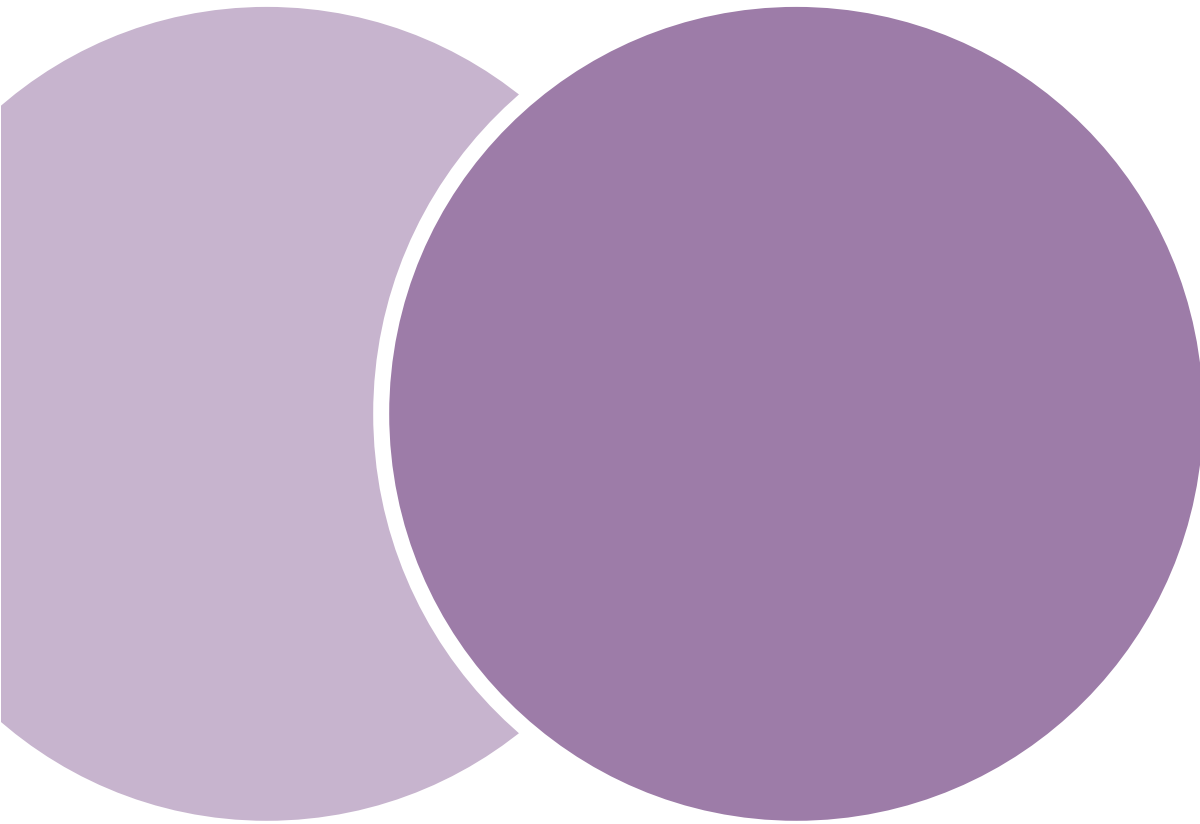




Local Area Agreements: a prospectus



ODPM is currently leading the development a vision of what local government across England should look like in ten years' time. An introductory document 'The Future of Local Government – Developing a 10 Year Vision' was published in July 2004. The present document forms part of a series of documents which are being published to inform the overall vision and the specific issues to be considered within it. For further information on the local:vision work, or to access these publications, please refer to <http://www.odpm.gov/localvision> or contact localvision@odpm.gsi.gov.uk

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Ministerial foreword

This document sets out our proposals to pilot Local Area Agreements as part of the Government's 10 year strategy to build a new relationship between central and local government, based on mutual trust and responsibility.

Local authorities provide vital public services which have a direct impact on everyone's lives. From planning for homes and jobs to caring for people in need, local authorities are helping to create sustainable communities in which people feel more secure.

In recent years, many local authorities have been taking a lead role in creating public and private partnerships which are delivering lasting change. People are coming back to our larger cities, and there is a new confidence in many of our urban and rural communities.

But we all recognise that central and local government – and all our partners – still have more to do in order to overcome disadvantage and improve people's quality of life. This means finding new ways to work together so that we can deliver even more efficient and effective public services.

Local Area Agreements represent a radical new approach to improve co-ordination between central government and local authorities and their partners, working through the Local Strategic Partnership.

They have a number of advantages.

They will focus on a range of agreed outcomes that are shared by all the delivery partners locally and which they all agree to work towards achieving.

They will simplify the number of additional funding streams from central government going into an area, help to join up public services more effectively and allow greater flexibility for local solutions for particular local circumstances.

And Local Area Agreements will help devolve decision making, moving away from a 'Whitehall knows best' philosophy and reducing bureaucracy. This should allow efficiency gains and a greater proportion of public servants to be directly involved in front line delivery in every region of the country.

Local Area Agreements will undoubtedly require central government departments to be more willing to let go of detailed day-to-day control of their programmes. Central government will continue to set high level strategic priorities and targets. But they will need to allow local authorities and their partners to decide jointly which local priorities best reflect local circumstances, while still contributing to the achievement of national targets.

In so doing I expect that joint working will be promoted for everyone's benefit and the role of the Local Strategic Partnerships will be strengthened.

The proposals set out in this prospectus are not cast in stone but will be developed in collaboration with local areas. The model for Local Area Agreements will be refined over the next few months and a series of initial pilot agreements launched in nine areas in England.

I look forward to central and local government working together to develop and learn from Local Area Agreements across the country.



Rt Hon John Prescott MP
Deputy Prime Minister and First Secretary of State

Summary of the key proposals in this prospectus

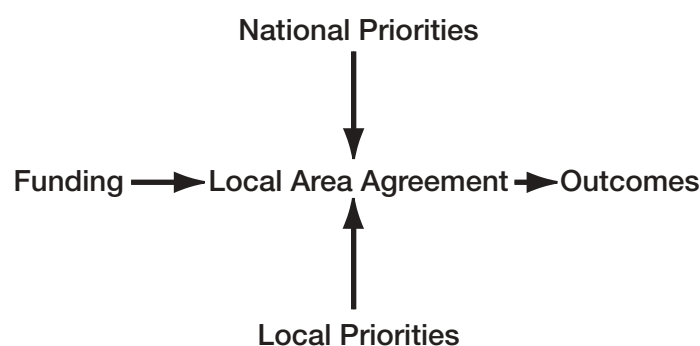
- 9 pilot Local Area Agreements
- One will be a 'single pot' pilot – aggregate fund across all three blocks
- All LAs to have mini-LAAs for the Safer and Stronger Communities Fund
- Strengthened role for Government Offices who will oversee the mini-LAAs and pilots
- Strengthened Local Public Service Agreements
- Strengthened National Strategy for Neighbourhood Renewal

Section 1 – Introduction – overarching aims

A key part of the developing strategy for enabling better public services to be delivered more effectively locally is to provide a new framework for the relationship between central and local government.

This prospectus sets out the Government’s proposal to develop, and pilot, Local Area Agreements. Local Area Agreements are a new way of working to build a more flexible and responsive relationship between central government and a locality on the priority outcomes that need to be achieved at local level. Achieving this new relationship will require a significant shift in the way central and local government relate to each other and to other local partners.

Figure 1. Summary diagram showing the principles of Local Area Agreements



The proposals set out in this prospectus therefore represent first steps in this process. These proposals place the emphasis on achieving local solutions that meet local needs whilst also contributing to national priorities and the achievement of standards set by central Government.

The aim is to improve both the effectiveness and the efficiency of the way in which Government works with local authorities, and their delivery partners, to improve public services and in particular to:

- provide an intelligent and mature conversation between central and local government based on a clear framework and a shared understanding of national and local priorities. This process should provide a discipline for both Departments and local

partners to be clear about the outcomes being sought, leaving the means to achieve them in the hands of local delivery partners;

- improve local performance by allowing more flexible use of resources between partners in order to achieve shared outcomes and a genuine further devolution of responsibility. By bringing together a wide range of separate programmes that have a lot of common ground in the outcomes they seek, areas will benefit from greater flexibility about the means of achieving those outcomes, and achieve more for any given funding;
- enhance efficiency by rationalising non-mainstream funding programmes reducing bureaucracy associated with the numerous small funding schemes and area-based initiatives which are available to councils and their partners. There should be efficiency gains for Departments in the administrative costs of running programmes, and for councils and partners from fewer funding streams and simplified monitoring and auditing requirements;
- help partners to join up at a local level and enhance the community leadership role of local authorities.

The five key elements that form the package are:

- simplified funding for Safer and Stronger Communities;
- strengthened Local Public Service Agreements;
- strengthened National Strategy for Neighbourhood Renewal;
- a stronger role for Government Offices; and
- pilot Local Area Agreements.

The proposals set out in this prospectus are a contribution to the wider process of discussion that the Government is undertaking in order to develop its 10 year strategy on the future for local government. They draw on some of the lessons learned from the Devolving Decision Making review, which calls for a greater emphasis on locally owned targets, and from various pieces of work on the problems affecting local delivery¹. In particular, the pilots in 12 areas known as

¹ 'Devolving decision making' HM Treasury, March 2004.

Single Local Management Centres where local stakeholders have been working together to streamline local delivery arrangements by reducing bureaucracy and developing better joined-up working arrangements and the Home Office Local Delivery Areas project in Bradford and Hammersmith and Fulham.

The Audit Commission has characterised the difficulties facing local authorities as the “humpty dumpty” effect² – a fracturing of messages from central Government down separate silos to different local partners who then have to put them back together again. These proposals aim to give local authorities, within the context of Local Strategic Partnerships, more leverage over how to join up activity locally in support of local priorities. The proposals build on the LGA's proposals for improving working methods between central and local government and their partners in their 2003 ‘Special Delivery’ report³.

The proposals also take account of the lessons learned from the operation of the National Strategy for Neighbourhood Renewal, and work that has been taking place within Government to improve delivery in disadvantaged areas.

The proposals have also been developed in parallel with work that Government has been undertaking with some of the ‘excellent’ councils on the ways in which LSPs can be developed, and similar work on Children’s Trusts. This is important in terms of establishing governance arrangements in each area to drive forward the processes needed to make these measures work effectively.

These are the first steps towards achieving the overarching aims set out here, which if successful, will be further developed in line with the principles set out in this prospectus.

1.1 Simplified safer and stronger communities funding

The new Safer and Stronger Communities Fund announced in the Spending Review 2004 (SR04) will be rolled out across all local authorities in England from April 2005, and will be a minimum of £210m, £220m and £230m for the years 2005/6, 2006/7 and 2007/8 respectively.

The Fund will bring together ODPM funding streams on wardens, neighbourhood management, community empowerment and liveability with Home Office funding streams on building safer communities, anti-social behaviour and funding through Government Offices. As now, funding will be allocated to different areas in accordance with Government’s assessment of need and national priorities. However, the Fund will be administered in a new way, as a mini-Local Area Agreement, to drive forward the principles of the Devolving Decision Making review, contribute to the rationalisation of multiple funding streams, enhance local flexibility and help to reduce bureaucracy.

The Government envisages that payments would be made in the first instance to the council that covers the whole of the area to be subject to the mini-LAA. In two-tier areas this will be the county council. However, this is solely an administrative arrangement. The mini-LAA will be negotiated with all of the councils in the area and their partners, including the individual Crime and Disorder Reduction Partnerships (CDRPs). It will be possible for the agreement to specify amounts that the partners agree are to be used for particular purposes, by particular bodies or in particular areas if they wish to do so. The process should provide an opportunity to improve joint working in two-tier areas and focus resources where they are needed most.

Central Government will set the high level national priorities for the Fund, drawing on PSAs and other targets, in particular the new national PSA target that has been set to tackle ‘liveability’ issues and deliver cleaner, safer and greener local environments and the Home Office PSA targets on crime.

Local authorities and their partners will set local priorities based on the Community Strategy and the work of the LSP and its constituent bodies, in particular the CDRP.

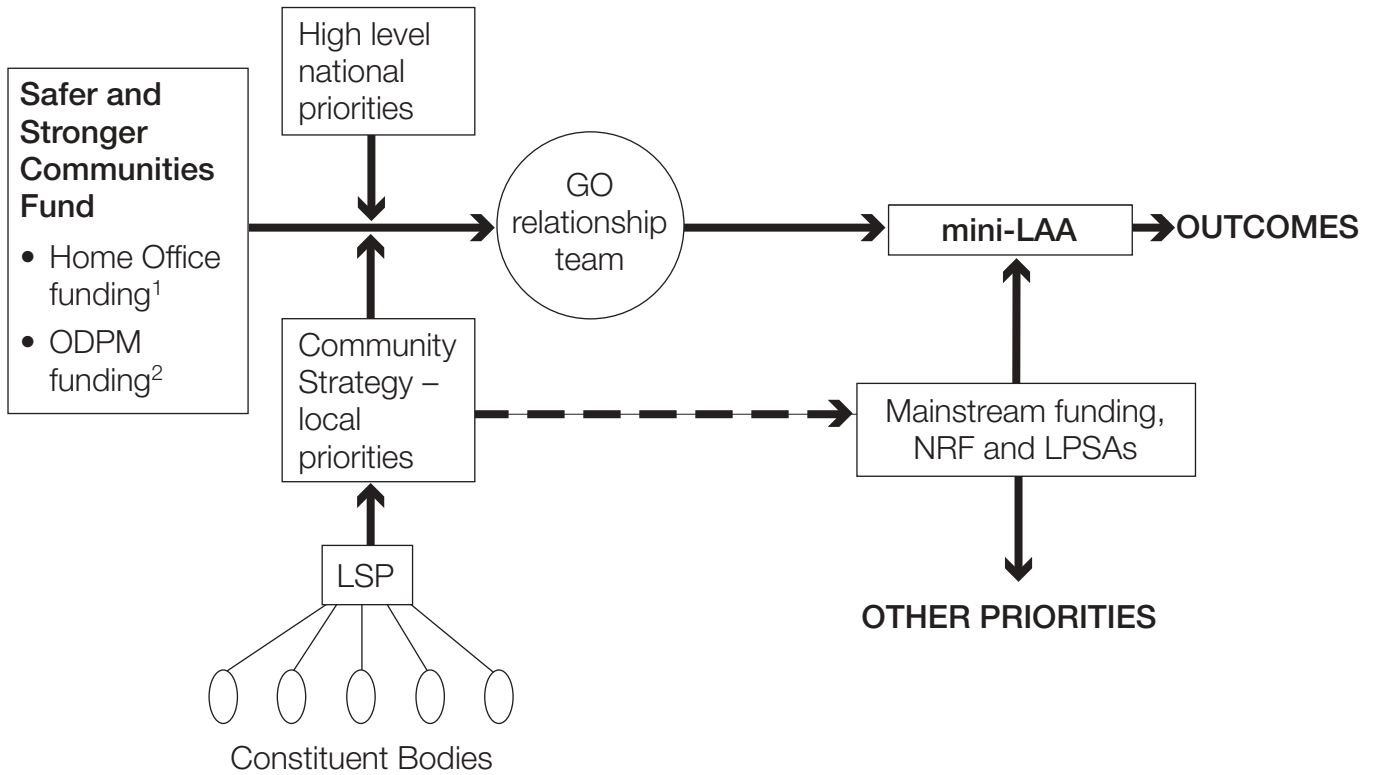
Working on the basis of these central and local priorities the Government Offices will broker an agreement on the priority outcomes to be achieved locally. Deciding how these priorities are delivered will be in the hands of the local authority and its partners.

² ‘People, places and prosperity: Transforming national priorities into local well-being’, Audit Commission, June 2004.

³ ‘Special Delivery: politics, partnership and pluralism, a genuinely localist approach to improving public services’, Local Government Association, June 2003.

Figure 2. Schematic diagram showing how the new Safer and Stronger Communities Fund will work

Safer and Stronger Communities Fund, a mini-LAA



1) Home Office funding streams include Building Safer Communities fund, HO Government Office funding, and anti-social behaviour funding.

2) ODPM funding streams include New Ventures Fund, Liveability fund, community programmes, Neighbourhood Management Pathfinders, Neighbourhood Wardens.

In areas in which there is more than one tier of local government, more than one LSP and more than one CDRP all of the relevant partners will be party to the agreement. The Government recognises that in such areas agreements may be more complex and Government Office will need to play a significant role in the process. In some areas that have established an LSP at county level and an associated performance framework that reflects and informs the targets and priorities being set for areas within the area of the county, these arrangements should provide a solid basis for achieving agreement. In other areas, there may be a need to move towards such arrangements. However, the starting point for the agreement will be the existing priorities of the district councils and related CDRPs which would take the lead in developing proposals to be discussed with representatives of other parts of the area to establish where there are common priorities as well as different emphases.

The process by which local partnerships engage citizens in establishing these priorities will be important. Effective engagement on issues vital to local people is likely to have a number of positive effects. The outcomes that the partnership are seeking to achieve will have real credibility; success in meeting these is highly likely to improve views of local government and a clear connection will be made between active citizenship and progress. An example relating to crime might involve negotiation around the type of activity that a local area could prioritise in order to play its part in meeting overarching national priorities. So for instance area A might wish to focus on vehicle crime and set a challenging target for that crime whilst area B might, on the basis of engagement with citizens agree a more challenging approach to burglary. Each would be contributing to a national crime reduction target in a way that reflects the priorities of local citizens.

Alongside the mini-LAA on Safer and Stronger Communities, Local Strategic Partnerships may identify liveability outcomes which form a key part of the strategy for neighbourhood renewal in their area. Where this is the case the cross-cutting Neighbourhood Renewal Fund (NRF) could be used to supplement the Safer and Stronger Communities Fund on improving liveability outcomes.

Where Safer and Stronger Community outcomes are agreed to be among the priorities for improvement locally, they could also be incorporated in the LPSA, and a target agreed that “stretched” performance beyond what other funding would have enabled them to achieve. Local authorities will then be eligible for a reward grant for success in achieving the extra performance. NRF and LPSA funding will of course continue to be directed to other local priorities as well as to those coming under the Safer and Stronger Communities block.

More generally, mainstream programmes will also contribute towards the outcomes identified in the mini-LAA and will be built into the mini-LAA as appropriate.

The outcome of the discussions on the Safer and Stronger Communities fund will thus be a ‘mini’ Local Area Agreement – which in 9 pilot areas will form one of the three key blocks within the comprehensive Local Area Agreement.

In those areas piloting the Home Office Local Delivery Agreements (LDAs), the Safer and Stronger Communities funding will be linked to the LDA. The Home Office Delivery Manager will continue to oversee implementation of the LDA working with the Government Office.

Further guidance about how the Safer and Stronger Communities fund will work in practice will be published shortly. The Government would welcome reactions from local authorities and their partners on the implementation of the fund. It intends to undertake discussions with councils and partners before finalising the guidance.

1.2 Strengthened Local Public Service Agreements

Local Public Service Agreements (LPSAs) are now well understood by councils and across Government. LPSAs are voluntary 3-year agreements between central government and a local authority aimed at improving delivery of public services through a focus on achieving specific outcomes.

Local Public Service Agreements between central and local government encourage local authorities and their partners to achieve specific improvements in the delivery of local priorities, above and beyond what would otherwise have been expected. The authority receives a reward grant of 2½% of one year’s budget if it achieves the agreed performance enhancement. It can share the reward with partners (such as District Councils, Primary Care Trusts, and Police).

The first twenty of the original LPSAs ran until 2004. Those authorities will soon be reporting their achievements in improving services and will receive their reward grant entitlements. The second generation of LPSAs is beginning to be negotiated, with the earliest ones starting this year⁴.

These second generation LPSAs will have a stronger local focus than the original ones. The choice of targets will be determined by the priorities for improvement locally, as determined collaboratively between the local authority and its partners, typically through the Local Strategic Partnership, and agreed with Government. Past requirements to include some Government targets have gone. The new LPSAs will strengthen the emphasis on targets measuring outcomes, rather than outputs or processes. They also envisage a closer engagement of partners (including local arms of central government) both in identifying the priorities for improvement locally and in agreeing how to achieve the greatest “stretch” in performance.

The Government seeks to be a better partner in the second generation local PSAs. It will review the way in which it assesses authorities’ proposals for freedoms and flexibilities, with the intention of improving its responsiveness. It will also examine proposals for “explorer partnerships” with authorities (in which government works alongside the authority and its

⁴ see LPSA 2G: Building on Success, a guide to the second generation of local public service agreements. ODP, December 2003.

partners in practical ways to find new ways drive up performance). It will also want to ensure that it is responsive, where the Government itself is constructing artificial barriers to improved local performance.

Finally, the present machinery for administering LPSAs will be reviewed. At present negotiations are conducted centrally in co-operation with the Government Offices. The scope for moving the negotiations to the GOs, particularly if LAAs are rolled out nationally, will be examined to determine whether this would strengthen the conversation between central and local government. For this reason, in the pilot LAAs, LPSA negotiations will be carried out in the Government Offices under the overall supervision of the Regional Director.

1.3 Strengthened National Strategy for Neighbourhood Renewal

The National Strategy for Neighbourhood Renewal (NSNR) has the aim that within 10 to 20 years no-one should be seriously disadvantaged by where they live. It seeks to achieve this through the use of floor targets designed to align the priorities of mainstream delivery agencies more closely with the evidence of disadvantage, through better local co-ordination and community empowerment, and through national and regional support to local partners, including support through the Neighbourhood Renewal Fund (NRF) in the most disadvantaged areas.

The key difference between the NSNR and previous renewal programmes is the use of a combination of floor targets, evidence and community engagement, supported by the NRF, to mainstream within the main programmes of local authorities, police, primary care trusts and other partners the task of delivering change, rather than to rely on supplementary programmes. Many areas have already merged their Local Neighbourhood Renewal Strategies into the broader Community Strategies. The advantage of bringing the NRF and its delivery mechanisms into Local Area Agreements – where other funding streams are also included – will be to clarify arrangements for cascading neighbourhood renewal priorities to local partners, enhance performance management of delivery and also to strengthen further the existing emphasis on mainstreaming, and at the same time to draw other delivery partners more closely into the community strategy.

1.4 A stronger role for Government Offices

The Government wants to strengthen the role of Government Offices (GOs) and delegate to them some of the functions that have been carried out in Whitehall. GOs provide local partners with a point of contact with central Government which is better able by virtue of its local knowledge to respond to the particular circumstances that affect local areas.

Under these proposals GOs will be strengthened by giving them the leading role in negotiating and agreeing outcomes for the Stronger and Safer Communities Fund and the pilot Local Area Agreements including the LPSA elements.

GOs cover a wide range of services, and know more about local circumstances than the headquarters of Government departments. They will give high priority to these proposals and ensure a senior level input into the negotiations and agreements.

The Government Offices' focus will be on the better outcomes to be achieved, rather than the means of doing so, but they will also play a challenge role in relation to local authorities and their partners, benchmarking results from across them and providing analysis for authorities and Departments on what works. They will also be supportive, reinforcing persuasive cases for removing obstacles to the ability of partners to enhance what they can achieve locally and working closely with central Departments on providing these flexibilities.

The GO will play a key role in Local Area Agreements. The GO Regional Director will oversee a regional relationship team to lead the process for each LAA. The pilots for Local Area Agreements will provide an opportunity to develop the arrangements for such teams; including the capacity of GOs and the role of specific functional teams and other resources, including from Central Government. The regional relationship team would be drawn from functional teams within the Government Offices (for example crime reduction and community safety, education and skills, public health and neighbourhood renewal), and other regional relationship managers (such as regional LSCs) in order to assess fitness for purpose and robustness of Local Area Agreement proposals, and to monitor and evaluate them. Different parts of the regional relationship team will have a greater role in different parts of the negotiation – for example, the

Department for Education and Skills field forces would lead negotiations on Children and Young People.

1.5 Pilot Local Area Agreements

The Government's proposals for pilot LAAs are set out in the next chapter. In summary, LAAs will offer a real opportunity to improve the relationship between central and local government by providing a framework for a sustained and informed dialogue between central and local government, and its major delivery partners. LAAs will build on, and enhance, existing rationalisation of area based funding streams and generate greater efficiencies for both central and local government.

Local Area Agreements will be based on the principles of the shared priorities agreed by central and local government through the Central Local Partnership (CLP), and also on the broadly similar five key themes of neighbourhood renewal, which apply both to local authorities and other delivery partners. Local Area Agreements will deliver national outcomes in a way that reflects the local priorities identified in Community Strategies, which reflect the aims set out in specific service plans, and will be agreed through negotiation with the Government Office regional relationship team. This will give Local Authorities and their partners, through LSPs and other partnerships such as Children's Trusts, the freedom and flexibility to find local solutions to local problems, and to prioritise spending to achieve the outcomes identified in the LAA. The Government also recognises that some partners operating at regional or sub-regional level may also be valuable contributions to agreements, particularly bodies such as the Regional Development Agencies.

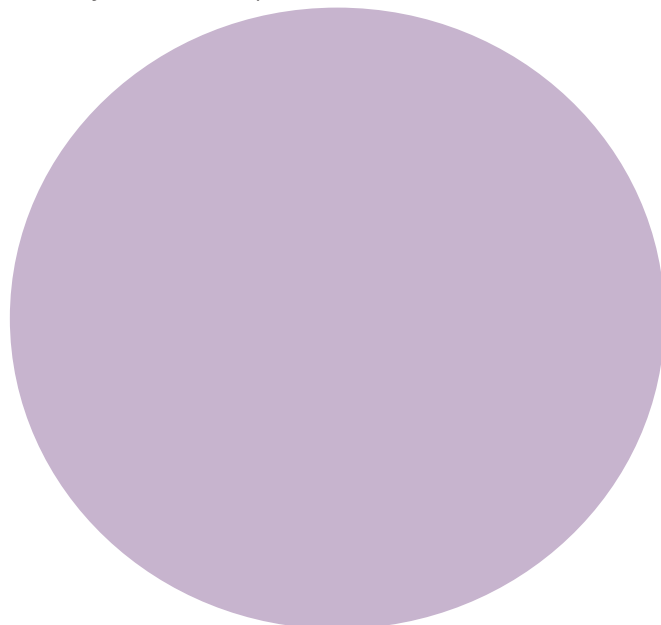
The main features will be:

- The pilot LAAs will be structured around three functional blocks and their high level national outcomes, drawn from the shared priorities agreed between central and local government:
 - Children and young people;
 - Safer and stronger communities; and
 - Healthier communities and older people
- There will be read-across between the three blocks. These synergies will be recognised by the local authorities and their partners and also by the GO regional relationship team who will oversee the negotiation.

In deprived areas the three blocks will be brought together by the cross-cutting Neighbourhood Renewal Fund (NRF) in those areas which receive it. The NRF will maintain its bottom up approach, and its focus on deprivation through meeting the floor targets across the board, plus its objectives of increasing economic activity in deprived areas to renew them sustainably.

- LPSAs would also have a cross cutting role, maintaining their bottom up approach whereby local authorities will be able to choose the priorities for improvement locally for LPSAs as they do now.
- In one of the LAA pilots the Government proposes to aggregate the three blocks into one single pot with no internal ring-fences.
- The LAA pilots will reflect the Comprehensive Performance Assessment (CPA) 2005 process, for which it is proposed that the three blocks (and sustainable communities) will be key themes.
- The Government will develop a streamlined model for monitoring and accountability for LAAs which will complement existing processes.

The pilots represent an opportunity to explore a range of issues including the degree of funding flexibility offered. In developing the set of pilots the Government will seek to maximise the learning opportunities so that any future roll out will be based on a sound foundation. This will mean testing the proposal in a wide variety of different circumstances, including unitary and two-tier areas and with greater and lesser degrees of co-terminosity with major local partners, particularly health and police.



Shared Priorities

These are the priorities for improving the quality of life for local communities which are shared between central and local government. Central to pursuing these objectives are:

- effective partnership working at a local level, marshalling the resources of all the relevant agencies;
- a true partnership between central government and localities which supports effective local delivery;
- powerful community and political leadership locally to identify or promote the priorities in each locality; and
- effective community engagement at a neighbourhood level to focus and support the contribution of public bodies.

The Shared Priorities will be embedded into CPA 2005 – looking at how councils work with their partners to work towards:

Safer and stronger communities

Working with the police and other local agencies, reduced crime and anti-social behaviour, more positive activities for young people, strengthened community cohesion and reduced drug abuse.

Healthier communities

Improving the quality of life of older people – enabled to live as independent and active lives as possible and unnecessary periods in hospital avoided.

Promoting healthier communities, narrowing health inequalities – effective combination of key local services – such as health, education, housing, crime and accident prevention – responding to local need and encouraging healthy lifestyles.

Children and young people

Raising standards across our schools – all schools moved towards the excellence of the best; sustained improvement in primary schools; transformed secondary schools; a school workforce with the capacity to support this.

Improving the quality of life of children, young people and families at risk – reduced child poverty, improved life chances for children in care, or in need; strengthened protection for children at risk of abuse.

Sustainable communities and transport

Promoting the economic vitality of localities – positive economic, cultural and environmental conditions for growth and employment; improved adult skills; more of the hardest to place in employment, and extended quality and choice in the housing market.

Transforming our local environment – improved quality, cleanliness and safety of local areas; increased active use of public space; waste minimised and recycling increased.

Meeting local transport needs more effectively – improved access to jobs and services, particularly for those most in need; improved public transport and safety; reduced congestion and pollution.

Section 2 – Pilot Local Area Agreements

This section sets out in more detail the Government's proposals for piloting Local Area Agreements in 9 local authorities, one in each of the English regions.

2.1 Main Features

The schematic diagram below (Fig. 3) sets out the Government's proposal for LAAs. An LAA would be structured around three blocks:

- children and young people;
- safer and stronger communities; and
- healthier communities and older people.

LAAs will be outcome based and reflect national priorities and local priorities, as identified in the Community Strategy, which reflects other service delivery plans. Central Government will set high level outcomes desired from LAAs based on national PSAs and floor targets, and allocate funding to each area from each programme/area-based initiative. Where LAA pilots are operating in deprived areas in receipt of Neighbourhood Renewal Fund, the national floor targets and ODPM's PSA1 will be cascaded as key national priorities for the LAA. Local Authorities and their partners will negotiate the LAA with the Government Office regional relationship team, identifying targets that reflect national and local priorities. Local Authorities and their partners would be able to negotiate freedoms to prioritise spending within each block to meet the outcomes agreed in the LAA. The Local Authority and its partners may also wish to identify themes which span the three blocks. In areas receiving NRF, other priorities outside the three blocks, which contribute to the delivery of floor targets, may also be included.

The three blocks may be further supported by the cross-cutting Neighbourhood Renewal Fund (NRF) (in those areas which receive it) and LPSA funding. Delivery will also be underpinned by core funding of services which fall outside of the scope of the agreement.

The Neighbourhood Renewal Fund will remain a cross-cutting fund aimed at reducing the gap between the most deprived areas and the rest and will retain its bottom up approach.

LPSAs will also form an integral part of the LAA process. On the agreed priorities for improvement locally, the Government will negotiate targets to stretch performance beyond what would have been expected anyway, and will offer a reward grant for achieving that extra performance. Some of these priorities are likely to be linked to the priorities covered by the three blocks forming part of the LAA, while others will reflect other areas of interest.

There will be an enhanced role for Government Offices which will oversee the negotiation of the LAAs as a whole, and, where agreed, the establishment of a simplified performance and monitoring regime.

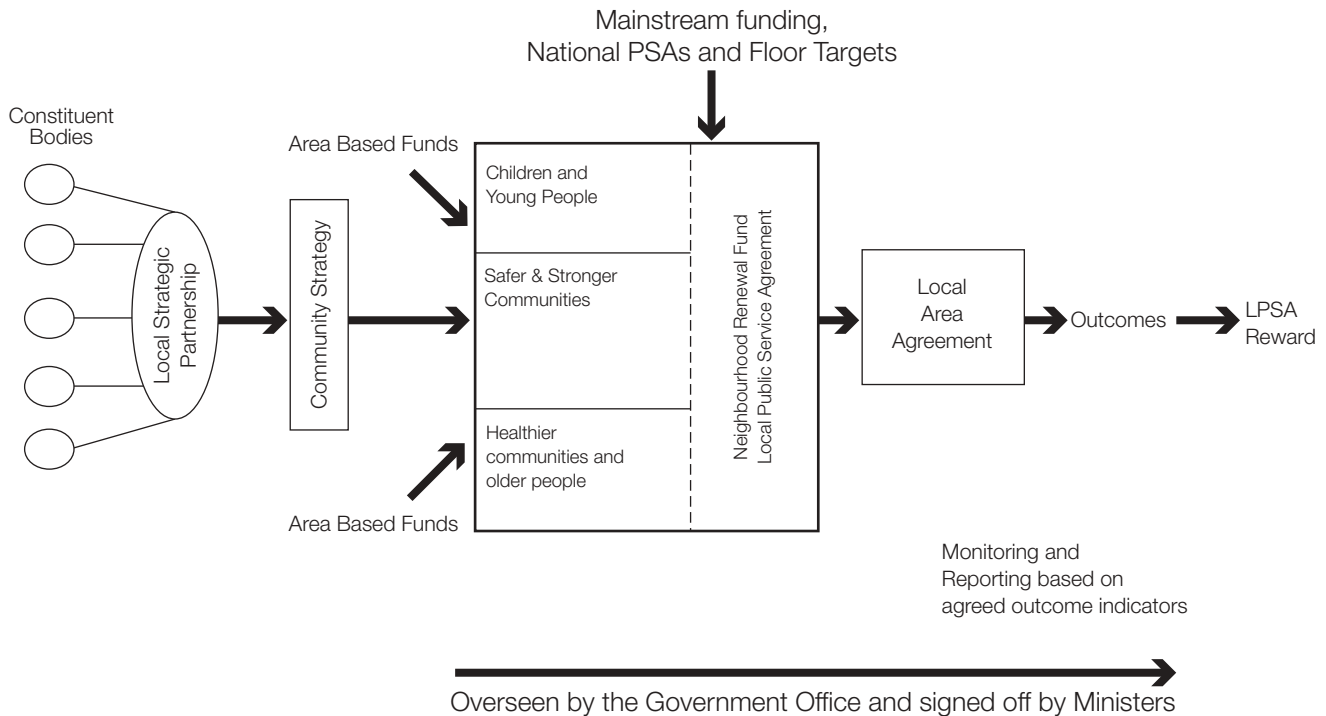
2.2 Role of Local Authorities, LSPs and other partnerships

The LAA process is intended to provide a focus around which the work between local authorities and their partners through the community strategy, the LSP and other partnerships is strengthened. It should be a catalyst for wider development of the process of developing a community strategy, the operation of the LSP and the relationships between constituent members of the LSP and between the LSP and other local partnerships. In some areas there will be more than one LSP, more than one community strategy and a range of different partnerships in operation across the area which will have an interest in the agreement. The Government recognises that, certainly initially, this may add complexity to the process of reaching an agreement.

Where there is more than one tier of local government in an area, the agreement will be one between all of the councils in that area as well other major local partners. In some areas, there are already well developed arrangements for the whole of the area covered by the county council which provide a solid basis for an agreement. In others, there is likely to be a need to develop further inter-authority working. The Government recognises that the issues affecting different parts of an area could vary substantially. This is true within the area of unitary councils as well as in areas covered by more than one council although in the latter case the institutional and political complexity will be greater.

Figure 3. The model for Local Area Agreement pilots

Local Area Agreements



Engaging partners fully in the LAA process is a prerequisite to a functioning agreement. This means that the main public sector agencies – Police, Primary Care Trusts and Job Centre Plus and the existing statutory Crime and Disorder Reduction Partnerships – play a full and active role and that they, together with the Local Authority, empower and encourage representatives of the voluntary, community and business sectors to be involved.

A wide range of local partners are already engaged in joint working through bodies such as Crime and Disorder Reduction Partnerships (CDRPs), the Children and Young People Strategic Partnerships or Children’s Trusts. These partners contribute to development of the Community Strategy for the area which identifies local aspirations, priorities and needs. Local Neighbourhood Renewal Strategies are also in place in many areas, often as part of the Community Strategy. The Community Strategy will be the foundation for the aspirations that the area develops through the LAA process.

Typically the council works with the Local Strategic Partnership (LSP) on the development of the Community Strategy. In the LAA process the LSP, and where appropriate specific partners or partnerships such as the CDRP, Community Empowerment Network and increasingly Children’s Trusts, will play a key role in both brokering and achieving agreement locally on the suite of outcomes/targets reflecting local priorities. The LSP, although not itself a delivery agency, will take overall responsibility for ensuring that all the delivery bodies make appropriate commitments to delivery of the outcomes within the Agreement, and for challenging them if they fail to play their part. For the Children and Young People’s block the Children’s Trust would perform or make a major contribution to this role, as part of the new statutory requirement on partners to make arrangements to promote co-operation to improve children’s well-being.

The arrangements that the area has in place through the LSP for the identification and delivery of shared objectives and targets are crucial. LSPs are becoming increasingly well-established and in some cases local partners have been considering how their governance

arrangements could be made more effective, in particular to strengthen the way in which the major public service providers work together. This has been the focus of work undertaken the Innovation Forum (of those councils categorised as excellent through the CPA).

In NRF areas they are already expected to have cross-cutting performance management arrangements in place to enable self-assessment to be made of the contributions of all partners to the shared agenda.

Accordingly, the ideas in the recent prospectus published by the Innovation Forum councils on “local public service boards” have a great deal in common with those underpinning LAAs – about giving more room to local partners to determine how best to work together to achieve common objectives. But they also provide a basis that some areas may wish to explore to develop effective governance arrangements through the LSP in order to drive the negotiation and delivery of the LAA. Similarly, developments such as Children’s Trusts provide a framework for negotiation and delivery.

At the same time the Government recognises that many areas have arrangements in place that reflect their own particular circumstances and relationships. It does not wish to impose any specific organisational structure beyond what is already required in NRF areas, but at the same time it is anxious to continue to support the drive for full engagement from delivery partners and the community sector.

The Audit Commission’s recent work on Area Profiles could also feed in to the process of identifying local priorities. Area Profiles bring together a range of data and assessments about the quality of life and services to provide a comprehensive overview of a local area.

The first combined audits on crime and drugs issues, now being completed by CDRPs and Drug Action Teams will also be highly relevant for targeting funding to the greatest effect.

2.3 Children and Young People block

The Local Area Agreement (LAA), will include a block setting-out the local authority area’s contribution toward national priorities for children and young people, and the area’s local priorities reflecting specific local circumstances. These priorities will be agreed within the context of available resources including both

universal and targeted funding for services, and will be drawn from a single conversation to include support and challenge on integrated planning for children’s services, identification of priorities, target-setting and improvement activity against the five outcomes for children published in the Green Paper, *Every Child Matters*.

Five Outcomes for Children and Young People

- Being healthy
- Staying Safe
- Enjoying and Achieving
- Making a Positive Contribution
- Economic Well-being

The Department for Education and Skills will, through its relevant field-forces and involving the Government Offices, hold negotiations with individual Authorities and their partners (with Children Trusts when they are in place), for the children and young people’s block of the Local Area Agreement. The Department’s field forces, with relevant local knowledge, will conduct a single improvement conversation with each authority to identify its local priorities within the context of the national picture, including the new national PSA targets. The agreed priorities and targets will be set out in the Authority’s LAA and will also be documented within local planning arrangements, including from 2006 the integrated Children’s Services plan.

The single conversation will be undertaken by relevant specialist field forces, such as the former Schools Directorate Advisers (SDAs), covering education, and involving others as necessary in relation to relevant children’s issues within local areas e.g. social care, health, crime.

The Department will make arrangements to finalise with local authorities and their partners the full details of the children and young people block within a LAA. The Department will work closely with the Regional Director overseeing the overall LAA in the Government Office. Drawing on the priorities agreed within the children and young people’s block, stretching targets in those areas accepted for inclusion within the cross-cutting Local PSA chapter of the LAA may be negotiated which will attract reward grant if the additional

“stretch” element is achieved. Similarly, where there is a deprivation theme inputs from the Neighbourhood Renewal Fund could be incorporated into the agreement on the children and young people’s block.

The Department will continue to offer opportunities through the Local PSA process to negotiate freedoms and flexibilities where barriers to improved outcomes for children are identified and commitments to enhanced, “stretching” performance are received.

2.4 Safer and Stronger Communities block

In the nine pilot Local Area Agreements a significant component of the Safer and Stronger Communities block will obviously be the new Safer and Stronger Communities Fund that is being rolled-out to all local authorities from April 2005. Section 1.1 set out the Government’s intentions for the Fund.

In the nine pilot areas the Safer and Stronger Communities block will encompass wider priorities than the Fund, however, and may incorporate additional area based funding streams.

The management and oversight of pilots in the Government Offices will take account of the work of the HO local delivery managers who have been tasked with assisting local areas to work more effectively with government whilst tackling barriers to delivery within the Home Office.

2.5 Healthier Communities and Older People block

National priorities

The Healthier Communities and Older People block will address the issues of poor health and health inequalities. This has a particular focus on the most deprived areas and disadvantaged groups, as well as the quality of life and well being of older people. The high level national priorities will be drawn from PSA and other targets, in particular the four PSA targets under the objective to improve the health of the population.

Local priorities

Healthier communities, reducing health inequalities and improving the quality of life for older people are shared priorities between central and local government, and will form part of CPA2005.

LAAs provide an opportunity to further develop the close partnership working with primary care trusts and other LSP partners, including communities themselves, that are crucial to promoting health and reducing inequalities.

The Programme for Action for tackling health inequalities encourages a local partnership approach to agreeing a set of local priorities to address health inequalities. The National Service Framework for older people provides a number of standards and milestones for health and social care services. In addition to the Community Strategy, Health Equity Audits undertaken by Primary Care Trusts to inform NHS service planning could help to identify local priorities.

LAAs could also be seen as a potential delivery dimension for the Vision and Framework for Adult Social Care which will be the subject of an autumn Green Paper.

Healthier communities

There are striking health inequalities between groups and areas despite increased national prosperity, wider opportunity and improving health over the last twenty years.

A major challenge is to break the cycle by which poor health is passed down from one generation to the next. To increase the number of people from disadvantaged groups and areas adopting healthier lifestyles; and to provide a range of key services relative to need, in order to meet individuals’ needs (including needs arising from culture, religion, race and language).

Many local authorities are engaged with their partners in health promoting work, but this is not always targeted in ways that discriminate in favour of those with the most disadvantaged health status. The consequence can be a widening rather than a narrowing of inequalities, because services that are on offer are used more often by people who already pay attention to their own health.

Link with NRF and LPSA

Improving health in deprived areas is a key objective for the Government’s neighbourhood renewal strategy and deprivation related health floor targets for life expectancy and teenage pregnancy underpin the

strategy and guide the use of the Neighbourhood Renewal Fund. Substantial investment of the NRF in health improvement activities and health service provision has followed and local authorities would be expected to continue to direct funding to healthier communities. Similarly, local authorities have also identified LPSAs for health promotion, improvement and reducing inequalities, and improved services and quality of life for older people.

In overseeing the negotiations of the Healthier Communities Block of the LAA the Government Offices would work closely with the Regional Directors of Public Health. There is also a role for Strategic Health Authorities to encourage and support Primary Care Trust engagement in LAAs, and in the process of negotiating local targets for PCTs which comply with the principles set out in the planning framework and provide a focus for partnership working.

2.6 The 'single pot' LAA

The Government sees the LAA approach outlined here as a first step which, if successful, would be taken further in a more comprehensive model. In one of the nine pilot areas, therefore, a 'single pot' LAA will be developed in which there would be no barriers between the separate blocks and where there would be more flexibility in spending funding on agreed local priorities. This will mean that as far as practicable all the funding streams relating to each of the three blocks will be available to the authority and its partners to spend as they think best on delivering the priorities identified in the LAA.

2.7 Area based funds

Government is committed to rationalising the many Area Based Initiatives aimed at the delivery of specific outcomes. In many local authority areas there are a wide range of Area Based Initiatives and non-mainstream funding streams which contribute to the national outcomes around the three blocks that make up the LAA. The Government will be considering the degree to which such ABIs can be part of the LAA.

Ministers will continue to identify the national outcomes that Departmental spending is to support and to make funding allocations to areas in the way that they do now (the Liveability Fund, for example will continue to be allocated to the relevant authorities). Departments may require local authorities to direct funds to a particular programme or body in order to ensure existing commitments are met as part of the agreement.

Local Authorities will be able to negotiate the freedoms to prioritise spending within each block in order to meet the outcomes and performance indicators agreed in the LAA.

2.8 Link with the NRF

The Neighbourhood Renewal Fund (NRF) provides support to 88 local authorities in England to enable them to improve mainstream services and encourage economic activity in their most deprived areas. The funding contributes to the achievement of local targets contained in Community Strategies, Local Neighbourhood Renewal Strategies and Local Public Service Agreements as well as the national floor targets in Departmental Public Service Agreements and ODPM's PSA1 to narrow the gap between deprived areas and the rest of the country.

The Government's long term goals for Neighbourhood Renewal are that in the most deprived neighbourhoods, unemployment and crime should be reduced and health, skill levels, housing and the physical environment improved. PSA floor targets provide a practical way of measuring progress towards achieving these goals. But individual neighbourhoods may have their own local priorities alongside these national goals, and NRF funding can support services provided by any LSP members and by others.

How NRF resources are used is therefore agreed locally by each local authority and its fellow LSP members. NRF funding can be spent, for example, on teachers and schools where educational attainment is poor or on local health services to tackle health inequalities. The aim is to encourage agencies to deploy their mainstream budgets jointly and more effectively at local level.

Where an area developing a Local Area Agreement receives Neighbourhood Renewal Funding it will thus be able to contribute to the delivery of outcomes which are priorities for a particular deprived area in any or all of the three LAA blocks as agreed by the Local Strategic Partnership, as well as more widely.

2.9 How Local Public Service Agreements fit in

The principles behind LAA build on the experience of local PSAs. LAAs extend the approach in local PSAs for Government and a local authority (with its partners) to agree the outcomes that need to be pursued in the area.

The current approach on local PSAs will be incorporated into LAAs. The authority will agree with its local partners what they consider to be the priorities for improvement locally; and they will negotiate this agreement with the regional relationship team who will draw on their local knowledge. The Government wants the authority to ensure that the partners are fully engaged in this process, and that they and the partners look for opportunities to work together more effectively to achieve better outcomes.

On the outcomes that are agreed to be the priorities for improvement locally they will be able to negotiate a “stretch” in performance beyond what would be expected anyway. Achievement of that “stretch” would earn a performance reward grant, as now.

This negotiation of the local PSA alongside other programmes would improve the scope for co-ordinating the use of those funds – where the authority so desires – with a “stretch” in performance rewarded by the LPSA that went beyond what would be achieved by those other funds alone.

2.10 Freedoms and Flexibilities

The Government has emphasised its commitment to the freedoms and flexibilities agenda both in the second generation of LPSAs and through the Innovation Forum. Local Area Agreements provide additional scope for both local and central government to implement proposals that would deliver real improvement in local service delivery.

For Local PSAs, proposals for freedoms and flexibilities have had to be linked to targets in the agreement. In the LAA, the Government will invite the authority (both for itself, and for its partners) to propose freedoms and flexibilities that would help to improve performance on any aspect of the LAA, not just the local PSA component. LAAs would also provide more scope for local partners and delivery bodies to work together to identify the freedoms and flexibilities that could enable more effective local delivery.

The LAA model demonstrates the Government’s commitment to the freedoms and flexibilities agenda. The removal of some ring-fencing within the three blocks in the pilot LAAs will give local authorities freedom to direct spending within those blocks towards local priorities. Rationalisation of monitoring arrangements should also deliver significant benefits. For example, the Safer and Stronger Communities Fund, which is being rolled out nationally from 2005/6, will give all local authorities the freedom to prioritise spending on national outcomes in a way that delivers better outcomes for communities most effectively locally.

2.11 Outcomes and performance indicators based on National PSAs and Community Strategies

Local Area Agreements would include a suite of outcomes and performance indicators and targets based upon a shared understanding between central government and local partners of national and local priorities.

The high-level outcomes for each block, identified by central Government, will be based on National PSAs and agreed improvement strategies.

For the Healthier Communities and Older People block this particularly means addressing the outcomes targeted in the Department of Health’s PSA targets in relation to improving the health of the population, reducing health inequalities and improving the quality of life and independence of vulnerable older people.

Performance indicators relating to the outcomes will be used as the basis for assessing progress. The outcomes identified will be consistent with the outcomes under the shared priorities blocks⁵ which

⁵ More information on the shared priorities and the CPA can be found at http://www.odpm.gov.uk/stellent/groups/odpm_localgov/documents/page/odpm_locgov_026847-01.hcsp#P14_167

the Audit Commission are proposing for the CPA2005 and will also draw on the priorities for the National Strategy for Neighbourhood Renewal, in particular those set out in ODPM's PSA1. The Government will work to bring these two strands of work together into a single package.

There will be a set of performance indicators relating to each block, depending which particular individual funding streams are included for each particular area. But each area will also agree their own PIs, based on agreed targets and the local priorities identified in the Community Strategy. On the basis of the agreed outcomes and local priorities the regional relationship team will oversee the agreement of the targets individual LAs aim to meet as part of their LAA.

It is envisaged that areas will develop performance management arrangements that allow all partners to gauge progress against the agreement. The Government Office would be party to such arrangements so that it is well informed and can work alongside partners to maintain and support progress. Information will also be passed back to Departments where necessary to allow the contribution being made to national targets to be assessed.

The local PSA component of LAAs would continue to be based on outcome indicators tailored to the targets agreed in the local PSA, which may sometimes differ from the general ones described above.

2.12 Local Area Agreements – reaching agreement

The process of negotiating the pilot LAAs will necessarily involve both central Government Departments and the Government Offices. However, the long term aim for the LAA process is for the Government Office Regional Director, with the regional relationship team, to oversee the process of agreeing, and signing, the LAA. The three blocks will be negotiated individually but come together to form the LAA as a whole. Some outcomes are likely to be shared across the three blocks.

The LAA will identify the agreed outcomes that Government and the local authority and its partners are committed to achieve, and the contribution the Government will make to help in this achievement. When agreement has been reached LAAs will be signed by the local authority and its partners and by Ministers on behalf of the Government.

Funding for the LAA will in the first instance go to the council exercising the functions of the county council for the area, but it will be used by all partners. The agreement could itself specify the role each of the participating organisations will play in delivering the outcomes agreed and, if appropriate, specify the amount of funding each partner would receive. This could apply to District Councils as well as other government, voluntary and community sector or private sector partners.

The regional relationship team will oversee the negotiation of the LPSAs. The LPSA element of the LAA will have to be agreed by Ministers and overseen by a Ministerial committee as it is now.

The process will be ongoing, however, a possible model would be for a light touch review each year with a full renegotiation every three years.

2.13 Accountability and performance management

Government expects to reduce bureaucracy through local area agreements. This will include streamlining the performance management arrangements based around the relevant blocks and in line with its commitment that users should be the focus of the way services are managed. The Government will work with local government to develop a model for monitoring and accountability for LAAs which will complement existing processes.

Effective performance monitoring of Local Area Agreements will be critical to their success. We want a performance framework that will concentrate on the LAA area, rather than being organisationally based, with inspection concentrating on a local-outcome focus.

We will use the pilots to test the performance monitoring arrangements, possibly using a different approach to monitoring in different pilots to inform thinking about what offers the best arrangements. We will aim to involve the Audit Commission and other inspectorates in developing the arrangements to ensure that duplication is removed and that any new arrangements are in line with the principles of strategic regulation.

The GOs will maintain an ongoing dialogue to ensure that LAAs progress as planned. The targets set out in the LAA will be developed in a bottom up way, while reflecting national priorities – the approach is about

enabling local authorities to set themselves challenging but achievable targets. The Government Offices will aim to work with LAs and their partners to avoid unexpected results and failure to achieve the targets set.

Achievement of the “stretch” targets in the LPSA will not be subject to external monitoring; the authority would report its achievement at the end of the LPSA period and claim its reward. Failure to achieve the ‘stretch’ in performance would simply mean that the authority would earn less reward grant.

2.14 Process for new initiatives

If new area-based initiatives are introduced later there will be an expectation that any which relate to the three functional blocks within a Local Area Agreement are likely to be administrated through the LAA process. Collective agreement to any such new scheme will also be expected to address explicitly whether amendment is required to any existing LAAs. The expectation would be that formal amendment was deferred until the agreement was due for renegotiation; but in some cases it might be necessary to generate ‘side letters’ to an agreement for the interim period. Funding from any such new programme or initiative would then be added to the aggregated fund.

2.15 Nature of pilots

Government will pilot LAAs in one area in each of the nine English regions in 2005/6. If the pilots are successful LAAs will be rolled out more widely from 2006/7. The pilots would give both central and local Government the opportunity to address some of the barriers to improving the delivery of public services locally, and would provide a learning opportunity.

There will be one ‘single pot’ pilot in which the three blocks will be merged.

Government aims to pilot LAAs in at least one rural area. DEFRA will be establishing a sub-regional delivery pathfinder in each region outside London in 2005/6 and the Government plans to bring the LAA together with the pathfinder in at least one area to explore the synergies between them and optimise the learning opportunities.

There may also be opportunities to bring in other funding streams to the agreement process. For example, Government is discussing with the Big Lottery Fund the opportunities to align funding streams relevant to particular blocks of the agreement.

It is anticipated that there will be considerable variation between the pilots, reflecting local priorities and a local approach to addressing these. No ‘one-size fits all’ model is to be applied.

The Government envisages that the pilots will be developed for the whole of areas covered by the council exercising the functions of a county council for the area concerned. Some areas, perhaps particularly metropolitan areas, may wish to put forward ideas for agreements that cover the whole area of two or more such authorities. The Government would be prepared to consider whether there would be merit in developing at least one pilot that looked at such an approach. The Government is also aware that some areas might suggest agreements for areas smaller than that of the area covered by a county council – so there would be more than one agreement for the county area – or to focus initially on a particular block rather than on all blocks of an agreement. The Government’s starting point is that there should be one agreement for the area of a county, but that the way in which such agreements are constructed may legitimately be different in different parts of the area. Agreements that crossed the boundaries of areas covered by authorities exercising the functions of a county council would present particular difficulties.

2.16 Success factors

Clearly the measures of success will reflect the overall aim of Local Area Agreements: improved performance against outcomes which reflect the priorities set by local people underpinned by national standards. Inevitably this may take some time to emerge. As part of the project the Government will wish to agree clear criteria for each pilot which will include some measures by which it is possible to determine whether or not the direction the local partnership is taking is a positive one. These measures will be agreed as part of the LAA.

2.17 How will pilot authorities be chosen?

The Government, in discussion with the LGA, intends to identify 9 areas for piloting Local Area Agreements, selecting one from each of the English Regions and from a range of local authority types and not only from 'excellent' authorities.

Areas that are particularly interested in participating in the LAA pilots are invited to make contact now with the Regional Director of their relevant Government Office, but there will be no formal bidding process.

ODPM, in conjunction with the other participating Government departments will be refining the LAA model outlined in this prospectus and plans to publish further details about Local Area Agreements in the autumn. However, the Government will start discussions with interested areas and select those to take part in the pilots before then.

2.18 Research to support the development of LAAs

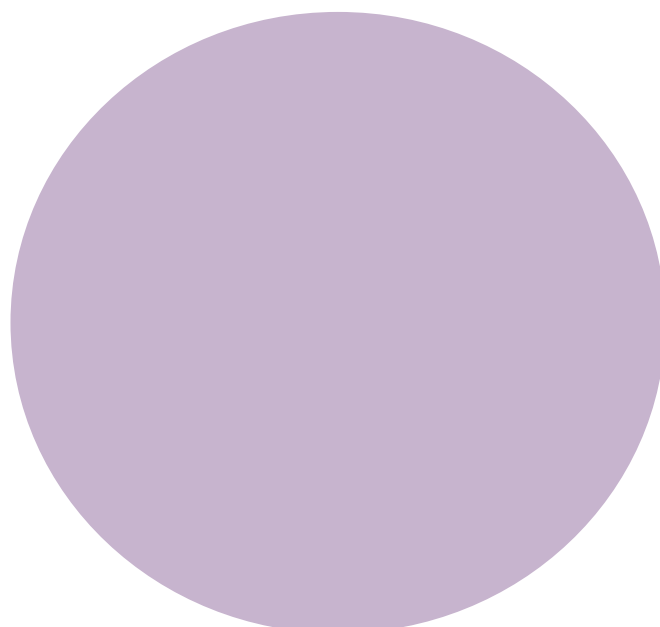
The implementation of pilot LAAs can be supported by research in the same way as for the pilot LPSAs. Each stage of the pilots can benefit from the 'real-time' learning and feedback that can be developed from a research team examining what will be a complex and demanding process involving a wide range of people in several organisations. For instance, the research can give regular action learning on: data requirements and uses; target specification and agreement; negotiation skills and competencies; monitoring and evaluation procedures; building successful and effective relationships between government offices for the regions, local authorities and central government departments involved in the process; the most productive use of meetings between central and local government; and, documentation before, during and after negotiation. All of this can contribute to the guidance for the design of effective roll out to ensure administrative efficiency, the capacity to foster creativity and good relationships and to facilitate the equitable treatment of local authorities.

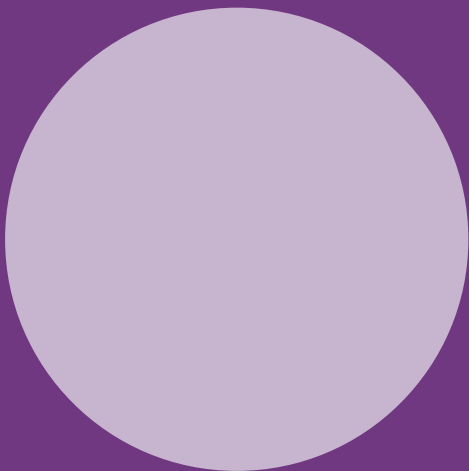
2.19 Summary

This prospectus sets out the Government's proposals for Local Area Agreements as part of a 10-year strategy for local government.

Local Area Agreements would offer:

- A framework for an intelligent and mature dialogue between central and local government;
- A flexible use of resources at a local level to achieve shared outcomes;
- Improved local performance;
- Fewer funding streams to deal with and reduced bureaucracy and transactional costs associated with them; and
- An enhanced community leadership role for local authorities and better joining up locally.





If you wish to comment or find out more, please contact:
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