

REPORT TO: Executive Board

DATE: 7 June 2007

REPORTING OFFICER: Strategic Director – Corporate and Policy

SUBJECT: Local Area Agreements

WARDS: Boroughwide

1. PURPOSE OF REPORT

A Local Area Agreement (LAA) is a 3-year protocol that sets out the priorities for a local area. This must be agreed between central government and the area itself, as represented by the lead local authority and other key partners through Local Strategic Partnership. The purpose of this report is to seek formal Executive Board approval to the final LAA document signed by Ministers, and alert members to some of the considerations of how Government intend to develop LAAs as a policy tool.

2. RECOMMENDATION:

It is recommended that the Board:

1. Adopt the final agreement agreed with Government;
2. Note the emerging requirements for “new-model” LAAs contained in the Local Government Bill.

3. SUPPORTING INFORMATION

At its meeting in December Executive Board endorsed the final draft Local Area Agreement for Halton and its formal submission to Government. Following its submission a number of comments were received from officials at GONW. The LAA was considered largely fit for purpose, and apart from minor proofreading amendments the substantive comments were as follows:

- a) In some instances there appeared to be a disconnect between the presentation (by year) of LPSA2 targets in the Outcomes Framework, and in the LPSA2 Agreement document itself.
- b) The Performance Management Framework appears to be quite generic and lacking in “Halton flavour”.
- c) The changing demographics of the borough perhaps dictated that there should be stronger reference to the needs of older people.
- d) Whilst the health trajectories are correct, Department of Health insist that data periods for the health inequality targets (for mortality, cancer

and circulatory diseases) should mirror the data periods of the lifetime of the LAA.

- e) Officials at DWP want to amend the baseline data set for the mandatory worklessness indicator nationally. They insist we use a May 2005 baseline (as opposed to the September 2006 figure) and calculate the mandatory 1.6% reduction from that.

The Halton LAA was signed off by Ministers last month including the minor changes outlined, and is now operational. A copy of the LAA in its final form is available from the Contact Officer or on www.haltonpartnership.net. The formal Grant Determination letter has been received setting out the special funding from Government in support of the LAA for 2007/08. This is in line with the expectations set out in the financial table of the LAA. The accounting arrangements and Action Plans to deliver the LAA were approved by the Executive Board at its meeting in February.

4. LAA DEVELOPMENT

In the Local Government White Paper *Strong and Prosperous Communities* published in October, proposals were set out to make Local Area Agreements central to the whole top-down performance regime for local government. These proposals have been formulated into legislation in the Local Government and Public Involvement in Health Bill currently being debated in Parliament.

A key element of the white paper proposals was that all top down performance indicators would be rationalised into one set of 200 indicators based on the priorities that will be in the Comprehensive Spending Review 2007. These indicators will be reported as part of the new Comprehensive Area Assessment (CAA), which will replace the current Comprehensive Performance Assessment (CPA) from 2009. LAAs will be made up of 18 education and early years targets, plus up to 35 targets taken from the set of 200 indicators, plus any local indicators agreed by local authorities and their partners. All areas will be expected to agree a new LAA with the Government for implementation from 2008/09.

In normal circumstances having just agreed an LAA the next key milestones for Halton would be the six monthly monitoring report to GONW and the annual "review and refresh" process to ensure the agreement remained fit for purpose. However, as set out above the Local Government Bill demands that all areas develop new-model LAAs for implementation from 2008. The Bill started its Parliamentary passage in December 2006 and is expected to be law before the autumn. There will then be a need for regulations and statutory guidance in a number of areas, and different provisions within the Act will have varying commencement dates.

The actual provisions formalising Local Area Agreements (LAAs) passed through its Committee stage in Parliament with limited amendment. However, the government has made a commitment that acute hospital trusts will be

added to the group of statutory LAA partners by an amendment at a later stage. A number of issues have been highlighted at Committee stage, with Government ministers and officials' replies and statements providing an indication of how government is thinking. The following highlights some of the issues the Government appear to be highlighting:

- High performing areas may have fewer than 35 targets and therefore more room for local indicators. Negotiations will concentrate on central versus local assessments of local priorities.
- Where local areas are identified as having more than 35 areas in need of improvement, negotiations will focus on prioritisation, rather than agreeing more than 35.
- The duty to have regard to targets which applies to named local partners (now being developed in the legislation) will equally cover local and national targets.
- The signing off of LAAs will be done as follows: Government Office Regional Director will recommend (or not) targets, Secretary of State for Communities and Local Government will consult with Cabinet and then sign off is approved.
- The current six monthly performance reviews of LAAs will be replaced by an annual review informed by the CAA.
- Local Authorities will be able to change targets by submitting them to the Secretary of State. The interval for this is likely to be between November and January to take effect from April.
- The 'Economic Development' theme will be changed to become 'Economic development and environment' and will also include culture.

Thinking around funding has significantly changed. The expectation will be that funding for local improvement should be provided through mainstream funding such as the Revenue Support Grant. An area-based LAA grant will only be provided as an exception, primarily where it supports specific partnership outcomes. Halton this year will receive £8M of LAA grant, so this change could be significant. A small number of funding streams will remain ring-fenced and outside the LAA, but there will be no performance reporting for such funding outside the national performance framework (the set of 200 indicators).

Government has issued detailed indicative timetable for 2007/08. The following are key longer-term dates:

- Draft guidance - after Royal Assent of Local Government and Public Involvement in Health Bill (probably July 2007)
- Final guidance - by April 2008
- First new style LAAs - start April 2008
- All LAAs to have 35+18 targets based on the indicators that are ready from the set of 200 plus local indicators - by April 2008
- Comprehensive Area Assessment – 2009

Given that the Comprehensive Spending review has been put back from the summer until October, this outline timetable is affected. Government has informed us that new-model LAAs will need to be ready by June 2008.

5. POLICY IMPLICATIONS

A Local Area Agreement (LAA) is a 3 year agreement that sets out the priorities for a local area, agreed between central government and a local area, represented by the lead local authority and other key partners through Local Strategic Partnerships. Halton's Agreement has been endorsed and signed by Government Ministers, and is now operational. The LAA provides a service improvement tool for helping to implement Halton's adopted Community Strategy.

6. FINANCIAL IMPLICATIONS

A number of existing grant regimes have been automatically pooled by Government into a single LAA grant. The Council, acting as accountable body for the LSP, has received its formal grant offer letter in the spring. It is important to note that the Council is taking full financial and legal responsibility for receipt and use of the grant. The Council's Financial Services Department has already put in robust arrangements for accounting, monitoring and evaluating for this expenditure. This is in line with best practice used for other programmes of external funding.

7. RISK ANALYSIS

The final LAA includes proposals for a robust risk management process. This will focus attention and resources on critical areas, provide more robust action plans and better-informed decision-making.

8. EQUALITY AND DIVERSITY ISSUES

The LAA will be based on the same values that underpin the Community Strategy, of which a commitment to equality and diversity is paramount. The LAA reinforces this value-driven system of partnership working.

9. LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Halton Local Area Agreement – 2007-2010 – available from Ian Grady, Second Floor of the Municipal Building, contact number (0151) 471 7528 or ext 1106.