the Countryside Agency, this initiative offers financial support for the revitalisation of selected market towns.

New Deal

Government scheme created to help unemployed people into work by closing the gap between demand and supply in the UK labour market. Incorporates many smaller Government initiatives.

NRF – Neighbourhood Renewal Fund

Designed to help local authorities in the 88 most deprived areas to improve local services, its main purpose is to narrow the gap between the most deprived areas and the rest of the country.

RSA – Regional Selective Assistance

RSA is a discretionary grant that provides assistance towards projects with fixed capital expenditure over £500,000 that will create or safeguard employment in designated assisted areas.

Rural Dev. - Rural Development Programme

The Rural Development Programme provides funding for projects led by public, voluntary and private sector partnerships which address economic and community development needs. Projects must be located within rural areas of greatest economic and social need, designated as "Rural Priority Areas".

SDF – Skills Development Fund

The function of the SDF is to support the development of priority skills that will contribute to the economic development of the region.

SIBS – Short Intensive Basic Skills

Scheme run by DfES designed to equip participants who lack basic literacy and/or numeracy skills that are needed to be able to compete in the labour market with those basic skills in order to help gain jobs with the prospect of sustained employment.

SMART

An SBS initiative that provides grants for individuals, small and medium sized businesses to make better use of technology and develop technologically innovative products and processes.

SRB – Single Regeneration Budget

Combines all the funding that was previously provided by separate Government departments to provide an integrated approach to reviving rundown areas. Administered by the RDAs.

Regional

GO – Government Offices

Responsible for local implementation of Government policy and delivering regional economic assistance. The 9 Government Offices (GOs) were set up in 1994. They now bring together the English regional services for the following departments:

Office of the Deputy Prime Minister
Department of Trade and Industry
Department for Education and Skills
Department for Transport
Department for Environment, Food and Rural Affairs
Home Office
Department for Culture, Media and Sport
Department of Health
Department for Work and Pensions

FRESA – Framework for Regional Employment and Skills Action

Drawn up by individual RDAs to facilitate effective links between the employability of the individual, enterprise in the region, innovation in business and the UK's science base.

RA – Regional Assemblies

Responsible for transport and land use at a regional level, Regional Assemblies also provide regional accountability for RDAs and help co-ordinate regional agencies.

RDA – Regional Development Agencies

The nine RDAs within England aim to co-ordinate regional economic development and regeneration, enable the regions to improve their relative competitiveness and reduce the imbalance that exists within and between regions.

Sub Regional to Local

Blink - Business Link

Provided by the SBS, Business Link consists of a national chain of advice centres for small firms and helps to represent their interests in Government.

Connexions

The Government support service for 13-19 year olds, offering help choosing courses and careers through to broader personal development.

EAZ – Education Action Zones

These are intended to allow local partnerships to develop new approaches to raising standards in disadvantaged urban and rural areas.

JC+ - Job Centre plus

The service for people of working age. In 17 areas Jobcentre Plus pathfinder offices are already offering a fully integrated work and benefit services and there are plans to open further fully integrated Jobcentre Plus offices from October 2002.

LP - Learning Partnerships

The network of 101 Learning Partnerships has been in place since 1999. Learning Partnerships are non-statutory, voluntary groupings of local learning providers (ranging from voluntary sector to Higher Education Institutes) and others such as local government, Connexions/Careers Service, trade unions, employers and faith groups.

FE - Further Education Colleges

Further Education colleges provide 54% of all qualifications issued and 200 million training days per year.

LA -Local Authorities

Employ 2.1 million staff and spend £70 Billion a year. Only a quarter of this is funded by the Council Tax. The major services provided by local authorities include; Education, Social services, Planning, Libraries, Waste disposal, Trading Standards, Fire and Rescue, Emergency Planning, Roads, Highways and Transportation, Housing and Environmental Health.

TP – Training providers

Private sector companies providing training.

WBL - Work Based Learning

Work Based Learning is the generic title for provision provided by the Learning and Skills Council for young people through work-based routes.