

LOCAL AREA AGREEMENTS: SHARING GOOD PRACTICE IN THE NORTH EAST

Tuesday 19 December 2006
The Sage Gateshead

CONFERENCE NOTES

This was a joint Association of North East Councils and Gateshead LSP conference with financial support from the Improvement Partnership for North East Local Government.

Welcome

Councillor Mick Henry, Chair, Gateshead LSP and Association of North East Councils and Leader of Gateshead Council

The event was chaired by Councillor Mick Henry who outlined the aim of the event, which was to have a dialogue with partners about their experiences and views on the LAA process, particularly in light of the Local Government White Paper (LGWP). He was pleased that Phil Woolas, Minister for Local Government and Community Cohesion, was addressing the conference.

Councillor Henry started by saying that he felt that LAAs were developing as a tool to help with place-shaping. There had developed a mature dialogue between central and local government as originally envisaged. LAAs were beginning to pay off. They were helping to develop mature partnerships that added value by allowing lateral thinking between partners to find solutions to local problems.

Place shaping meant genuine partnership and leadership: being visionary, making bold decisions, engaging with communities and making a real difference on the ground. The region was seeing evidence of this: councils' star ratings meant the north east was the best performing region in England and many LSPs were performing well. The region's economic performance was improving too.

LAAs had helped Gateshead in delivering excellent basic services whilst providing space to be creative. They had helped to reduce teenage pregnancies, increase life expectancy, increase employment and put 500 extra young people on summer activities with no increase in resources but by pooling funding.

For the region, LAAs in rounds 1 and 2 were pooling about £31 million and were in receipt of about £8m pump priming money. If all its targets are met, the region would stand to receive about £30 million of reward money. Councillor Henry stressed the significance of the potential impact once mainstream resource was included.

Councillor Henry concluded by setting out four key things upon which the LGWP challenges the region:

- to deliver on our side of the deal so that Government would be expected to deliver on its promises of further devolution and to step up to the challenge of community leadership;
- to focus on place rather than institutions, working in true partnership through LAAs, to deliver a sense of place;

- to raise economic prosperity by being ambitious and unique and to engage even more closely with those organisations responsible for economic improvement, and
- to think big, beyond boundaries and beyond Britain, but to make this relevant to neighbourhoods.

What do we want from the LAA process?

George Garlick, Chair, Improvement Partnership and Chief Executive of Stockton on Tees Borough Council

Mr Garlick explained that Stockton was a pilot area and during the life of the LAA there had been a range of benefits including joining up of services, strengthened partnership working, shared responsibility for targets, and pooling of resources. Despite the progress made, he felt there was still more to do in terms of identifying new ways of taking the devolutionary agenda forward and working at all spatial levels. The debate over the next year about what should be done at which spatial level would be crucial and local authorities' place-shaping and community leadership roles needed to be reflected in this debate.

He felt that LAAs were a key part of the devolutionary agenda and central to the place-shaping role. The focus in the LGWP on Multi Area Agreements (MAAs) was important and local authorities and partners were beginning to explore the concept as a means of key economic and infrastructure challenges that span local authority boundaries. He added that the White Paper brought other tools, including increased focus on leadership and place shaping, more area based funding into LAAs (which would rise to £4.7 billion in three years), the removal of the four funding block structure, clarity on the role of districts and a streamlined performance framework which would be particularly welcome.

The North East was stepping up the ante by developing collaborations of local government and stronger partnerships with other agencies. Regional work which had helped to develop thinking had been supported by ANEC.

The region's challenge now was to use the permissive approach of the White Paper to push the boundaries. As well as exploring MAAs, the role of city-regions could impact significantly. The new duty to co-operate with partners would help engagement in some areas. All of this should be pro-actively used to help shape what we want LAAs to be and to deliver for the region.

Mr Garlick noted that there were national reviews that would also have an impact on LAAs in 2007, i.e. the Lyons Inquiry, the Treasury's Sub-National Review of Economic Development and the Comprehensive Spending Review 2007 (CSR). In particular he stressed that the region needed a positive outcome from the CSR in order to have the capacity to deliver. Other areas that impacted on the capacity to deliver were identified as aligning funding behind the LAA outcomes, shaping programmes with partners to deliver the new agenda and not becoming complacent. He added that the region was doing well at supporting itself through the work of bodies like the Improvement Partnership for North East Local Government and that this was essential in ensuring Government devolves more powers to local levels. Furthermore, the recent decision to bring together the management of the Improvement Partnership, Centre of Excellence and North East Connects was a demonstration of the region's commitment to secure better joining up and efficiencies in the use of public money.

In summing up he identified how the region could help itself, i.e. through LSP development, collective action and a commitment to skills development. The Government could help by giving genuine devolution of powers, greater flexibility in funding streams, good outcomes for the region from the national reviews, support for further collaboration, strategic roles for regional organisations and resources for continuous improvement. To conclude he felt that the Government was moving in the right direction and that this should be supported. He advised using the LGWP's permissive tone to the full and take advantage of the opportunities it provided to help the region achieve its ambitions.

ROUNDTABLE DISCUSSIONS

Four topics were identified for discussion by delegates. Four speakers provided brief overviews of the topics to help inform debate.

The role of elected Members in LAAs: Councillor Peter Hillman, Deputy Leader, Northumberland County Council

Councillor Hillman said that the LGWP presented exciting opportunities for elected Members to have an effective role in LAAs, particularly in terms of place shaping and influencing community strategies. He felt that LAAs were an opportunity to show leadership in addressing local problems in a co-ordinated way. He pointed out that the long term aim was to have communities involved in their own futures, working together to make things happen. He said there was an assumption that effective scrutiny aided strategy and decision making, however in the past scrutiny had not always been used as fully as it might as part of the policy process but Members were now becoming more confident in their scrutiny role. He hoped the LGWP would help local authorities address that; if scrutiny was improved partnerships could be better informed and it would lead to better decision making. In relation to the LGWP Community Call for Action (CCfA), which was where an individual or community could seek redress on a local issue, he felt that this was not a new concept. He said Councillors had been fulfilling that responsibility for many years in their role as community champions. He therefore welcomed the affirmation particularly given the additional weight it would bring for back bench Councillors. He concluded by saying that local government needed to be accountable to the community, and the community focus was a key theme within the LGWP.

Questions for Discussion

- what needs to be done regionally to support elected Members in relation to LAAs/Scrutiny/CCFA? and
- do any leadership challenges remain that may impede the scrutiny process?

Key themes from table discussions

- strong political leadership is needed for developing a vision and place shaping;
- there is an assumption that Members represent local authorities as corporate bodies on LSPs rather than their being there as community representatives. There is a need to articulate the added value that elected Members can bring to the LAA process in recognition of their full roles;
- given the volume of resources due to flow through LAAs, it is imperative that the framework for accountability for spend and delivery of outcomes is clear and agreed;

- the importance of the Member is the connection between local people and the agencies/council that deliver the services to meet those people's needs;
- some Members feel disassociated from LSPs;
- it is important to effectively scrutinise LAAs, to examine the impact of LAAs on the ground so that LAAs lead to better delivery of services;
- performance related pay needs to be considered in relation to Members' wider roles;
- it is important to ensure all Members understand LAAs. Training through the Member development element of the Improvement Partnership should be considered;
- commitment from partnerships and other organisations to LAAs is needed; it may be worth doing a regional event around the duty to co-operate;
- the scrutiny role needs to be well managed, mature, open and transparent. There is strength in cross party engagement in this process. An election process for scrutiny could be considered to get positions from amongst elected Members rather than through a nomination/appointment process. This may be a particular issue for two-tier areas;
- local authorities need good support/research for the scrutiny process with a robust evidence base if it is to become an effective part of the policy development process;
- there is a need to support the role of Councillors in their community leadership role. A task and finish group on engagement in the policy making process would be useful.

Performance Improvement Framework: Lorraine O'Donnell, Assistant Chief Executive, Darlington Borough Council

Dr O'Donnell welcomed the proposal in the LGWP to develop a single performance framework around a sense of place as she felt it provided an opportunity for significant improvement over the existing performance regime. It encouraged areas to take responsibility for identifying indicators, targets and improvements that reflect their locality. She pointed out that scrutiny would be a key focus of the new performance framework, and felt this would need a mature relationship with the Audit Commission and a focus on relationships within LSPs. She explained that within the new performance framework there would be a shift of emphasis from 'inspection' to 'assessment of risk' and from 'institution' to 'place'.

Questions for Discussion

- what do we need to do in the region to ensure we influence the Audit Commission in their thinking from now to 2009?
- what elements of the current performance regime are working well that we'd like to preserve as part of the new arrangements and what would we like to lose? and
- what needs to be done locally to prepare partners for assessments etc around a sense of place and thus increase the chances of meeting targets in the LAA?

Key themes from table discussions

- there needs to be a focus on local performance indicators coupled with an understanding of how they reflect what is to be achieved around the sense of place;

- the Audit Commission should aim to reinforce a sense of place across Government Departments and within its engagement in the LAA process nationally and locally;
- focusing on difficult issues means local authorities putting their 'necks on the block';
- it is important to ensure that a focus and impact on neighbourhoods is reflected in LAAs and MAAs;
- a blanket approach to aggregating data about the locality from various inspections / sources is not appropriate. Negotiations with GONE have improved with an increased understanding of the sense of place;
- issues around performance assessment of LAAs in two tier areas;
- corporate performance assessments are now more focussed on partnership working and community engagement and therefore very relevant to the LAA process. The proposed move towards area based assessments will strengthen this further;
- public and partner engagement/consultation in Audit Commission assessment processes has provided a more rounded view of individual services and organisations as a whole and therefore provides a better basis for service improvement;
- single pot LAAs (where these have been allowed) have worked well to support local priorities;
- moving away from the four blocks and aligning the LAA with the Community Strategy and Neighbourhood Renewal Strategy (where appropriate) has provided clarity, a greater level of focus on high level priorities and improved partner understanding and support for the LAA;
- the performance management process for Neighbourhood Renewal Fund has worked well for most local areas and the external validation of LSP performance management frameworks has helped to improve performance management generally;
- the increase in mandatory indicators has led to greater centralisation, so the new ambitions for LAAs is welcomed;
- the recent refresh process was thought to be too bureaucratic;
- there has been an increasing reliance in the performance framework on perception-based measures to determine improvement. Surveys are not always annual, results can be volatile and therefore not necessarily reliable and the data collection process is costly although important;
- discussions around 'pooling' and 'aligning' have proved a distraction to partnerships in certain instances; the terminology has not been helpful. In most cases grants have already been committed and the majority of funding has, in essence, already been pooled. The focus should be on developing sound commissioning arrangements to ensure grants are used to best effect and support the delivery of LAA outcomes and targets;
- any new performance framework should build on the strengths of the existing processes already in place - not necessarily replace them;
- as the CPA process moves to an area based assessment, the performance management of the LAA and the role of the Government Office needs to be considered. The two assessment processes need to merge and the responsibility for monitoring LAA outcomes needs to be clear to avoid duplication or misunderstanding;
- performance management arrangements should be set within an overall vision/purpose for local government and LSPs, based on, for example, sustainable communities, quality of life, happiness, and economic vitality;

- as far as possible, performance measures should have a direct relationship with a locality's aims, and the measures should be as few in number as necessary to support delivery. This would free up time and energy to deliver on partnership outcomes. Inspection frequencies should be reduced (3 yearly?) with greater emphasis on accountability horizontally between partners rather than up to Government;
- local areas should have the responsibility to agree flexible, relevant and unique performance measures to deliver progress against the overall vision – allowing the uniqueness of each local authority area (and neighbourhood within it) to develop distinct identities based on local analysis and partnership working;
- it would be useful to focus on the importance of 'how' to achieve objectives as opposed to only measuring what has been achieved, using the balanced scorecard as a possible methodology. This would mean that achieving economic objectives in a way that empowers the community, for example, would be more valuable than achieving the same objectives without empowerment;
- performance assessment has become too nationally driven. The LAA still has too many national indicators and targets (e.g. Employment Rate);
- what we are measuring is not always right, i.e. it is not put into the local context;
- it is good news about the new area assessments. The judgement in future area assessments will be around ability to improve jointly, therefore better and more focused partnership working will be possible;
- the risk-based assessment must not support risk aversion over innovation;
- because of bureaucracy and process, the current performance framework does not lend itself to community involvement. Local responsibility to develop indicators and targets will help;
- the timescale of the LAA (3 years) should not constrain longer-term visioning and planning; and
- the performance framework needs to be able to assess the impact of the LAA.

Multi Area Agreements (MAAs) : George Garlick, Chief Executive, Stockton on Tees Borough Council

Mr Garlick outlined what was happening in the Tees Valley around MAAs. He pointed out that this was a new development and as such, MAAs were very much an unknown entity. From the Tees Valley perspective it was about, at the city region level, identifying a detailed investment strategy for the future around regeneration, housing, tourism and transport. In order to do this it needed resources, devolution and flexibility from the Government. Mr Garlick explained that the MAA was like a LAA but it covered more than one area; in the Tees Valley it covered five Boroughs and LSPs. The outcome was intended to be the agreement of shared targets and pooled resources across the five areas. He asked delegates to think about MAAs as an extra tier of LAAs, to consider what message should be stressed to the Government and what governance arrangements would be needed.

Questions for Discussion

- what does the region need to make MAAs work? and
- what message should we be stressing to inform the sub-national review of economic development to promote the right level of devolution and thus help make MAAs work?

Key themes from table discussions

- in order to work effectively, MAAs need leadership, good data and sharing of information, devolution of funding to the appropriate level, commonality of language, co-operation, high level buy in, and clarity around boundaries;
- the key messages to Government should include:
 - existing partnerships are already working – Government needs to be responsive to requests for powers that support MAAs developing to add value to existing arrangements;
 - there is a need for clarity around existing (local) stretch targets and if / how MAAs can add to this stretch;
 - there is a need to communicate the role of MAAs to communities and localities;
- there is a need to consider what we want to deliver, identify the best vehicle and spatial level for it for it and to consider how MAAs come together regionally;
- there is a real appetite for MAAs in the region;
- there are good examples of joint working across boundaries, e.g. Local Enterprise Growth Initiative (LEGI), within county areas: MAAs could be a way of re-branding existing cross-boundary work as well as developing new areas;
- a clear statement is required of what a MAA would be for the region;
- there is a need to consider if the MAA could include time limited issues with specific outcomes;
- the MAA could bring together common outcomes from LAAs, e.g. developing the voluntary sector and delivering green agenda, where we could pool resources and effort;
- the LGWP does not provide much detail about MAAs, which the region should use to its advantage in shaping what we want them to be;
- MAAs could bring together joint outcomes from a range of LAAs;
- there is a need to balance an understanding of the wider labour market at sub-regional level whilst ensuring local and neighbourhood impact;
- what problems are we trying to solve with the MAA that extend beyond local authority boundaries?
- what is delivery at a local level going to look like?
- do we need a regional or sub-regional sustainable community strategy of which the MAA could be the delivery agent? and
- MAAs could be a lever to engage partners, especially those operating at a greater than Borough / District level.

Third Sector and Community Involvement : Brenda Fordy-Scott, Chair, Castle Morpeth LSP

Ms Fordy-Scott gave an overview of her experience in Northumberland. She said that local community groups were key to LAAs but acknowledged there were lots of them and therefore difficult to identify. She said that Castle Morpeth had a good dialogue with community groups but there were still those that could not be reached.

She had a vision to hold a big stakeholder event to identify who was out there and identify how to engage with them. She said that people needed encouragement and support to help shape places. Ms Fordy-Scott stressed the importance of involving community centres and groups and she acknowledged the critical role of Citizens' Advice Bureaux. She said that the third sector could help to deliver local initiatives and be scrutinised in that delivery, however they needed the support of the LSPs and they needed to be encouraged by Members. She felt that the LAA process recognised the contribution of the third sector as being key in helping to shape places.

Questions for Discussion

- how can the sector's expectations be managed within the LAA process, e.g. with regard to access to resources?
- how can the sector in the region position itself to influence the work of CLG and national umbrella bodies to establish a standard by which the sector will represent itself on LSPs, thus informing negotiations around LAAs? and
- what can be done regionally to enhance the sector's role in delivery of services?

Key themes from table discussions

- the expectations and ambitions of the sector are no different from those of other sectors and it is right that the sector is an integral part of decision-making;
- in order to have influence the sector needs to have a strong voice and be enabled to empower communities – LAAs need to help them to do this. If we want to ensure the sector is positively involved it needs something in the performance management arrangements that makes the LSP accountable for ensuring they involve the sector. It follows that the sector needs to be built into governance arrangements. Discussions with the Audit Commission would help;
- an 'Improvement Partnership' (and indeed NEC and NECE) to build capacity for the voluntary sector would be useful in terms of providing the support needed to engage to a greater level. Development alongside elected Members would be valuable to promote mutual understanding. Equally, lobbying for three year funding would be helpful;
- the sector should articulate what it wants from the 3rd sector review and encourage a regional response;
- there was concern that the sector could lose its identity, integrity and individuality by becoming mainstreamed into public sector delivery and the LAA process;
- the Compact is the framework for partnership working;
- representation of the sector and effective challenge and support of infrastructure is needed;
- this could be an opportunity for more co-ordination of funding for the sector;
- value for money, performance monitoring, communication skills and stronger partnerships within the sector are needed to engage effectively;
- the sector needs effective representation at regional level – this is an opportunity for VONNE;
- collaboration needs to be promoted within the sector;

- an understanding of the process is essential – a capacity building process, linked to that of elected Members, would be helpful for mutual understanding. The role of back benchers in this needs to be recognised.

FEEDBACK FROM DISCUSSIONS

Annette Stansfield, Regional Associate, IDeA, gave her observations on the table discussions. On the role of Members it was vital to get them involved in the process now, through Member training and developing a greater appreciation of LAAs.

On the involvement of the Third Sector, it was a great opportunity to speak to ‘real people’ and the LAA process needed that emphasis. Key issues had been around finding a meeting place for all cultures, plus the need to share good practice across sectors.

On performance management, there was an acknowledgement that increasingly the partnerships would include central government. It was therefore suggested that there was a role for the Audit Commission to look at the role of central government in partnerships.

On MAAs it was felt that the key was strong leadership and clarity around added value. There was also a point on being clear about not ‘stretching the stretch’ and the resources that were needed.

Ms Stansfield concluded by stressing there is clearly a strong will to collaborate in the North East.

PHIL WOOLAS, MP, MINISTER FOR LOCAL GOVERNMENT AND COMMUNITY COHESION

Mr Woolas pointed out that LAAs were a specific manifesto commitment, and by April 2007 there would be LAAs in every area in England. As more funding streams would be channelled through the LAA rather than local authorities’ Revenue Support Grant (RSG), resources flowing through LAAs would go up from £½ billion to £5 billion in three years.

He was pleased with the development of the MAA concept in the Tees Valley, and added that LAAs needed to take greater responsibility for economic development in real partnership with the private sector and the RDA.

He said that the LGWP was a devolutionary document and that ten years ago local government was demoralised; since then there had been real terms increase in investment and funding. This was a new era for local government.

Turning to performance management, he felt the current process to be heavy handed. He said the next 14 months would see significant change, and there would only be 200 indicators (as opposed to the current 600-1200) and around 35 national mandatory outcomes. The national outcomes would be bespoke to each local authority area, placing a responsibility on local leadership to articulate its sense of place through the performance management framework.

He referred to the sub national review of economic development, in particular in relation to city regions, stating that strengthened partnerships were key to progress on city-regions.

He was aware of arguments around the level of funding in the region but pointed out that there had been a general funding increase in the region of 46% since 2000/01. The North East was second only to London in terms of spend per head. He added that by 2008 the region would have received 13% of the national allocation of Neighbourhood Renewal Fund. There had also been 14 allocations from the Safer and Stronger Communities Fund which amounted to £22 million up to 2009/10.

This had helped to impact on change in the region. Gross Value Added (GVA) showed the North East to have the biggest growth rate in the UK. It was noted though, that the region was still 20% below the UK average.

He announced that in 2007 the Government was looking to pool £128million through much more locally aligned funding. One of the many benefits would be broader partnerships. As well as benefits of aligning and pooling resources, it was his ambition to see 'swapped budgets'. He said there were already good examples of this working, e.g. Gateshead was working with its PCT to reduce teenage pregnancy rates, where more than one agency benefited from changes in policy locally. The LGWP provided for all strategies to be embedded in a legal framework through the duty for partners to co-operate. The LAA framework encouraged partners to work together with a best value duty to consult and devolve. By 2008 he said there would be radical changes in the framework, through refreshed LAAs, a new performance framework, a duty for partners to co-operate and the local development framework.

Mr Woolas outlined other upcoming developments which included the Local Government and Public Involvement in Health Bill which was to have its second reading in January 2007, and was the first time since World War II that the two disciplines had been brought together in a single Bill. The Bill would receive royal Assent in the summer and come into force in April 2008. On inspection, Mr Woolas reported that by 2009 the Audit Commission would be the only local services inspectorate. He also pointed to the forthcoming three year funding settlement for local government which would include three years of RSG, Neighbourhood Renewal Fund, and Supporting People Grant. Partner funding streams would also be aligned to this. This would require strong leadership and a minimum three-yearly discussion locally about goals. He acknowledged, however, that in moving to a three year settlement, issues about which there had been some concern in the region, such as population statistics, needed resolution.

To summarise Mr Woolas said there would be three years of financial stability alongside a new performance framework and a refreshed LAA framework. He said it was about taking responsibility and providing leadership so that more powers could be devolved from the Government.

Questions and Comments

What are CLG's ambitions for the outcome of the sub national review of economic development?

Mr Woolas replied that the Government's ambition for the review was to see economic development within the context of the economic role of authorities and partners and economies within regions. He said the desire was for sound governance arrangements but within a devolutionary framework. He felt it was unlikely that the same model would be used for all regions as the differing economies would mean one size would not fit all. The review was about identifying what was best done where and what was needed to achieve this.

The three year settlement for local authorities was welcomed as it allowed for better planning. However, population figures in Newcastle had been underestimated by 15,000. Would the three year settlement mean that this could not be revisited until the three years is up or is it flexible?

Mr Woolas said that yearly funding used up massive resources and therefore three yearly was better. With regard to the population discrepancy he reiterated that the Department could only work with the best figures they had, and the problem had to be addressed before the next round in order to iron out any anomalies before getting to the three year settlement.

Could the Minister bring his political influence to bear with the Department of Transport on transport links in the region?

In response Mr Woolas said that devolution was important and that ambition was realised through the LAA process so that capital as well as revenue could be better aligned. He was happy about the concept of a capital based LAA, and the co-operation of transport bodies, such as the Department of Transport was hugely important.

The expenditure highlighted in the speech was very much welcomed, but the region's challenges were clear, for example the high level of benefit payments, which meant the region needed the resource.

Mr Woolas acknowledged the underlying fundamental problems and agreed that it was a relative situation.

Councillor Henry closed the event by saying it was the responsibility of all to drive the agenda forward by getting together to discuss the LAA framework. The outcomes from today's event would be circulated and used to inform policy development in the region, through, amongst other things, the Association of North East Councils' LAA Roundtable Group of senior officers. He said to the Minister that the region was ready for the challenge and encouraged the Government to 'let go'. He asked the Minister to trust the region to help itself and its people.