



*Developing the future
arrangements for Local Area
Agreements*

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On 5th May 2006 the responsibilities of the Office of the Deputy Prime Minister (ODPM) transferred to the Department for Communities and Local Government.

Department for Communities and Local Government
Eland House
Bressenden Place
London SW1E 5DU
Telephone: 020 7944 4400
Website: www.communities.gov.uk

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Communities and Local Government Publications
PO Box 236
Wetherby
West Yorkshire
LS23 7NB
Tel: 0870 1226 236
Fax: 0870 1226 237
Textphone: 0870 1207 405
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Introduction

1. This narrative sets out current thinking on how the new LAA arrangements as part of the new performance framework outlined in the Local Government White Paper 2006 might be implemented. Local authorities and local strategic partnerships are encouraged to use this to inform debate and help identify what this might mean for them in practice and what they need to do to prepare for and implement these changes. This will be the subject of the regional road shows that we then run with local authorities and their LSP partners in March. These will inform the operational guidance that we publish in the summer to inform the negotiation of new LAAs for 2008/9. Annexed to this paper is the technical note produced for the Commons Committee examining the LAA sections of the Local Government and Public Involvement in Health Bill which contains further related information about the proposed new statutory duties relating to LAAs and Sustainable Community Strategies.

Implementing the White Paper

2. The White Paper '*Strong and Prosperous Communities*' published in October last year set out fundamentally different arrangements for LAAs. Our ambition is for LAAs to provide local authorities and partners with the flexibility and capacity to deliver the best solutions for their areas through a reformed relationship between central and local government. LAAs will change the way central government does business with local authorities and partners to agree on a much smaller set of core priorities for each locality within the new performance framework.
3. This central role for LAAs follows in the wake of the benefits attributable to LAAs which have been emerging from across the country. Chief among these is the overwhelming message, from the 87 areas with a signed LAA so far, that partnership working has improved as a direct result. There have also been numerous examples of LAAs improving service delivery. These services span the wide range of priorities reflected in the LAA outcomes framework and include child poverty, children's services, educational attainment, teenage pregnancies, crime, anti-social behaviour, the wellbeing of older people, smoking, road safety and employment opportunities. There are many more examples of such benefits, and a database of these is being compiled for public use.
4. New LAAs which will be introduced in April 2008 mean:
 - LAAs will be the only place where central government will agree targets with local authorities and their partners on outcomes delivered by local government on its own or in partnership with others;
 - LAAs will no longer about specific funding for specific targets. Because they will now include all targets agreed with central government, delivery against the 35 + 18 improvement targets is now effectively supported by all resources in the area.
 - There will be a new unringfenced area based 'LAA' grant, with a presumption that all area based funding would go through this route unless there were very strong arguments for retaining a ring fence. This grant would have no performance reporting or other conditions attached;
5. These changes will bring major benefits to local authorities and partners – particularly a dramatic reduction in the reporting burden – and we are therefore keen to introduce them at the earliest opportunity, whilst ensuring that arrangements are workable. The major changes to the LAA framework will therefore come into effect in April 2008 and this paper focuses on these. However, the scale of the reform of the national performance framework means that some elements will take longer to implement. The new Comprehensive Area Assessment (CAA) which will provide an assessment of performance of the local authority and what it delivers in partnership with others, risk and future prospects across a range of local services and priorities is scheduled for introduction in 2009 and provide a baseline of performance against the new national indicator set. We also anticipate that technical work on new indicators in the national indicator set may prevent some indicators from being ready for April 2008.

6. We recognise the pace of reform is ambitious. However, there is considerable experience we can all now draw on from the successful implementation of LAAs to date and we believe it is important to build on what has worked well. In addition we wish to work with a small number of local authorities and LSPs over the coming months to develop and road test detailed changes to the LAA framework. This will enable us to have a genuinely central/local partnership approach to identifying the critical success factors for the new LAA arrangements, identify ways of overcoming specific challenges to their implementation and develop operational guidance which is light touch in approach and meets the information requirements for local authorities and partnerships.

Developing the new LAA framework

RELATIONSHIP WITH THE NEW NATIONAL PERFORMANCE FRAMEWORK

7. The current LAA outcomes framework set out in the LAA Guidance 2006 and all other performance indicator sets associated with other existing target setting regimes that apply to local government will be replaced by the new single national indicator set which will comprise approximately 200 indicators and be developed from the new single set of national priorities under development as part of the Comprehensive Spending Review (CSR). Each indicator will have
 - i) a reporting frequency assigned to it based on the nature of data collected e.g. crime may lend itself to quarterly reporting, whereas educational attainment may be more appropriate for annual reporting; and
 - ii) a spatial element based on the appropriate geographical level for the indicator, e.g. housing growth may lend itself to a sub-national intervention, whereas deprived neighbourhoods may suggest data requirements at super output area level.
8. As set out in the White Paper, the indicators will cover reporting required for the delivery of services by local authorities either alone or in partnership with others. Each year the local services inspectorate led by the Audit Commission will carry out a risk-assessment of outcomes and services in each area. This will form part of the Comprehensive Area Assessment (CAA) which will replace Comprehensive Performance Assessment (CPA) and will highlight amongst other things, where there is a risk to delivery in the locality. This risk assessment will inform the negotiation of the LAA improvement targets.

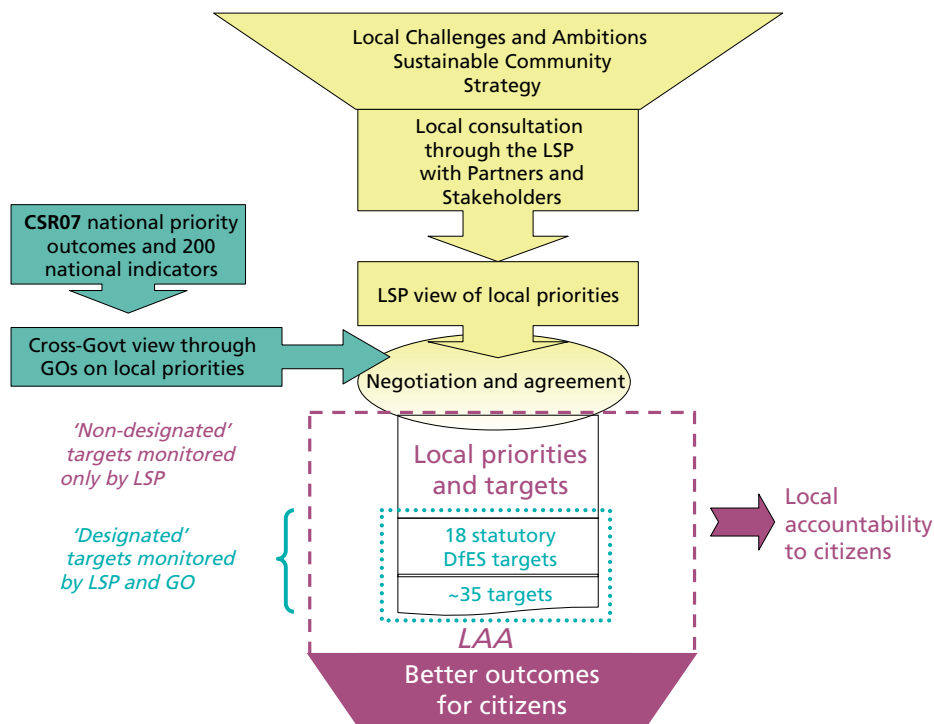
NEGOTIATING IMPROVEMENT TARGETS

9. LAAs will consist of a base set of pre-existing statutory educational and early years targets (presently 18), up to 35 improvement targets drawn from the national indicator set (of approximately 200 indicators) and may also include purely locally-agreed targets. Any local targets, drawn from Sustainable Community Strategies will be of prime importance and relevance to local people and developed by Local Authorities and their partners to reflect local aspirations. In an area of high-performance public service delivery, with the possibility of fewer improvement targets, the locally designed targets may form a larger part of the LAA. The negotiation will explore the extent to which the local priorities emerging from this analysis matches central departments' views on improvement priorities and identify where compromises may be needed from both the locality and central government to strike the right central/local deal around agreed priorities for the local area.

10. We therefore expect local priorities from robust Sustainable Community Strategies to form the core of the negotiated 35 improvement targets. (Where they are not, they may be included as locally agreed targets in the LAA so that it becomes the delivery-plan for the Sustainable Community Strategy). The authority and individual partners will be under the same duties in respect of these local targets as for the 35 central/local negotiated improvement targets and statutory education/early years targets. Therefore any local targets will need to be agreed by all partners involved in the delivery of them before they can be included in the LAA, although central Government will not require any reporting of local targets.

11. We anticipate that this process will lead to each LAA having potentially different sets of 35 improvement targets which together with the statutory early years/education targets will represent the priorities for improvement agreed between central government and the local authority and local strategic partnership in each area. Where local and national performance data highlights significant risks against more than 35 indicators, the nature of the negotiation will be around which issues will be prioritised for improvement so have an improvement target agreed against them. Conversely performance data in some localities may highlight risks for less than 35 of the indicators. In this case, it may be possible that fewer improvement targets are needed.

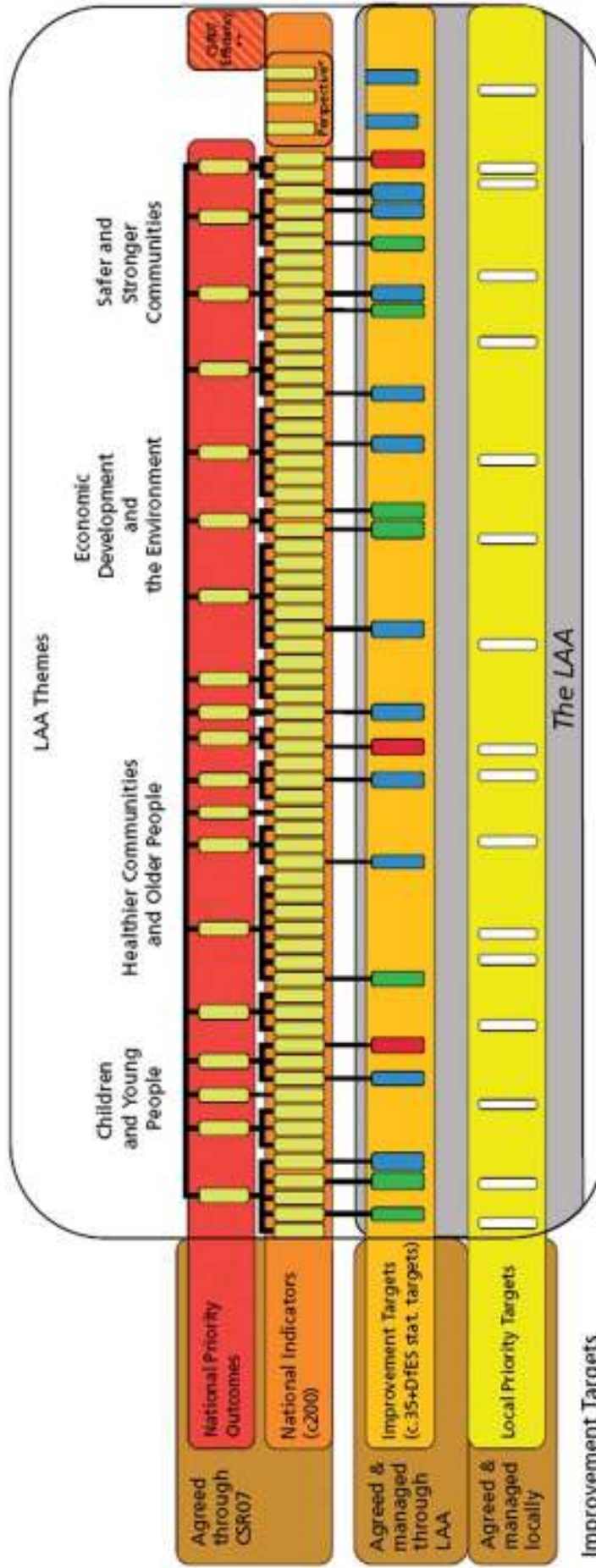
The following diagram illustrates the new arrangements.



12. We intend to work with a small number of local authorities and Local Strategic Partnerships during April and May to identify the critical success factors in implementing these arrangements. The lessons learned disseminated to all partnerships and used to develop the detail of the negotiating process which will be set out in operational guidance. There will be three main elements of the LAA arrangements that need particular consideration:

- a) Reaching agreement between local partners about the 35 improvement targets and locally agreed targets using Sustainable Community Strategies, appropriate local performance data and taking account of national priorities;
 - b) Identifying how Government Offices and central departments work together to establish a clear understanding of priorities for improvement and the implications for individual localities;
 - c) Reaching a final agreement between local authorities and central government around local and national priorities which Ministers will sign-off (the 'deal' around the 35 improvement targets); and
 - d) How central government will manage the new negotiations process with stakeholders.
13. There are some key points of process which will need to be taken into account in the road testing:
- the authority and their partners will need to identify around 35 improvement targets (plus the 18 statutory early years and education targets) to be set against national priorities as detailed in the new national indicator set;
 - improvement targets will need to be based on a consideration of performance data and information on known risks, including the CAA and progress on meeting targets to implement Sustainable Community Strategies and any other relevant information;
 - the process will need to take account of existing reward element, or standalone LPSA targets and any announcements in CSR about these issues;
 - the Government Office will be expected to draw on its knowledge of the local objectives and national and regional priorities in negotiating on behalf of the central departments with the authority and their partners, and in the absence of the CAA, to draw on whatever other relevant data and information is available, including any relevant information from central government departments;
 - the Government Office Regional Director will be expected to recommend whether the Secretary of State should agree the proposed 35 targets plus 18 statutory education and early years targets and the Secretary of State for Communities and Local Government will need to seek agreement of the Cabinet to sign off the LAA on behalf of Government, thereby approving the proposed 35 central/local targets.
14. Pre Budget Report 2006 set out that through the reforms to the performance framework we are introducing through CSR, there may be some priority areas in which Government wishes an ambition to be set nationally (e.g. through a precise targets), and this will need to be reflected through LAAs. These will be known following the CSR decisions on national priorities and will be reflected in the operational guidance. The following diagram from the Local Government White Paper illustrates how these targets will be established.

The Outcomes-Targets-Indicators Framework



- = non-negotiable target (universal local targets where government determines that an equal level of improvement is required in all areas)
- = floor target (where minimum standards are not being met, these targets will specify the amount and/or timescale for improvement up to such standards)
- = negotiable target (issues for negotiation will be whether or not to have a target or the level it should be set. The negotiations will be aimed at balancing national requirements and local circumstances, performance and priorities)
- = local priority target (set by LAs and partners. Not subject to upward reporting or monitoring by central government)
- * A few key national citizen satisfaction and perspective indicators in addition to any used as outcome indicators, eg satisfaction with place; perception of influence
- ** Whether any indicators or local targets are established and what form they would take will be confirmed as part of the CSR07 announcement.

LAA ANNUAL REVIEWS

15. At present there are two six monthly performance reviews in each operational year around June and November. A separate refresh process takes place to agree changes to the agreement i.e. inclusion of additional targets, modification to existing targets.
16. In the future LAA framework there will be an annual review informed by the annual CAA which will bring together. At the annual review the local authority, their partners and Government Office will take stock of progress in meeting targets and consider what new priorities may have emerged, and where data indicates significant risks to the delivery of services or achieving Sustainable Community Strategy objectives. The annual review will agree how to respond to these issues and consider whether it is appropriate to negotiate changes to the national/locally agreed improvement targets – in effect combining the current performance review and refresh processes. In addition to this formal process there will be a continuous relationship between the Government Office, the Local Authority and its partners that means that significant risks and issues need not wait until the annual review to be addressed. Where appropriate, this might mean that they agree to review progress on specific issues more frequently than annually. It is assumed that the local authority and its partners will performance manage its own progress on a constant basis.
17. Any new improvement targets to reflect these changes will need to replace and not add to existing improvement targets and changes will need to be submitted to the Secretary of State for Communities and Local Government for sign-off. The optimum time for agreeing proposals to change agreements seems to be some point between November and January in time for any changes to agreements to take effect in the following operational year and be reflected in local authorities' and their partners' business planning.

TWO-TIER AND NEIGHBOURHOOD SPECIFIC ISSUES

18. As is the case now, negotiations in two tier areas are likely to be more complex and LAAs will need to reflect both district and county priorities in the agreement of improvement targets. There may be a need for district specific improvement targets for any indicators in the national performance framework where performance is reported at a district level. Similarly, there may be neighbourhood specific issues to reflect. There is now a great deal of learning which has emerged from establishing targets in two-tier areas, and to establish neighbourhood level targets which will be used in the development of detailed arrangements for the negotiation of improvement targets.
19. Some local authorities are making bids for either unitary status or for 2-tier pathfinder status. These areas should continue to prepare new LAAs in 2008/09 based on the existing organisational structure but will need to review the LAA in 2009 to take account of any changes needed as a consequence of re-organisation.

THEMES

20. In future there will be four LAA themes. These will mirror the existing content of national policies within the four LAA blocks with the exception of 'economic development' which will become 'economic development and environment' and also include cultural issues.
21. Whereas the purpose of the block structure was to develop limitations on pooled funding arrangements, this will not be the case with the LAA themes. The purpose of the themes as set out in the White Paper is to facilitate central/local discussions and monitoring arrangements. There is a well established structure around the LAA blocks which supports negotiations and performance reviews between Government Offices and local authorities and their partners, and discussions between Government Offices and central departments. We wish to retain this framework and ensure that the process for setting targets has taken account of the full range of priorities reflected within themes and developed locally by the relevant partnership e.g. the Children's Trust and Children and Young People's Plan and the CDRP. The Government also intends to amend the Local Government and Public Involvement in Health Bill to require LAs and PCTs to produce a joint strategic needs assessment. The Sustainable Community Strategy and subsequent targets in the LAA should take account of the findings of this assessment.
22. The presentation of outcomes and targets in agreements is a point of detail which is for local partners. There is no expectation that indicators and targets should be assigned to a particular theme or that there must be any particular number of improvement targets in each. Rather, the targets should reflect the priorities for improvement, whatever theme they might fall under. We wish to ensure that the new LAA encourages and facilitates cross-cutting approaches so that services can be designed to meet local needs.

MANAGING A SMOOTH TRANSITION

23. Implementing changes to the LAA framework to put in place the White Paper commitments and streamline reporting systems at the earliest opportunity suggests the following objectives for all existing individual LAAs:

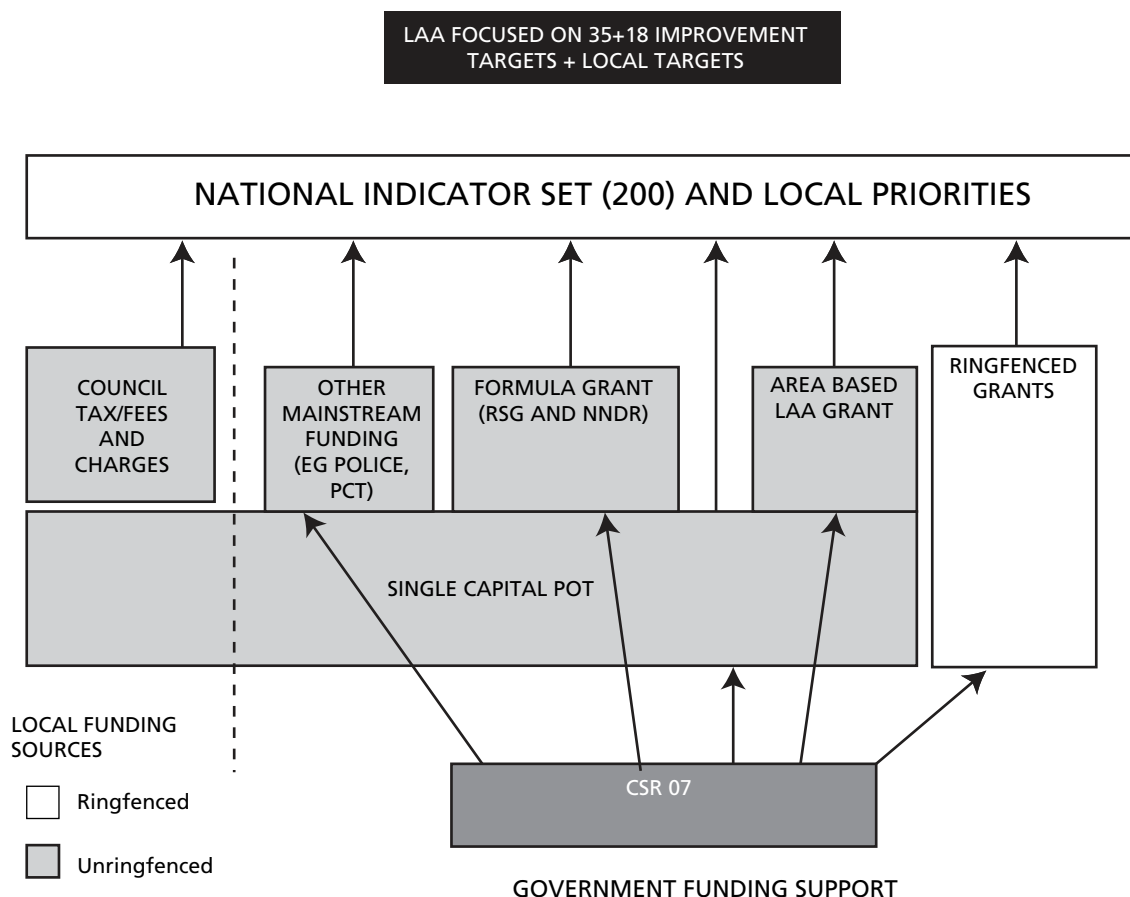
By April 2008 all LAAs will have 35 improvement targets and 18 statutory early years/education targets based on the indicators in the national indicator set which are ready and on any existing indicators and targets for some service areas, plus any additional local targets from the Sustainable Community Strategy for the years 08/09, 09/10 and 10/11;

By April 2009 all LAAs will have up to 35 improvement targets and 18 statutory early years/education targets agreed against the 200 indicators in the new national indicator set plus any additional local targets from Sustainable Community Strategies for the years 09/10 and 10/11

24. Meeting this timetable means the main work during 2007/08 will be to ensure all LAAs reflect priorities across all four new LAA thematic areas (i.e. children and young people, safer and stronger communities, healthier communities and older people and economic development and the environment), and have clearly identified improvement targets. In order to do this the performance reviews will need to provide sufficient room for discussion about what might be the priorities for improvement based on the assessment of existing performance data and any other relevant information. A preliminary timetable setting out the main milestones for managing the negotiations is set out at Annex A, and we will explore the timescales and milestones as part of the road testing and design work with local authorities and local strategic partnerships.

FUTURE FUNDING ARRANGEMENTS

25. The new funding arrangements set out in the White Paper are a significant departure from the current arrangements for funding area-based initiatives and pooling funding streams in the LAA. In the existing LAA framework, the pooling of area-based funding streams is linked to the establishment of targets in the LAA. In the future arrangements local authorities and partners will use a variety of funding sources to deliver the national indicators, e.g. Council Tax, other mainstream funding, formula grant, Single Capital Pot, ringfenced grants as well as the unringfenced, area-based LAA grant. The decision on how much funding should be used to support delivery of local and national priorities will be determined locally. The following diagram illustrates the new funding arrangements.



26. Future funding arrangements for local authorities will be determined by a hierarchy – firstly funding should wherever possible be provided as mainstream funding e.g. Revenue Support Grant, the Single Capital Pot or mainstream budgets of other agencies. Where this is not possible, funding will be provided through the area-based LAA grant, and this would be the expectation for most area-based funding which supports outcomes which local authorities must deliver alone or in partnership with others. Finally, some funding streams may remain outside LAAs where this can be justified. Reasons could include outcomes which are difficult to deliver locally such as the resettlement of offenders, or large scale capital grants. The LAA Operational Guidance will list funding streams which are being excluded from the LAA grant. However, all performance monitoring requirements would have to be within the new national performance framework.¹
27. Ringfenced grants will remain subject to existing auditing requirements and auditing requirements for the LAA pot will be consistent with auditing requirements for other unringfenced grants.

OTHER CHANGES TO CURRENT LAA FRAMEWORK

28. The current requirement for LAA documentation are set out in paragraph 13 of the 2005 LAA Guidance. The table at Annex B considers the implications of these requirements for the future documentation which will be included as part of the LAA.

¹ The Youth Justice Board will retain its funding role in relation to Youth Offending Teams.

ANNEX A

Indicative LAA negotiating timetable for 2007/08

March: signing off remaining LAAs and refreshing existing ones for 2007/08 targets; regional roadshows to share thinking on the development of future LAA arrangements; scoping of feasibility testing.

April: Begin pre-scoping work for new arrangements – round 1s and 2s begin reviewing Sustainable Community Strategies where appropriate, round 3s pick up issues not covered in the LAA and central departments and Government offices develop views on improvement priorities; feasibility testing begins.

May: LAs and LSPs reviewing scope and coverage of Sustainable Community Strategy priorities and discussing any changes required to governance and capacity in the partnership; continued feasibility testing.

June: Round 1 and 2 LAAs submit performance review self-assessments and transition plans ready for discussion with GOs; recommendations of feasibility testing.

July: Round 1 and 2 LAAs have performance and transition planning reviews with Government Offices and agree scale and pace of implementation of Sustainable Community Strategy priorities; round 3s meet with GOs to discuss transition planning and pace of implementation of Sustainable Community Strategy priorities. Possible completion of national indicator set and guidance package.

September: Regional roadshows to discuss guidance package and implementation arrangements. Clarification of what will be in place for 08/09 operational year and what will remain for 09/10 operational year.

October: All LAs consulting on Sustainable Community Strategy priorities, preparing material for transitional/ annual review (first performance review for round 3 areas) which will include proposed improvement targets.

November: Round 1, 2 and 3 areas have transitional reviews with Government Offices.

December: All LAs consulting on new LAA outcomes frameworks, funding plans and performance arrangements; Government Offices and central departments review of proposed improvement targets.

January: Negotiation of improvement targets based on departmental and GO discussions and LA/LSP consultations. LAs submit revised outcomes framework to Government Offices.

February: GO Regional Directors make recommendations to central government;

March: Ministerial sign-off

ANNEX B

Consideration of future documentation arrangements for LAAs

Current requirements for LAA documentation	Future arrangements
Mandatory outcomes and indicators for each block.	This will be subsumed within the new requirements to set out agreed improvement targets and local targets.
Other outcomes and indicators for each block.	
Targets for each indicator for each of the three years of the LAA.	
Annual unstretched targets agreed for the reward element indicators.	Existing reward and LPSA targets will need to be set out as now in an annex to the LAA. Future arrangements for stretch targets will be dependent on whether there is a future reward element agreed as part of the CSR settlement and how it will be deployed.
Targets addressing specific issues where government funding has been allocated for this purpose.	This will no longer be required as there will not be any targets established outside of the 35 improvement targets and 18 statutory early years/education targets.
The funding streams to be pooled centrally and aligned locally in the LAA for each block.	Funding will not directly support improvement targets in the LAA. Requirements to produce financial information will depend on the financial auditing requirements for the grants concerned.
Where known, details of allocations for each funding stream by financial year.	
A statement of how local people and the VCS are involved in the design and delivery of the LAA.	The White Paper sets out a commitment to the development of community engagement strategies which will rationalise the requirement for separate statements of how the community and third sector is involved in the LAA. Existing statements will need to continue to be included in the LAA until the local community engagement strategy is in place.

Current requirements for LAA documentation	Future arrangements
<p>The roles and responsibilities of, and within, the partnership, including clearly identified leads for each outcome.</p>	<p>The robustness of partnership arrangements and performance management capacity is an issue which may form part of the new Comprehensive Area Assessment (CAA).</p>
<p>An explanation of the performance, reporting, risk management and monitoring arrangements in place.</p>	
<p>The agreed enabling measures (formerly “freedoms and flexibilities”).</p>	<p>A great number of current requests have been resolved with the publication of the White Paper. However, some issues remain to be resolved and the future central/local discussion is likely to place greater emphasis on promoting innovation in the delivery of services. The current arrangements are being evaluated to explore this further and to take account of the lessons learned within the current LAA framework. There will be further consultation about the future arrangements taking account of the emerging evaluation data.</p>
<p>An agreed statement of what constitutes underperformance, the ladders of intervention, and provisions for possible exit for the agreement in extremis.</p>	<p>There will need to be a clear agreement about what will happen in the event of a risk of not meeting an improvement target. This is likely to be covered in the new external assessment and intervention strategy.</p>

ANNEX C

Local Government and Public Involvement Health Bill: Commons Committee stage – Statement of Intent

NOTE FOR THE COMMITTEE ON CLAUSES 78 TO 91 – CO-OPERATION OF ENGLISH AUTHORITIES WITH LOCAL PARTNERS THROUGH LAAS

Purpose of this explanatory paper

This explanatory paper explains the background to the provisions at clauses 78 to 91 of the Local Government and Public Involvement in Health Bill which seeks to improve the co-operation of English authorities with Local Partners through Local Area Agreements (LAA). It also includes an outline of the issues that, subject to formal consultation, we would expect to include in such guidance.

Background/Why is the new guidance making power needed?

We are seeking to broaden the scope of LAAs to become the main delivery agreement between central government and a local area and which is at the heart of the new performance framework set out in the recent Local Government White Paper.

We are also seeking to create a formal framework of co-operation between key strategic partners to enable the transparent agreement of targets within the LAA. Implementing these provisions effectively will require statutory guidance.

Scope/To whom would the statutory guidance apply?

Guidance issued under clauses 78 to 91 would apply to all local authorities and partners as outlined in clauses 78 and 79 in England.

Principles for preparing the guidance

In exercising the powers under clauses 78 to 91, we envisage the guidance issued by the Secretary of State would be:

- strategic – providing an overall framework for the delivery of better outcomes including responsive services and empowered communities;
- permissive – not prescriptive or based on processes, but providing lots of room for local flexibility;
- generic – so it can be applied to different policy/service areas and different types of authorities, depending on circumstances;

- produced as part of a comprehensive and coherent package of guidance in line with the Local Government White Paper Implementation Plan.

What issues are covered in this note and might be expanded on in the proposed guidance?

The proposed guidance may cover:

- I. Local Area Agreements – the legal framework
- II. Targets in the LAA – the basic model of the new statutory LAAs
- III. Why include both local and nationally-negotiated targets?
- IV. The link to the Sustainable Community Strategy
- V. The National Indicator Set
- VI. LAAs and risk management
- VII. The LAA grant and the relationship between the LAA targets and mainstream funding
- VIII. Roles and Responsibilities
- IX. The process and effect of designation

Set out below using these headings is an indication of the content to be covered in the statutory guidance to accompany these provisions if enacted. In addition we are also likely to issue non-statutory operational guidance during Summer 2007, where some of these issues may also be touched on when they do not relate directly to the Bill.

Local Area Agreements – the legal framework

The Bill seeks to establish a formal framework for co-operation around a new statutory LAA, in particular it will create:

- A duty on lead local authorities (that is, County authorities, Unitary authorities, London borough councils, the Council of the Isles of Scilly and the City of London) to produce a LAA and to consult and seek the participation of named partners and such persons as they consider appropriate.
- A duty to produce a Community Strategy was introduced by section 4 of the Local Government Act 2000. The Bill seeks to extend the requirement on local authorities to “consult and seek the participation of such persons as they consider appropriate” specifically to require lead local authorities to consult and seek the participation of the named partners.
- A duty on local authorities and named partners to co-operate with each other to agree targets relevant to themselves in the LAA.
- A duty on named partners to have regard to relevant targets in the LAA.
- A duty on the lead authority to have regard to its Community Strategy when preparing the LAA.

These legislative changes will not create a 'statutory Local Strategic Partnership' (LSP) i.e. a body with its own legal status capable of, for example, directly commissioning services or holding a budget. Instead the LSP will remain a voluntary partnership of individual partners focused on agreeing and delivering on agreed targets laid out in a LAA. The roles and responsibilities of LSPs and the individual partners within them will be set out in the statutory guidance.

Targets in the LAA – the basic model

LAAs will consist of a base set of pre-existing statutory educational and early years targets (presently 18), up to 35 nationally negotiated targets (See 'The process and effect of designation') drawn from the national indicator set (of approximately 200 indicators) and may also include purely locally-agreed targets. These locally agreed targets, drawn from the Sustainable Community Strategy will be of prime importance and relevance to local people and developed by Local Authorities and their partners to reflect local aspirations. It may be that in an area of high-performing public services which requires fewer nationally designated improvement targets, the locally-agreed targets may form a larger part of the LAA.

It will be the responsibility of the lead local authority, in consultation with other LSP partners to produce a LAA and to negotiate and reach agreement with central government on the targets set out in it. Once agreed, the local authority and partners will work together through the LSP to ensure that progress is made towards achieving the targets. The Bill imposes a duty on the authority and partners to have regard to the targets relevant to them.

Why include both local and national negotiated targets?

The purpose of including both the local improvement targets that are agreed with and reported to central government and those that are not, in one Local Area Agreement that is signed off by the Secretary of State, is to ensure that there is a single set of priorities for an area to avoid the proliferation of targets and subsequent reporting that exists at present. Removing alternative performance management arrangements should ensure that the LAA is genuinely **the** delivery agreement between central government and local government and its partners. If there were local improvement targets that were not part of the Local Area Agreement, they would fall outside and would therefore not benefit from, the scope of the framework for co-operation introduced by this Bill.

Moreover the logic to identifying priorities through the Sustainable Community Strategy (see next section) is that the local partners may want to identify in the LAA the important local priorities that may already be going well but that they want to maintain at a high level.

This model allows for all of the targets to be in one Local Area Agreement whilst ensuring that the local, non-designated targets are purely discretionary, that they can be amended or dropped by local partners without the intervention of central government and that they will **not** be reported on to central government (although areas will have to report on the full national indicator set to which some of the local targets may well relate).

The link to the Sustainable Communities Strategy

Community Strategies were established through the Local Government Act 2000. This required local authorities to draw up a community strategy ‘for promoting or improving the economic, social and environmental well-being of their area and contributing to the achievement of sustainable development in the United Kingdom’. (Part 1, Section 4 LGA 2000).

Following the 2004 Egan Review, it has become clear that the Community Strategy needs to become more strategic and should take a more cross-disciplinary and integrated approach to social, economic and environmental issues, with priorities agreed only when any trade-offs between these concerns have been identified and minimised. Government agrees with the Egan recommendation that these should be reshaped into Sustainable Community Strategies. The Local Government White Paper reinforced this principle by stating that the development of a Sustainable Community Strategy ‘is at the heart of creating sustainable development at the local level’.

By explicitly linking Sustainable Community Strategies and Local Area Agreements (Clause 81, (2)(c)(i)) we aim to make it clear that the LAA must be informed by the Sustainable Community Strategy’s analysis of need and its longer-term priorities.

The national indicator set

Government will set out a single set of national priority outcomes for local authorities working alone or in partnership, reflecting decisions in the Comprehensive Spending Review (CSR07). They will be measured by a single set of national indicators against which all relevant partners will report.

Each indicator will have:

- i) a reporting frequency assigned to it based on the nature of data collected e.g. quarterly versus annually; and
- ii) a spatial element based on the appropriate geographical level for the indicator e.g. county-wide or district-level

LAA's and Risk Management

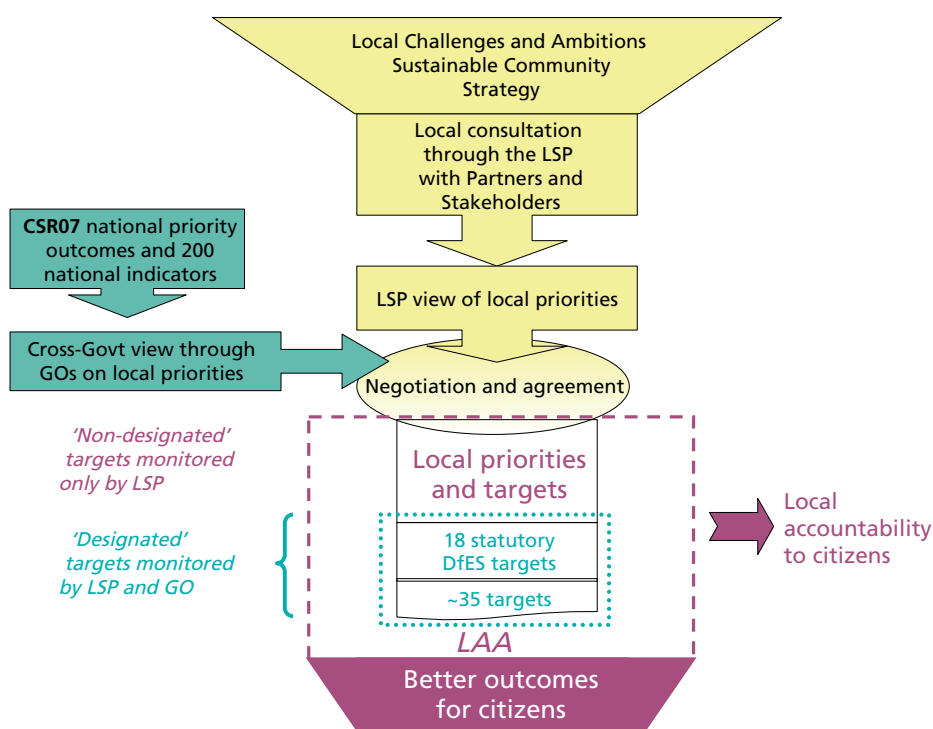
As set out in the White Paper, the indicators will cover reporting required for the delivery of services by local authorities either alone or in partnership with others. The local services inspectorates led by the Audit Commission will carry out an assessment of the risks that exist in each area and how well those are being managed. This will form part of the Comprehensive Area Assessment (CAA) which will replace Comprehensive Performance Assessment (CPA) and some other major inspection programmes. It will highlight amongst other things, where there is a risk to delivery in the locality. The assessment will inform the negotiation of the LAA.

In the future LAA framework there will be a single annual review informed by the CAA. The CAA will bring together four assessments; risk assessment, direction of travel, use of resources and performance against the national indicators. At the annual review the local authority, their partners and Government Office will take stock of progress in meeting targets and consider what new priorities may have emerged, and where data indicates significant concerns for delivery of services or achieving the objectives of the Sustainable Community Strategy. The annual review will be used to respond to these issues and consider whether it is appropriate to negotiate changes to the national/locally agreed improvement targets.

The LAA grant and the relationship between the LAA targets and mainstream funding

Of critical importance is the fact that LAA targets are no longer based on what funding streams are being pooled, but are based on an assessment of performance and need, assessed against the National Indicator Set described above. In effect all funding streams in an area now support delivery against the indicator set and improvement targets.

Figure 1: Our vision of the overall framework



ROLES AND RESPONSIBILITIES

Lead local authorities – what will be expected?

Lead local authorities will be put under a duty to produce a LAA in consultation with named partners and such other persons as appear to it to be appropriate. Statutory guidance will make it clear that this includes voluntary, community and private sector representatives (which cannot be specified using legislation)². In addition, lead authorities will be responsible for ensuring effective partnership mechanisms, including internal performance management.

² Also note the new duty on **best value authorities** (except police authorities who already have similar duties) to inform, consult and involve representatives of local people in their activities where appropriate (clause 106).

Designated targets may be the joint responsibility of the lead authority and a named partner, but only with the agreement of the named partner. Similarly, local priority targets may be agreed between any named partner/s. The lead local authority will **not** be able to impose targets on named partners.

What will be expected of partner authorities?

The local authority is one of many public service providers in a locality. The Bill seeks to name those bodies that provide key services to the local community in some capacity and which are named in statute, or have a statutory basis.

The list of bodies named in the Bill is set out below.

- Unitary and county authorities
- District authorities
- The Environment Agency
- Natural England
- Fire and rescue authorities
- Jobcentre Plus
- The Health and Safety Executive
- The Broads Authority
- National Park Authorities
- Youth Offending Teams
- Police authorities
- Chief Officer of Police
- Local Probation Boards
- Primary Care Trusts
- Joint Waste Disposal Authorities
- Regional Development Agencies
- The Learning and Skills Council
- Sport England
- English Heritage
- Highways Agency
- Metropolitan Passenger Transport Authorities

We will seek to add the Museums, Libraries and Archives Council, the Arts Council, Transport for London, NHS Trusts and Foundation Trusts to this list of partner authorities by Government amendment. The Bill provides for the list of named bodies to be amended by order after Royal Assent.

In order to ensure effective consultation, agreement of targets and efficient delivery against them, partners will be expected to enter into a level of engagement which produces sensible and functioning partnership working and joint planning. The type of involvement that is appropriate will be likely to differ depending on the body in question and the characteristics of the locality therefore the details will need to be negotiated between partners at the local level. The possible methods of engagement could include representation on the LSP Board; involvement through the relevant thematic partnership (e.g. Crime and Disorder Reduction Partnership); face to face meetings, secondment of staff to the LSP central team, or considering and determining LAA and Sustainable Community Strategy drafts. The practical implications of the duties for the different named partners will be expanded on in the accompanying statutory guidance.

However it is important that central government does not become overly prescriptive of the way individual agencies set about working in partnership. These agencies vary a great deal in terms of how they are constituted and resourced and as such, it would not be practical or appropriate for us to specify in legislation how they should all operate in each area, particularly as the level of involvement necessary in each area may well differ given the severity or otherwise of the issue to be tackled.

What does this mean for district councils and their LSPs?

District Councils remain subject to the requirement to produce a community strategy for their area in partnership with the public sector service providers, private, voluntary and community sectors.³ As most are already successfully doing, District Councils are expected to convene an LSP bringing together the local partners in order to develop a shared understanding of the particular needs and priorities of their area. In particular we will continue to expect district LSPs to:

- act as the over-arching co-ordinating partnership, ensuring that links are made between the local thematic partnerships, such as Crime and Disorder Reduction Partnerships;
- take responsibility for cross-cutting issues that have been identified as critical to the locality and,
- ensure that district-level plans such as the Sustainable Community Strategy and Local Development Framework take account of county-wide priorities and that district level priorities are considered, and where appropriate reflected, at the county level i.e. through targets in the LAA

What will this mean for partners who are not named as service providers and community representatives?

The LSP *must* represent the full range of service providers as well as the local community. It is critical that non-statutory organisations including voluntary and community groups and businesses are part of the LSP and consequently part of the process for determining targets. This could be as members of the LSP, its thematic partnerships or by other routes of engagement. However, due to their non-statutory nature it would not be straightforward for them to name each and every one in legislation, nor would it necessarily be desired by these partners.

Local authorities as the overall convenor of the partnership will need to ensure that all such organisations and individuals are provided with a range of opportunities to participate in and influence the determination and delivery of local priorities (in line with their existing duty to consult on the drawing up of the Sustainable Community Strategy). The Bill provides an opportunity for service providers from the Third Sector and business community be involved where appropriate, in sharing responsibility with the local authority for developing and delivering against targets set in the LAA. Again, this will be expanded on in the statutory guidance.

3 s4 Local Government Act 2000 and statutory guidance

The LAA negotiation process and the role of Government Offices

The 9 Government Offices will continue to represent Central Government in the negotiations with local authorities and their partners to develop the approximately 35 targets in the LAA likely to be of interest nationally. In doing so, the Government Office will draw on its knowledge of the local objectives and any tensions that are likely to arise between the national and local perspectives. We are strengthening the capacity of Government Offices to carry out this task through the implementation of the recent GO review. The legislation does not describe this critical but informal negotiation process as this would be impossible without creating a highly bureaucratic and inflexible process. We will, however, set out the broad parameters for this negotiation in operational guidance (see also section on the LAAs and Risk Management).

The sign-off role for central government

LAAs are an agreement between local authorities, their partners and central government, negotiated by the Government Offices. Once agreed, the LAAs are passed to the Secretary of State for formal legal approval (this in effect gives legal effect to the current situation whereby LAAs are passed to the Secretary of State for final sign-off). The Secretary of State for Communities and Local Government will seek the agreement of the Cabinet using the Local and Regional Government (LRG) Cabinet Committee before signing the LAA on behalf of Government.

The process and effect of designation

At the point of approval we would expect the Secretary of State to determine which of the targets are the approximately 35 'designated targets' i.e. the ones which are of interest from a national perspective which have so far been referred to as nationally negotiated targets. The effect of a designation is that the target may not be amended or removed except with the approval of the Secretary of State. The reason for this is that these designated targets represent the targets which central government has signalled are its key interests for the area.

For this reason progress against designated targets will also be required to be reported on to the Secretary of State. In line with the White Paper commitment, we will also be clear in the statutory guidance that those targets which are *not* designated, the purely local targets, will *not* be reported on to central government. In addition, local targets may be removed or amended or further local targets added without the involvement of the Secretary of State. We believe that this is appropriate as these will be purely local matters.

Allowing a month for targets to be designated is purely an issue of the formal process. It will be clear to all when the Local Area Agreement is submitted, following negotiation and agreement with local areas, which targets are the ones likely to be designated and which are purely local. Therefore in practice we would expect the Secretary of State to approve the Local Area Agreement and designate targets at the same time. Providing for a one month window is purely to allow for some limited administrative flexibility given the number of Local Area Agreements likely to be submitted at the same time.

Revising the LAA

Once the LAA has been approved it exists for the length of time agreed. We expect this to continue to be for 3 years. During the life of the LAA the Secretary of State can require a local authority to produce a “revision proposal” for any of the remaining indicators within the national set if subsequent data raises significant concerns about performance. A revision proposal may also be put forward by a local authority in co-operation with its partners without a specific request from the Secretary of State and may not result in more designated targets.

The Secretary of State may revoke a designation. This will allow the Government to respond to changing circumstances. For example, if it becomes clear to the Government that police resources needed to be concentrated on security measures, designations of other targets relating to the police may be revoked to free up resources.

Next steps

We will engage closely with key stakeholders in working-up the draft statutory guidance. Subject to Parliamentary approval, we would formally consult on the draft guidance after Royal Assent, with a view to publishing the final guidance ahead of the 2008/09 financial year.