

Leicester
City Council

WARDS AFFECTED:
Corporate issue – All wards

CABINET

11th December 2006

LOCAL AREA AGREEMENT: ANNUAL REFRESH

Report of the Director of Partnership, Policy & Performance

1. Purpose of Report

- 1.1 This report sets out upcoming issues in respect the development and management of Leicester's Local Area Agreement (LAA). It also asks Cabinet to agree to delegate power to the Director of Partnership, Policy & Performance (in consultation with the Leader and Cabinet lead for Partnership) to approve any changes or additions to the agreement through the annual refresh process prior to final submission to the Government Office East Midlands (GOEM).

2. Summary

- 2.1 Leicester's first LAA was signed in March 2006. It is a three-year agreement, running from 1st April 2006 to 31st March 2009.
- 2.2 The LAA sets out improvement targets against nationally and locally determined priorities. The agreement identifies 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.
- 2.3 The local priorities in the LAA have been drawn down from the 'Strategy for Leicester' (Leicester's Community Strategy and Neighbourhood Renewal Strategy). The LAA is in effect the delivery plan for the 'Strategy for Leicester'.
- 2.4 Ultimate responsibility for the LAA rests with the City Council (who are the 'accountable body'), however it is essential that partners are fully engaged. This is being done primarily through Leicester Partnership, its Executive Board and delivery groups.
- 2.5 LAAs are a high priority for the Government and form a key element of their proposals for transforming the delivery of publicly funded services. The recently published Local Government White Paper, 'Strong and prosperous communities' includes proposals to strengthen LAAs.
- 2.6 The principal management arrangements for the LAA are six monthly reviews and annual refreshes.

- 2.7 The six monthly reviews focus on performance and financial monitoring but also consider wider process issues. Leicester has recently completed its first six monthly review, which culminated in a strategic meeting with GOEM. The outcome of this review is not yet known.
- 2.8 The annual refresh requires all existing LAAs to reflect the key changes in government guidance (produced by DCLG). The refresh is also an opportunity to address issues raised in the six monthly review (not least where problems in collecting and reporting data are identified). The refresh should also examine the outcomes, targets, funding streams and enabling measures to be included for the remaining years of the LAA. If we wish to amend the funding included in the LAA or any of the mandatory indicators, such changes must be agreed with Government, before the start of the coming financial year. Government Offices will agree the process for the refresh with their areas.
- 2.9 The annual refresh needs to be concluded before the beginning of the new financial year. As such GOEM are required to submit our refreshed LAA to DCLG by 19th January 2007 to enable comments from governments departments to be incorporated. The refreshed LAA is not signed off in the same way as the original document, unless there are exceptional issues the refreshed LAA is not subject to Ministerial approval.
- 2.10 Given we have yet to receive formal feedback on the six month review and taking the Christmas break into account we will have to work to a very tight timetable. Because of this the development of the refreshed LAA and subsequent negotiation with GOEM will need to be undertaken under appropriate delegated powers. It is intended to take a draft of the refreshed LAA to the Leicester Partnership Executive Board on 20th December. However, subsequent changes will have to be done under the Partnership's agreed delegation procedures.

3. Recommendations

3.1 Cabinet is recommended to:

- (i) Note progress to date in developing Leicester's first Local Area Agreement and issues for consideration at the annual refresh.
- (ii) Delegate to the Director of Partnership, Policy & Performance consultation with the Service Director - Legal Services, the Leader of the Council and the Cabinet lead for Partnership, to approve any changes or additions to the agreement through the annual refresh process prior to final submission to the Government Office East Midlands.

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. From April 2007 a number of funding streams will be 'automatically pooled' in the LAA. A final decision has not yet been made on which 'optional' funding streams will be included within the LAA.

4.2 The Council is the accountable body for the LAA and suitable arrangements for accountability and decision-making continue to be developed in consultation with, and advice from, GOEM.

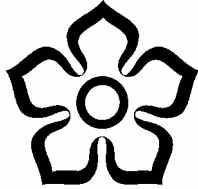
5. Legal Implications (Peter Nicholls)

5.1 There are a no additional legal implications arising from this report. There are however a number of legal issues relating to this project e.g. mechanisms for receipt of funding from partner bodies and commissioning of services through pooled budgets. As such, Legal Services will be fully engaged in the development of, and delivery mechanisms for the LAA and the Service Director – Legal Services will be consulted prior to the annual refresh being submitted.

6. Report Author

Adam Archer
Extension: 6091

Key Decision	Yes
Reason	Is significant in terms of its effect on communities living or working in an area comprising more than one ward.
Appeared in Forward Plan	Yes
Executive or Council Decision	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 involves 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 Economic Development and Enterprise.
- 1.5 Within these blocks, partners, including the Council, and the Government agree the outcomes to be achieved and the funding streams necessary to bring these about. A limited number of indicators and targets are agreed to monitor progress in achieving these outcomes. The Government removes conditions on the application of funding where this helps to bring about these outcomes and promises a reduction in the bureaucracy and monitoring associated with different funding streams.
- 1.6 The LAA covers a three-year period, but with an annual review (the ‘annual refresh’) 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 are negotiated with Government Offices, in our case Government Office East Midlands (GOEM).

2. Report

2.1 The principal management arrangements for the LAA are six monthly reviews and annual refreshes referred to above.

2.2 The six monthly reviews focus on performance and financial monitoring but also consider wider process issues. The reviews culminate in a strategic meeting with the following areas for discussion:

- Performance against outcomes and targets.
- The continued strength of partnership working. Authorities will be expected to demonstrate engagement of relevant partners, including the Voluntary Community Sector and the extent to which they are involved in service delivery.
- Development of LAA performance management and delivery mechanisms.
- LAA spend to date against profile.
- Any action needed to address under performance.

2.3 Leicester has recently completed its first six monthly review. The outcome of this review is not yet known.

2.4 The annual refresh requires all existing LAAs to reflect the key changes in government guidance (published by the Department for Communities and Local Government (DCLG) in March 2006). It is also an opportunity to address issues raised in the six monthly review (not least where problems in collecting and reporting data are identified). The refresh should also examine the outcomes, targets, funding streams and enabling measures (formerly 'freedoms & flexibilities') to be included for the remaining years of the LAA. If we wish to amend the funding included in the LAA or any of the mandatory indicators, such changes must be agreed with Government, before the start of the coming financial year. Government Offices will agree the process for the refresh with their areas.

2.5 As such the key issue we will need to consider for the refresh process can be summarised as follows:

- Identify and develop business cases for any desired enabling measures.
- Consider implications of the automatic pooling of certain funding streams.
- Consider implications of introducing new mandatory outcomes and indicators into the LAA.
- Identify any other funding streams for central pooling or local alignment and consider implications.
- Re-set baselines for indicators where they were originally miscalculated or where the method of data collection has subsequently changed
- Identify alternative indicators where intractable data problems have been identified
- Work up any 'development targets' we want to negotiate into the refreshed LAA

2.6 The annual refresh needs to be concluded before the beginning of the new financial year. As such GOEM are required to submit our refreshed LAA to DCLG

by 19th January 2007 to enable comments from governments departments to be incorporated. The refreshed LAA is not signed off in the same way as the original document, unless there are exceptional issues the refreshed LAA is not subject to Ministerial approval.

- 2.7 Given we have yet to receive formal feedback on the six month review and taking the Christmas break into account we will have to work to a very tight timetable. Because of this the development of the refreshed LAA and subsequent negotiation with GOEM will need to be undertaken under appropriate delegated powers. It is intended to take a draft of the refreshed LAA to the Leicester Partnership Executive Board on 20th December. However, subsequent changes will have to be done under the Partnership's agreed delegation procedures.

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. From April 2007 a number of funding streams will be 'automatically pooled' in the LAA. A final decision has not yet been made on which 'optional' funding streams will be included within the LAA.
- 3.2 The Council is the accountable body for the LAA and suitable arrangements for accountability and decision-making continue to be developed in consultation with, and advice from, GOEM.

4. Legal Implications

- 4.1 There are a no additional legal implications arising from this report. There are however a number of legal issues relating to this project e.g. mechanisms for receipt of funding from partner bodies and commissioning of services through pooled budgets. As such, Legal Services will be fully engaged in the development of, and delivery mechanisms for the LAA and the Service Director – Legal Services will be consulted prior to the annual refresh being submitted.

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	These themes will be addressed through the 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 fourth block.
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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

Cabinet (25.4.05)

Local Area Agreement – Developments

Cabinet (11.7.05)

Second Generation Local Public Service Agreement

Cabinet (9.1.06)

Local Area Agreement – Progress and Next Steps Cabinet (30.1.06)

7. Consultations

Consultee	Date Consulted
Chief Accountant (Andy Morley)	23.11.06
Legal Services (Peter Nicholls)	23.11.06

8. Report Author

Adam Archer
Extension: 6091
Email: adam.archer@leicester.gov.uk