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| Item No. 9 | Classification: Open | Date: 18/07/06 | MEETING NAME Executive |
| Report title: | | Local Area Agreement (LAA) | |
| Ward(s) or groups affected: | | All | |
| From: | | Sarah Naylor, Assistant Chief Executive | |

RECOMMENDATION(S)

1. The Executive considers and comments on which of the themes (see paragraphs 14 to 17) outcomes and indicators (listed in Template in appendix 1 which has been circulated separately) should be included in the first draft of the LAA.
2. The Executive considers and comment on whether any of the additional funding streams should be pooled or aligned within the LAA (see paragraph 26).
3. Comment on any enabling measures that we should pursue with the government.

BACKGROUND INFORMATION

4. LAAs emerged as an idea from the Innovation Forum in recognition that further improvements in the delivery of public services would rely on more innovative local solutions. They are designed to help local authorities and their partners deliver national outcomes in a way that reflects local priorities, particularly those identified in their community strategies. Their key aim is to improve local outcomes through:
 - modernising the relationship between central and local government;
 - enabling local authorities to provide greater leadership;
 - providing incentives to greater partnership working;
 - pooling/aligning budgets; and
 - negotiated freedoms and flexibilities, particularly around the reduction of bureaucracy.
5. LAAs are three-year agreements between central government and the key local partners (embodied in the Local Strategic Partnership).
6. LAAs bring together a range of funding streams grouped under four themes:
 - Safer & Stronger Communities
 - Healthier Communities and Older People
 - Children and Young People
 - Economic Development and Enterprise
7. However, the priorities within an LAA need not be confined to these blocks. The Government is encouraging local areas to consider other crosscutting priorities that do not fit into the four blocks but that can also be tackled through the LAA.
8. It is important to remember that there is no new money for Local Area Agreements, though PSAs will be merged in as a 'reward element' of LAAs.
9. Following the negotiation of pilot LAAs and the roll out of the initiative to a further 66 authorities the government has decided that all top tier authorities, including Southwark, must have LAAs in place by April 2007.

10. From April 2007, the existing LSP performance management framework will be replaced by that of the LAA. The LAA Performance Management Framework will streamline monitoring and reporting arrangements for the various funding streams pooled within the agreement, and, as such, will have implications for Southwark's thematic partnerships, and individual agencies. The scope for streamlining and improving the integration of performance management arrangements will be considered in more detail, as the LAA is developed.

KEY ISSUES FOR CONSIDERATION

11. Southwark's LAA must reflect the vision and priorities contained within the borough's community strategy. In negotiating the LAA an opportunity is provided to:
 - focus in on the key outcomes to be achieved in the three year timeframe of the agreement, although the LAA will be refreshed annually;
 - consider the most effective allocation of resources, subject to current commitments out to 2008;
 - rebalance the emphasis between local and national priorities;
 - improve partnership working;
 - identify enabling measures that will make the delivery of services in Southwark more effective; these will be raised with the government as early as possible but negotiations on enablers can continue after April 2007;
 - reduce the bureaucratic burden by streamlining performance and financial monitoring regimes for all partners; and
 - achieve efficiencies.
12. Although the agreement is between central government and Southwark Alliance, Southwark Council has a leadership role and is the accountable body for all pooled budgets. Southwark Council will need to consider in conjunction with Southwark Alliance financial and performance governance arrangements over the next few months.
13. The experience of pilot authorities suggests that developing an LAA can be complex and the timetable will be tight. In April 2006 the Southwark Alliance Management Group (SAMG) agreed the process for developing the LAA. In June 2006 SAMG agreed the first stage submission to GOL and the next steps for developing the first draft of the LAA.

Policy implications

14. Southwark is in a strong position to deliver a meaningful and valuable Local Area Agreement. It already has strong partnership working and performance management. The work undertaken in the last year to develop Southwark 2016, which complements key strategies such as the Children and Young People's Plan and Crime and Drugs Strategy, means that there is substantial agreement among partners about the vision and key priorities for the borough over the next 10 years. The LAA will need to reflect our commitment to reducing the inequality gap.
15. In addition areas have been suggested where the LAA could allow us to explore with the government innovative new ways of working and enabling measures:
 - Families Agenda – the Council and its partners are exploring new ways of working with challenging families, including an intensive family intervention project which may be funded through the Respect Task Force. It is suggested that this work should be tied into the LAA. We should explore ways in which the LAA may allow us to agree radical enabling measures and explore ways in which LAA funding can be used to complement this project budget to maximise the impact on service outcomes.
 - Liveability – It is suggested that the work currently being undertaken around the liveability agenda should be tied into the LAA. This agenda aligns closely with the

Safer, Stronger Communities block of the LAA but also impacts on the other blocks. This is an area where improved partnership working is desirable and where we could explore ways in which LAA funding can be used to complement this work to maximise the impact on service outcomes at borough wide and neighbourhood levels.

- Local Area Agreements are well suited to supporting area working and developing further the engagement of local communities in the liveability and place shaping agendas. The establishment of area plans developed from Southwark 2016 will provide a strategic framework and complement area based activity in the LAA. This is also high on the government agenda so the LAA may allow us to agree radical enabling measures.

16. The Southwark Alliance initial submission to GOL flags these up as areas we may wish to explore. It does not limit us to these and if other areas emerge from the ongoing development of the draft LAA they can be built into the discussions.

17. It is also worth noting that economic development is a significant feature of the emerging Community Strategy. Southwark Council is in the process of working with partners to develop a bid for the Local Enterprise Grant Initiative (LEGI). If successful this could be incorporated into the LAA. If it is incorporated, Southwark Alliance will need to consider how the LAA can best support the LEGI.

Outcomes & Indicators

18. The outcomes framework set out here (see LAA Template in appendix 1) is comprehensive, however it represents an initial review of existing outcomes and indicators. It is important that it is subjected to challenge, both in terms of its overall composition and in terms of the balance between locally and nationally determined, to ensure that the LAA enables Southwark to deliver significant improvements for local people. The next step is identifying which of the outcomes should be part of the LAA.

19. The development of the indicators by which we will measure our progress against the LAA outcomes needs to take account of existing indicators and the mandatory indicators set out in the LAA guidance. However, the process of challenging what we are doing and looking at what we should focus on in the future may identify areas where existing indicators do not measure what we are actually trying to achieve. Where this is the case we should be prepared to substitute mandatory indicators with others that we are already using locally, or exceptionally to develop new indicators, and to argue the case for using these with the government.

20. Where new indicators are being proposed we need to ensure that they are robust, measurable, that baselines are available (or can be easily established) and that we can influence performance.

21. The final LAA needs to represent a streamlined set of outcomes and indicators which are focused on the priorities that need to be addressed through partnership working.

Enabling Measures

22. It is important to establish whether there are changes that government could make that would lead to significant improvement in outcomes locally. The LAA provides an opportunity to agree such changes with government. Some enablers have already been agreed with other areas (see link below), but there might be issues specific to Southwark that we would want to raise. <http://www.odpm.gov.uk/index.asp?id=1163512>

23. The Southwark Alliance initial submission flags up some issues where we wish to explore specific enabling measures (see LAA template in appendix 1) including:

- Freedom to redefine decent homes standards locally to include external environment;
- Housing-incentives for mutual exchanges;
- More effective sharing of government data;
- Duty on other public bodies and utility companies delivering services in Southwark to cooperate/work with Council and partners in delivering service improvement in Southwark.

Again further enabling measures will emerge as we develop the LAA which will be flagged up to GOL as they arise.

24. In thinking through these issues it is important to remember that Councils already have the ability to use the power of well being to bring about change and this is an opportunity to review our practices to ensure that we are using these powers effectively.

Funding

25. The government guidance provides for the automatic pooling of 26 grants (distributed across the four blocks) - see funding tables in appendix 1.

26. In addition there are options to pool other funds with the agreement of key partners. These include:

- Connexions
- Extended Schools (Standards Fund)
- Teenage Pregnancy Grant
- Children's Fund
- School Improvement Partners
- Disabled Facilities grant
- Supporting People Grant
- Housing Market Renewal Grant

27. Work is ongoing to identify which funds are received, the extent to which they are committed, what projects or organisations would be affected by any future changes to the use of these funds and which optional funding streams should be pooled or aligned. Any changes would be unlikely before 2008.

28. Where the above pooled funds, or the projects they support, lever in additional funding this also needs to be identified and taken into account in any future funding decisions.

29. However, it should be recognised that these grants amount to a relatively small amount in comparison with mainstream funding and that it is only through the effective alignment of mainstream funding that we will be able to achieve the significant transformation of the borough contained within the Southwark 2016 vision.

Next Steps

30. Between now and the end of September we need to develop a first draft of the LAA. There are three stages to this process:

- Between now and end of July work needs to continue on the process of developing the indicators, enabling measures and funding streams. There also needs to be a process of intelligent challenge looking at what we currently do and what we should be focusing on in the future.

- During August the draft submission will be developed with all partners including the CVS.
- In early September the draft LAA will need to be signed off by the thematic partnerships and partner organisations before being agreed by SAMG on the 20th September. On 30th September it will be formally submitted to GOL and the Southwark Alliance will commence formal negotiations.

Community Impact Statement

31. The final LAA should lead to improved services, in those service areas included.

32. An Equality Impact Assessment is being undertaken on the proposed LAA.

33. Some of the LAA targets may however focus on disadvantaged groups. There will therefore be a differential impact on some groups, though these will need to be considered in the context of the overall service approach. These impacts will be further examined in the ongoing Equality Impact Assessment and will also be fed into any relevant service based Equality Impact Assessments.

Resource implications

34. The LAA will not contain any new money but will allow some existing funding to be used more flexibly. The mandatory pooled funding streams within the LAA will amount to approximately £19m.

Consultation

35. Partners, including the VCS, have been consulted over the high level outcomes and the LAA will be developed through the Southwark Alliance and its Thematic Partnerships.

KEY DATES

| Timeframe | Milestone |
|-------------------------------|--|
| 30 June | Outline submission to GOL |
| July – Sept 2006 | Develop draft agreement |
| 30 th Sept 2006 | 1 st Full draft of agreement submitted to GOL |
| Sept – Nov 2006 | <ul style="list-style-type: none"> • Revise draft and put in place any new governance / PMF arrangements • Detailed negotiations with GOL |
| 30 th Nov 2006 | Full revised draft of agreement |
| Dec 2006 -Jan 2007: | Finalise draft |
| 26 th Jan 2007 | Submission of final draft |
| 9 th February 2007 | Deadline for GOL to make recommendations to Ministers |
| March 2007 | Formal sign off of LAA by all parties |
| 1 st April 2007 | LAA commences |
| April 2007 – March 2008 | Annual refresh of LAA negotiated with GOL. Including 12 'stretch targets' if the government spending review includes the continuation of reward grant for 'stretch elements' (previously LPSAs). |

BACKGROUND DOCUMENTS

| Background Papers | Held At | Contact |
|--|---|----------------------------|
| Local Area Agreements – Guidance for Round 3 and Refresh of Rounds 1 and 2, ODPM | Corporate Policy Southwark Town Hall Peckham Rd | Jon Horne 020 7525 7251 |

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| | London. SE5 8UB | |
| Southwark's Local Area Agreement, Initial High Level Submission – June 2006 | Corporate Policy Southwark Town Hall Peckham Rd London. SE5 8UB | Jon Horne 020 7525 7251 |

ADDENDICES

| Appendix No. | Title |
|--------------|--|
| Appendix 1 | Outcomes & Indicators Framework – LAA Template |

Audit Trail

| | | |
|---|--|--------------------------|
| Lead Officer | Sarah Naylor, Assistant Chief Executive | |
| Report Author | Jonathan Horne, Corporate Policy Officer | |
| Version | <i>Draft</i> | |
| Dated | <i>7th July 2006</i> | |
| Key Decision? | Yes | |
| CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER | | |
| Officer Title | Comments Sought | Comments included |
| Borough Solicitor & Secretary | Yes | N/A |
| Chief Finance Officer | Yes | Yes |
| <i>List other Officers here</i> | Chief Officers | Yes |
| Executive Member | Yes | N/A |
| Date final report sent to Constitutional Support Services | 7 th July 2006 | |