

Leicester  
City Council

**WARDS AFFECTED:**  
Corporate issue – All wards

**CABINET**

**30<sup>th</sup> January 2006**

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## **LOCAL AREA AGREEMENT: PROGRESS REPORT AND NEXT STEPS**

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### **Report of the Corporate Director of Housing**

#### **1. Purpose of Report**

- 1.1 This report seeks to advise Cabinet of progress made in the development of Leicester's first Local Area Agreement (LAA) and sets out the next steps in the negotiations. It also asks Cabinet to agree to delegate power to the Corporate Director of Housing (in consultation with the Leader) to make further amendments and for the Leader to sign the agreement.

#### **2. Summary**

- 2.1 The City Council and its partners are reaching an advanced stage in the development of Leicester's first Local Area Agreement (LAA). Two formal drafts have been submitted to the Government Office for the East Midlands (GOEM), with a third informal draft submitted on January 6<sup>th</sup> (available in Members' library).
- 2.2 A further draft needs to be submitted on February 3<sup>rd</sup>. This penultimate draft is critical in that GOEM will ask government departments if they would be prepared to recommend the agreement for Ministerial sign off. We will then have until the final submission on February 21<sup>st</sup> to resolve any outstanding issues. Assuming these issues can be resolved, GOEM will then take to agreement to the Office of the Deputy Prime Minister with a view to Ministerial sign off by March 24<sup>th</sup>.
- 2.3 The LAA will set out improvement targets against nationally and locally determined priorities. The agreement will identify the government funding streams that will be used to deliver improved outcomes for local people and should result in a reduction in the bureaucracy associated with managing these funding streams.
- 2.4 The local priorities in the LAA have been drawn down from the 'Strategy for Leicester' (Leicester's Community Strategy and Neighbourhood Renewal Strategy). To a large extent, the LAA will be the delivery plan for the 'Strategy for Leicester'.
- 2.5 The LAA is made up of four blocks: Children & Young People; Safer & Stronger Communities; Healthier Communities & Older People; and Economic

Development & Enterprise. These blocks are mirrored in the 'Strategy for Leicester' and the four delivery groups of the re-structured Leicester Partnership.

- 2.6 Ultimate responsibility for negotiating the LAA rests with the City Council (who will be the 'accountable body'), however it is essential that partners are fully engaged in this process. This is being done through Leicester Partnership's new Executive Board.
- 2.7 LAAs are a high priority for the Government and form a key element of their proposals for transforming the delivery of publicly funded services.

### **3. Recommendations**

3.1 Cabinet is recommended to:

- (i) Note progress to date in developing Leicester's first Local Area Agreement
- (ii) Delegate to the Corporate Director of Housing in consultation with the Service Director - Legal Services and the Leader of the Council, to approve any changes or additions to the agreement prior to final submission to the Government Office East Midlands.
- (iii) If required by the Government Office, authorise the Leader of the Council to sign any necessary agreement on behalf of the City Council".

### **4. Financial Implications (Andy Morley)**

- 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. A final decision has not yet been made on which funding streams will be included within the LAA.
- 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)**

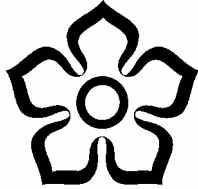
- 5.1 There are a number of legal issues relating to this project e.g. mechanisms for receipt of funding from partner bodies and the form of agreement to be entered into with the Government Office, (although there is unlikely to be an expectation from the government that the Authority must enter into a formal legal agreement). Other legal implications are covered in the report. Legal Services will be fully engaged in the development of, and delivery mechanisms for the LAA.

### **6. Report Author**

Adam Archer  
Extension: 6091

### **DECISION STATUS**

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



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**SUPPORTING INFORMATION**

**1. Background**

- 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 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, 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 Most second round LAAs will incorporate LPSA style stretch targets (attracting an additional pump-priming grant and the potential for a Performance Reward Grant). However, given that in Leicester we were at an advanced stage in our 2<sup>nd</sup> generation LPSA negotiations, it was agreed that we would have two stand alone (but integrated) agreements. LPSA negotiations have subsequently been concluded, as reported to Cabinet on January 9<sup>th</sup>.

## **2. Report**

- 2.1 The project management arrangements for the LAA, reported to Cabinet on July 11<sup>th</sup> 2005, have been implemented. Negotiations with GOEM formally commenced with the submission of our first draft LAA on September 30<sup>th</sup> 2005. This draft set out our rationale for the LAA and the high level outcomes we would propose to deliver. This outcomes were a mix of mandatory outcomes set by central government and local priority outcomes drawn from the 'Strategy for Leicester' (Leicester's Community Strategy and Neighbourhood Renewal Strategy).
- 2.2 GOEM's response to our first draft was largely positive. They particularly welcomed the way in which the document set a clear vision for what we hoped to achieve. They were also pleased with the seven 'driving principles and cross-cutting themes' we had identified for our LAA (Community Cohesion, Tackling Deprivation, Neighbourhood Working, Sustainability, Equalities and Diversity, Community Engagement, and Transforming Services).
- 2.3 Our next draft, submitted on November 9<sup>th</sup>, went into greater detail, proposing the indicators on which our progress towards delivering improved outcomes would be measured and beginning to set baseline data for current performance and proposing targets for improvement. Initial thinking on the funding streams we would like to see pooled into or aligned with LAA and potential requests for freedoms and flexibilities were included.
- 2.4 GOEM's feedback was again largely positive, but did include detailed comments on areas of concern to government. In particular it was felt that we had included too many indicators and hadn't been able to fully capture the real national and local priorities. We were also advised that more work was required in setting targets and identifying funding streams.

- 2.5 The additional 'informal' draft submitted on January 6<sup>th</sup> was designed to provide an indication of how we were responding to these comments. Initial feedback on this draft has noted that the agreement is heading in the right direction but further refinement would be needed.
- 2.6 A further draft needs to be submitted on February 3<sup>rd</sup>. This penultimate draft is critical in that GOEM will ask government departments if they would be prepared to recommend the agreement for Ministerial sign off. We will then have until the final submission on February 21<sup>st</sup> to resolve any outstanding issues. Assuming these issues can be resolved, GOEM will then take to agreement to the Office of the Deputy Prime Minister with a view to Ministerial sign off by March 24<sup>th</sup>.
- 2.7 We will then begin to deliver on our LAA from April 1<sup>st</sup> 2006. It is recognised that the LAA will evolve over time, and that we are unlikely to see significant change in how funds are managed and services are delivered in the first year. The LAA will involve an annual 'refresh' where we will have the opportunity to negotiate amendments based on experience in the first year.
- 2.8 Having said that, we will need to ensure that appropriate performance and financial management and governance arrangements are in place by April 1<sup>st</sup>. Work on ensuring these are in place is progressing well.

### **3. Financial Implications**

- 3.1 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. A final decision has not yet been made on which funding streams will be included within the LAA.
- 3.2 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.

### **4. Legal Implications**

- 4.1 There are a number of legal issues relating to this project e.g. mechanisms for receipt of funding from partner bodies and the form of agreement to be entered into with the Government Office, (although there is unlikely to be an expectation from the government that the Authority must enter into a formal legal agreement). Other legal implications are covered in the report. Legal Services will be fully engaged in the development of, and delivery mechanisms for the LAA.

### **5. 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.

## 6. 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 and when funding is passed to third parties, appropriate agreements are in place.
Unless a significant number of funding streams are pooled in the LAA, it will be difficult to achieve efficiencies.	H	M	Departments and partners be encouraged to pool funds, with passporting used to ensure existing commitments are honoured and change can be managed over time.
Continued development and delivery of the LAA will require an appropriate level of officer support.	M	H	The current review around the merger of RAD and the CXO including the creation of a 'partnership' team needs to consider this issue.

L – Low

M - Medium

H – High

L – Low

M - Medium

H – High

## 6. Background Papers – Local Government Act 1972

**Local Area Agreement**

**Local Area Agreement – Developments**

**Second Generation Local Public Service Agreement**

**Cabinet (25.4.05)**

**Cabinet (11.7.05)**

**Cabinet (9.1.06)**

## 7. Consultations

<b>Consultee</b>	<b>Date Consulted</b>
Chief Accountant (Andy Morley)	17.1.06
Legal Services (Peter Nicholls)	17.1.06
Risk Management (Elaine Taylor)	17.1.06
Leicester Partnership Executive Board	19.12.05
Leicester Partnership	18.1.06

## 8. Report Author

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