



## **Report to Cabinet**

**Subject**      **Local Area Agreements**

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Local Area Agreements (LAA) are the central government version of work on joining up public services at the local level that has been progressed by the LGA, Treasury and the Innovation Forum of 'excellent' councils. However the LAA approach is unlike other government initiatives in that formal rules for implementing LAAs have not been published and flexible approaches are being encouraged to maximise the opportunities that they potentially offer.

This paper draws extensively on the work of the LGIU, its 2 policy papers and a recent seminar hosted by the LGIU involving the Minister for Local government and the Regions, Nick Raynsford MP, Chairman of the LGA, Sir Sandy Bruce-Lockhart and the Audit Commission Local Government Managing Director, Frances Done and a number of the LAA pilot authorities. This reflects the fact that LAAs are very new and that no formal guidance has been issued.

Despite this lack of detail there are significant implications for the Council in the way that LAAs will operate and potentially in its relationship with the LSP and community Strategy. LAAs are seen as an opportunity for Local government to demonstrate that it can work in a joined up way and deliver national and local priorities in innovative and cost effective ways. There appears to be a sub-text that failure to do so will strengthen the hand of 'anti-local government' lobby in Whitehall.

The proposals are based on four principles:

- to improve the dialogue between central and local government providing a discipline for both in achieving outcomes.
- improve local performance through flexibility in use of resources.
- improve efficiency by rationalising non-mainstream funding.
- help partners join up at local level.

This is to be achieved through a five-point package:

- a new Safer & Stronger Communities Fund (S&SF) joining up Home Office and ODPM resources.
- strengthened Local Public Service Agreements (LPSAs).
- strengthened National Strategy for Neighbourhood Renewal.
- stronger role for Government Offices.
- pilot LAAs.

There is recognition that joining up local government is more achievable than joining up central government. LAAs have developed from LPSAs but are more limited in scope. From April 2005 there will be 21 pilots. If successful, LAAs will be rolled out across England from April 2006. The pilots in the East Midlands region are Derby and Derbyshire.

LAAs bring together funding streams in three separated categories, reflecting divisions within Whitehall. These are:

- children and young people
- safer and stronger communities
- healthier communities and older people

LAA will be negotiated with Government Offices for the regions (GOs). This should be less cumbersome than reliance on the ministerial level negotiations in LPSAs. Regional relationship teams will lead negotiations in each of the three categories.

- The 88 areas receiving NRF are permitted to include priorities outside of the three service blocks.
- All LAAs are allowed, and implicitly encouraged, to propose single tasks covering all three areas.
- One of the pilots (Telford and Wrekin) will merge all three categories of pooled funding producing a 'single pot' like that used by Regional Development Agencies (RDAs).

In designing LAA goals and measurements councils will need to ensure agreement with partners especially the Police, Primary Care Trusts (PCTs), Job Centre Plus and CDRPs. The goals should derive from the Community Strategy and LSPs will therefore have overall responsibility for ensuring that agreements are delivered. However, government say they do not wish to be prescriptive about structures. This is an important change and seems to reflect an increasing emphasis on the role and involvement in LSPs. This in turn will have implications for the development of the Community Strategy.

In the children and young people's block the new Children's Trusts will have a primary or major role in monitoring and challenging LAAs. LSPs may develop in line with the Local Public Service Board concept developed by the Innovation Forum. It is also recognised that LSPs in NRF areas have already taken different forms to those in less deprived areas.

LAAs will be linked to new policies within existing Whitehall departments. From 2006 the children and young people's block will be part of the Children's Services Plan. Goals in the children's block should be consistent with both the five outcomes listed in the Green Paper *Every Child Matters* and also the 'single conversation'.

The National Service Framework for Older People and Health Equity Audits, being conducted by PCTs, should inform the Healthier Communities block.

The Safer and Stronger Communities Fund S&SF will be the plan for that third of the LAA in all pilot areas. LAAs will be concluded with the production of a suite of performance indicators (Pis) that define the measures to be used and targets to be reached. Treasury PSAs and the NRF 'floor targets' will be maintained. This leaves scope for councils to propose changes to other national targets and performance indicators (Pis) used for targets.

Both LAAs and S&SF have been designed to merge into LPSAs. Having agreed an S&SF or an LAA, Councils can agree to 'stretch' targets that will deliver faster and greater improvement than previously expected. In this case these can become one theme within the LPSA and so become eligible for financial reward at the end of the three-year LPSA. Government will therefore consider freedom and flexibility bids as part of LAAs and S&SF agreements where this leads to 'stretch' achievement.

ODPM intend to expand these initiatives rapidly, if successful they want the three funding pools to be merged into one. They are investigating other funding that could be included in LAAs and highlight discussion in including the Big Lottery Fund. ODPM will be considering other area based funding on an ongoing basis and will permit new funds to be included in LAAs during the piloting. The use of 'side letters', later additional sub-agreements within the LAA, is proposed as a means of ensuring quick absorption into the LAA.

The Audit Commission and other inspectors will be developing monitoring arrangements.

### **Safer & Stronger Communities Fund**

The Safer and Stronger Communities fund (S&SF) will effectively be a mini-LAA and a precursor to roll out of LAAs across all Councils. Following various Home Office pilot studies including the 12 Single Local Management Centres and the Local Delivery Areas projects in Bradford and Hammersmith & Fulham, the S&SF will start in April 2005. The initial £210m funding will rise to £230m in 2007/08.

Councils will have to negotiate the goals and outcome measures for S&SF with their local partners reaching agreements with Local Strategic Partnerships (LSPs) and with Crime & Disorder Reduction Partnerships (CDRPs).

Government Offices will broker final agreement on behalf of central government. Overarching national priorities laid out in the Treasury's 110 PSA targets and the

'floor targets' for deprived areas will still have to be met, but there will be room to vary how they are interpreted to meet local concerns.

Successful agreements will allow funding streams to be pooled. ODPM funds included are the New Ventures Fund, Liveability Fund, community programme, Neighbourhood Management pathfinders and Neighbourhood Wardens. Home Office funds to be pooled are Building Safer Communities Fund, HO Government Office funding and anti-social behaviour funding.

In deprived areas supported by Neighbourhood Renewal Funding (NRF) this funding can be added to the S&SF pool. In areas piloting the Home Office's Local Delivery Areas (LDAs), the fund must be linked to the LDA.

S&SF will act as mini-LAA operating across one of the shared priorities agreed between central and local government. The dynamics of forming these deals will be very similar to that proposed for LAAs and the developing approaches used in LPSAs.

## **Implications**

As with LAA's the mini-LAAs of the S&SF potentially increase the influence of the LSP. Both are also likely to place an increased emphasis on the community strategy. Councils will need to consider their LSP working relationships if they are to maximise any benefits arising from the LAA model.

A further development likely to arise as a consequence of these proposals is the establishment of Local Public Service Boards (LPSB) that bring together the key public sector bodies within a LSP. In the Kent example the public sector bodies are responsible for some £6.9 billion of expenditure, of which the district councils account for just £250 million. The Kent LPSB is County based and it is likely that any such boards, because of the county/regional nature of some of the public bodies will be at a county level. It is also anticipated that the Counties will be the lead body responsible for the development of LAA's within a county. In Derbyshire the County is working closely with the districts to ensure that LAAs reflect geographical differences and indeed this appears to have been one of the criteria for 2 tier, namely that they had excellent partnership arrangements with the districts.

With a rollout for all authorities in April 2006 consideration needs to be given now to the resource requirements to negotiate and agree LAAs as well the implications for partnership working at both county and district level. This issue has already been raised at the Nottinghamshire Chief Executives meeting and may subsequently appear on the Nottinghamshire Local Authorities agenda. Given the flexibility in terms of how LAAs will work the matter has also been raised with the Greater Nottinghamshire Partnership. A conurbation rather than countywide approach may be more beneficial for Gedling.

Further reports will be presented once the pilots have submitted their proposals and it becomes clearer how LAAs will actually work and the potential implications, particularly for districts, become clearer.