

Leicester
City Council

WARDS AFFECTED:
Corporate issue – All wards

CABINET

25th April 2005

LOCAL AREA AGREEMENT

Report of the Corporate Director of Housing

1. Purpose of Report

- 1.1 This report seeks the agreement of Cabinet to support an expression of interest through Leicester Partnership to become one of the second phase of areas to enter into Local Area Agreements with central government.

2. Summary

- 2.1 On 23 March the Deputy Prime Minister announced details of the second phase of Local Area Agreements, enabling another 40 areas across the country to negotiate agreements that would take effect from April 2006. The second phase will be made up of single tier and county authorities, all of which have been invited to express an interest in taking part. Government expect the second phase to comprise a good mix of authority type, regional spread and CPA scores.
- 2.2 An expression of interest from Leicester will need to be submitted to Government Office East Midlands (GOEM) by 11th May. GOEM will then make recommendations to a national steering group by 20th May. Expressions of interest need to be supported by all key partners in an area; this can best be demonstrated if our expression of interest comes from the Leicester Partnership.
- 2.3 A Local Area Agreement is an agreement between central government and local authorities designed to build a more mature relationship between central government and a locality. It focuses on how the priority outcomes that central government want to see can best be delivered (e.g. the five high level outcomes detailed in the Children Act 2004: stay safe; be healthy; enjoy and achieve; achieve economic well-being; and make a positive contribution). Further outcomes are outlined in Appendix 1 of the supporting information. It also allows local areas to determine and deliver on their own local priority outcomes. It basically allows local areas greater freedom and flexibility in how they design and deliver services through additional government funding streams.
- 2.4 In essence, this means that central government will roll together a wide range of additional funding streams (outlined in Appendix 2 of the supporting information) into four thematic blocks. In doing so rules and regulations relating to these funds will be simplified, which should in turn allow for efficiency savings. This

new arrangement will make it easier for partners in LAA areas to jointly plan how they will tackle shared local priorities with these pooled budgets.

- 2.5 The four blocks in an LAA are: Safer and Stronger Communities; Children and Young People; Healthier Communities and Older People; and a new block, not included in the pilot LAAs, focussing on Economic Development.
- 2.6 A further advantage of having an LAA is that it will help the Council and partners focus on and deliver against those priorities identified in both our Corporate Plan and the emerging Community Strategy for the city, which is being structured around the four LAA blocks.

3. Recommendations

3.1 Cabinet is recommended to:

- (i) Support an expression of interest, through the Leicester Partnership, for Leicester to take part in the second phase of areas entering into Local Area Agreements with central government.
- (ii) Ask officers to work with partners on developing improved methods of joint working on shared local priorities, irrespective of whether Leicester has a second phase Local Area Agreement.

4. Financial Implications (Steve Charlesworth)

- 4.1 The LAA does not bring additional funding. It will simplify some of the mechanisms and processes concerned with payment and monitoring and should make more efficient and effective use of resources across the city.
- 4.2 The Council will be the accountable body for the LAA and suitable arrangements for accountability and decision-making will need to be developed in consultation with and advice from GOEM.

5. Legal Implications (Peter Nicholls)

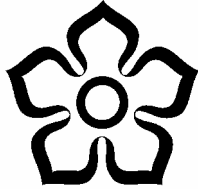
- 5.1 There is unlikely to be an expectation from the government that the Authority must enter into a formal legal agreement, although any grant would be subject to terms of payment. Other legal implications are covered in the report.

6. Report Author

Adam Archer
Extension: 6091

DECISION STATUS

Key Decision	No
Reason	N/A
Appeared in Forward Plan	No
Executive or Council Decision	Executive (Cabinet)



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SUPPORTING INFORMATION

1. Report

- 1.1 In the autumn of 2004, the Office of the Deputy prime Minister published “Local Area Agreements: A Prospectus”, one of a series of documents intended to inform the development of a vision of what local government in England should look like in ten years’ time.
- 1.2 The prospectus described Local Area Agreements as a tool to build a more flexible and responsive relationship between central government and a locality on the priority outcomes (outlined in Appendix 1) that need to be delivered at local level.
- 1.3 In effect an LAA will involve the ‘pooling’ of a wide range of existing government funding streams (outlined in Appendix 2), allowing councils and their partners to get on with delivering on shared priorities with less regulation, bureaucracy and inspection. There is no new money involved with LAAs, although government expect that some efficiency savings should be possible.
- 1.4 A Local Area Agreement comprises four blocks: Safer and Stronger Communities; Children and Young People; Healthier Communities and Older People; and a new block, not included in the pilot LAAs, focussing on Economic Development.
- 1.5 Within these blocks, partners, including the Council, and the Government will agree the outcomes to be achieved and the funding streams necessary to bring these about. A limited number of indicators and targets will be agreed to monitor progress in achieving these outcomes. The Government will remove conditions on the application of funding where this will help to bring about these outcomes and promises a reduction in the bureaucracy and monitoring associated with different funding streams.

- 1.6 The LAA will cover a three-year period, but with an annual review of both targets and funding streams so that these may be adjusted in the light of experience and as the understanding of the potential of the LAA develops.
- 1.7 LAAs will be negotiated with Government Offices, in our case Government Office East Midlands (GOEM).
- 1.8 As with Local Public Service Agreements, government will consider requests from LAA areas for freedoms and flexibilities (above and beyond those designed into LAAs). Although it is recognised that the removal of any statutory and administrative obstacles that would require changes to primary legislation, even if agreed in principle, are unlikely to be delivered within the time-frame of the LAA.
- 1.9 Government have advised that some elements of the LAA, the new economic development block in particular, might best be dealt with by working in partnership with appropriate neighbouring district authorities.
- 1.10 LAAs will have important linkages with other government initiatives, the main ones of which are:

i) Safer and Stronger Communities Fund (S&SCF)

In parallel to piloting LAAs with 22 Councils across England, government has required all non-pilot councils to have a 'mini LAA' for the S&SCF. In Leicester we are currently developing our proposal that needs to be submitted to GOEM by the end of April. This will be a three year agreement which will take effect from 2005/06. Should Leicester be successful in getting an LAA in the second phase, our S&SCF will be integrated into the full LAA and extended by a year. Although, because of the uncertainty around which funding streams, and the level of grant that will be available from 2006/7 onwards our S&SCF will only include detail for the first year.

ii) 2nd Generation Local Public Service Agreements (LPSAs)

In its prospectus for LAAs, government identified one of the key elements being strengthened LPSAs. It is intended that LPSAs will be integrated into LAAs but will retain the unique features of delivering stretched performance on local priorities with additional funds (pump-priming and reward grants) being attached. LPSA stretch will need to be above and beyond any performance targets in the main body of the LAA.

Current ODPM advice is that negotiations on 2nd generation LPSAs will continue on the existing time frame i.e. to commence in 2005/6 for a 3 to 3.5 year period (although all negotiations on 2nd generation LPSAs are behind schedule). It is acknowledged that this position may change, this is likely to mean that the LPSAs would not commence until April 2006 and that outstanding negotiations would be transferred to GOEM.

In either case, it will be imperative that the improved outcomes we aim to deliver through our LPSA are aligned with the outcomes we identify for our LAA should we take part in the 2nd phase.

iii) Neighbourhood Renewal Fund (NRF)

The ODPM's 'Advice Note 1' on LAAs explains that LAA areas eligible for NRF will be able to use the LAA to set out how they plan to use these resources to support the achievement of key outcomes for any or all of the four blocks within the agreement so long as those outcomes are clearly linked to tackling deprivation and regeneration in their most deprived neighbourhoods.

Government have also suggested that areas in receipt of NRF may want to build on the performance management for the Local Strategic Partnership as a basis for the LAA. However, the requirement to provide (separate) quarterly reports on NRF spend will continue.

- 1.11 In the event that we are not successful in becoming a 2nd phase LAA area, and subject to further consultation, the Council and partners may wish to explore how some of the principles behind LAAs might be applied to the management, planning and service delivery associated with additional government funding streams, in effect developing our own local agreement. While such an approach would not have the benefit of simplified funding streams there could still be significant gains to be made by improving the way partners work together on shared priorities. Indeed, there may be merit in exploring how these principles might be applied in other aspects of service delivery.

2. Financial Implications

- 2.1 The LAA does not bring additional funding. It will simplify some of the mechanisms and processes concerned with payment and monitoring and should make more efficient and effective use of resources across the city.
- 2.2 The Council will be the accountable body for the LAA and suitable arrangements for accountability and decision-making will need to be developed in consultation with and advice from GOEM.

3. Legal Implications

- 3.1 There is unlikely to be an expectation from the government that the Authority must enter into a formal legal agreement, although any grant would be subject to terms of payment. Other legal implications are covered in the report.

4. Other Implications

OTHER IMPLICATIONS	YES/NO	PARAGRAPH REFERENCES WITHIN SUPPORTING PAPERS
Equal Opportunities	Yes	Addressing inequalities is a cross-cutting element of the four blocks of the LAA.
Policy	Yes	The introduction of LAAs is a significant policy development in terms of the relationship between central and local government.

Sustainable and Environmental	Yes	Subject to further guidance it is expected that these themes will be addressed through the new fourth block of the LAA.
Crime and Disorder	Yes	Tackling crime and the fear of crime is a major feature of the Safer and Stronger Communities block of the LAA.
Human Rights Act	No	
Elderly / People on Low Income	Yes	Improved outcomes for older people can be delivered through the Healthier Communities and Older People Block of the LAA, while it is likely that poverty issues will be addressed through the new fourth block.

5. Risk Assessment Matrix

Risk	Likelihood L/M/H	Severity Impact L/M/H	Control Actions (if necessary/or appropriate)
Government could withhold or reclaim LAA pooled funding in the event of, for example significant under performance or year end under spending.	L	M	A robust performance management system will need to be developed.

L – Low

M - Medium

H - High

L – Low

M - Medium

H – High

6. Background Papers – Local Government Act 1972

None

7. Consultations

Consultee	Date Consulted
Financial Strategy (Steve Charlesworth)	5.4.05
Legal Services (Peter Nicholls)	5.4.05
Leicester Partnership Development Manager (Alan Helliwell)	7.4.05

8. Report Author

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Local Area Agreements: Outcomes

Government have suggested a number of high level outcomes that could be delivered through Local Area Agreements. In some cases these will be mandatory, dependant on which funding streams are coming into an area. These outcomes are subject to change but currently they include:

Children and Young People

- Stay safe
- Be Healthy
- Enjoy and Achieve
- Achieve Economic Well-being
- Make a Positive Contribution

Safer and Stronger Communities

- To reduce crime, the harm caused by illegal drugs, and to reassure the public, reducing the fear of crime and anti-social behaviour
- To empower local people to have a greater voice and influence over local decision making and the delivery of services
- To have cleaner, greener and safer public
- To improve the quality of life for people in the most disadvantaged neighbourhoods and ensure service providers are more responsive to neighbourhood needs and improve their delivery
- Libraries, sport and cultural services better meet the needs of their communities (especially in disadvantaged areas)

Healthier Communities and Older People

- Improved health of the population; increased life expectancy and reduced health inequalities
- Improved quality of life and independence of vulnerable older people

Economic Development

To be confirmed

Local Area Agreements: Funding Streams

In their 'Advice Note 1' ODPM identified the following funding streams that could / could not be included in LAAs. This list is subject to change.

Department	Indicative list of Funding Streams that could be included in a LAA	
DfES	Adoption Support and Special Guardianship Choice Protects Children's Trust pathfinders Teenage Pregnancy Local Change Fund Vulnerable Children Grant Transforming Youth Work Development Fund Youth Service Disabled Access Vocational and work related learning	Sure Start/Extended Schools (joint with DWP) Children's Fund Education Health Partnerships Primary Strategy Central Co-ordination Key Stage 3 Central Co-ordination Key Stage 3 Behaviour and Attendance LEA support for workforce re-modelling Connexions Safeguarding Children
DfT	Use of mainstream funds may contribute to LAA outcomes	Some demonstration projects
ODPM	Single Community Programme Liveability Fund Neighbourhood Renewal Fund - must be used to tackle deprivation	Neighbourhood Wardens Neighbourhood Management Pathfinders
Home Office	The SSCF Block Building Safer Communities Anti-social Behaviour CDRP allocation HO Regional Directors Fund Business Crime Additional funding streams that are eligible for inclusion have yet to be defined. In the meantime, local areas should identify those funding streams they would like to include.	Domestic Violence Crime Reduction capital Violent/alcohol crime DAT partnership support grant
DCMS	There are some funding streams that are administered regionally or locally by Non Departmental Public Bodies (eg Arts Council, England) that can be considered for inclusion. A number of NDPBs have expressed willingness to either engage or align relevant funding streams. DCMS GO representatives will coordinate and advise on the possibilities for each LAA area.	
DWP	Use of mainstream funds may contribute to LAA outcomes.	
DEFRA	Defra will consider funding streams proposed by LAA pilots on a case by case basis	
Department of Health	Mainstream funding for PCTs included.	
Department	Indicative list of Funding Streams that are <u>not</u> eligible for a LAA	
DfES	Schools' budgets Playing for Success Community Champions Fund Unaccompanied Asylum Seeking Children Leaving Care Grant	Investigation and referral support co-ordinators LEA Music Services School Travel Adviser Budget (with DfT)
Home Office		Police Funding
DWP	Pension and Benefit Payments to Individuals	
DfT	School Travel Adviser Budget (with DfES)	Bus Challenge Fund