

## **AGENDA ITEM NO. 5**

**REPORT TO:** Halton Strategic Partnership Board

**DATE:** 28 September 2005

**SUBJECT:** Local Area Agreements

### **1. PURPOSE OF REPORT**

At its last meeting the Board agreed to pursue informal Local Area Agreements from April 2006 as a means of operationalising the new Community strategy. It was agreed that a small task group look at the implications of this. The purpose of this report is to update the Board on progress.

### **2. RECOMMENDATION:**

That the Board notes the report.

### **3. BACKGROUND**

The Board is keen to implement the Local Area Agreement approach in Halton. Although Halton is not in the second round of LAA pilots the Board agreed last time to use 2006/07 as a pilot year for introducing the concept in Halton. This would involve developing agreements in line with the Government guidance and setting up the pooling and aligning of funding sources and targets. This will bring about improvements in partnership working and service delivery for 2006/07 and make the process of agreeing a full Local Area Agreement for 2007/08 easier. It will also allow the current work on Halton's second Local Public Service Agreement to be properly embedded in the new arrangements.

Each Specialist Strategic Partnership has now designated a lead officer for the Local Area Agreement. These form a time-limited task group to look at the needs of the Local Area Agreement process and are supported by the Partnership Team. The Group has produced an issues paper on taking the concept forward. This is attached as an Annex for information.

### **3. CONSIDERATION**

As the report shows, a number of key considerations are apparent:

- Partnership arrangements in the borough are already well established, dense, robust and from an excellent basis for moving forward.
- The strategic planning work in train to develop the new Community Strategy is very timely and provides solid underpinning to the LAA process.
- NRF allocations (and the Neighbourhood element) are known for at least two years ahead, which helps in planning for the agreement.
- Work on LPSA2 is well advanced and the partner's efforts on that can be a cornerstone of any LAAs.
- One of the chief difficulties is the uncertainty surrounding the themes/priorities of the Community Strategy. If LAAs are the operational element of the Strategy, then coherence between the two is vital but as yet undefined.
- A feature of LSPs is the requirement to rationalise partnership arrangements in the borough. LAA partnerships will be an important element of LSP governance. The governance arrangements of the LSP is another yet to be resolved aspect of the priorities process.
- Cultural and mechanical issues around the pooling and aligning of budgets remain an issue.
- The informal nature of the agreements in 2006/07 may be an issue. Without the discipline and focus that formal negotiation with GONW would bring the process could drift.
- Structural issues, such as the role of SSP Coordinators and policy support need to be resolved. The skill sets and responsibilities may be different in LAAs as compared to SSPs.
- For Safer halton, a mini-LAA is already in place. The task this year is to review progress, develop new financial arrangements as passporting of grant ends, and examine how to progress the neighbourhood element of the agreement.
- Managing change will be a sensitive issue. Need to maintain momentum, continue to engage and enthuse partners, but refocus direction of effort.
- There is a danger that LAAs become silos and cross cutting themes get overlooked. There is particular concern about the future of Wealth and Equality. Will it be a cross cutting element of all four specified LAAs, or might we decide to make this a "Fifth LAA"?
- There are wider change processes at play with massive implications e.g. advent of Children's alliance, restructure of health services and the reshaping of adult social services. LAAs are a change mechanism being overlaid on these and partners will need to be able to handle complexity and uncertainty.
- External funding sources are in marked decline, public expenditure settlements are likely to be largely capped at current levels, and Halton is a "suburb" for many of the regional and sub-regional initiatives. There is continuing uncertainty on

the type and level of budgets, which would feature in the LAAs, beyond the obvious contribution of NRF.

#### 4. **CONCLUSION**

The arguments in favour of LAAs are compelling. LAAs will join up, focus and simplify the administration of activity in a complex area of public policy. They provide a framework for partnerships to grow and develop and are a tool for driving efficiency. Given the work underway to reshape the Community strategy, and the rationale that LAAs will be the operational element of this, it makes sense to proceed on developing agreements. Government has made it clear that Halton should be required to formally negotiate LAAs from April 2007. Therefore, there is some sense in seizing the moment and setting up local, informal LAAs as a bridge into that era.

The conclusion for the Steering Group is that this can be achieved. However, the Board needs to recognise the scale of work involved and the nature of the change management process it is embarking upon. LAAs are inextricably linked to the Priorities process. The decision on the themes of the Strategy, priorities for investment, governance, structures, division of funding and commissioning processes are key. They set the framework for the LAAs.

It is suggested that the Steering Group will monitor progress with the Community Strategy and work with SSPs to refine ideas on taking forward LAAs thematically.

### LAA Steering Group Report: Issues & Considerations

#### Introduction

The LAA Steering Group has met twice to consider the implications of Local Area Agreements. The task is to produce an advice note for the LSP about the practicalities of developing indigenous LAAs for Halton. These will be piloted informally from April 2006 with the expectation of a formal agreement with Government the following year.

Each member was tasked with looking at specific issues that arise from their particular putative LAA. In addition the Partnership Team has provided some general reflections on LAAs. The results of this are set out below.

#### Background

Twenty pilot LAAs are currently in operation. The two in the North West, Knowsley and Wigan, have conducted seminars to reflect on their experience. In addition the Government Office held an event for LSP practitioners to disseminate key messages from their evaluation of the pilots across the country.

This process reveals differing aims of different stakeholders in the process. It reported on the experience of LAA negotiation at local, regional Government Office (GO) and central government levels. It also offered a snapshot of the content of these first LAAs. The evaluation provides clues for better future development of LAAs.

#### Aims

Different stakeholders hold differing views on the purpose of LAAs. While these perspectives were not incompatible, they suggest a range of priorities and the potential for disagreement over goals. Central government views vary by department. However, key goals are fairly explicit in the guidance:

- Simplified pooling of budgets
- Streamlined reporting to government
- Devolved decision making
- Shared priorities
- Reduced bureaucracy
- Greater local flexibility
- More effectively joined up services
- Improved outcomes

The ambitions of local partners included:

- Pooling non-core funding to linking all local public spending
- Stronger partnerships to more effective local governance
- Dialogue with government to a shift in power between central and locality

Local partners had varying experiences. Councils saw an opportunity to sharpen up the work of the LSP. Voluntary and community sectors (VCS) were often unclear of

the purpose of LAAs and unsure whether governance changes would reduce their involvement. Primary Care Trusts (PCTs) had just completed their local development plans and so found it harder to change priorities. The police especially at Basic Command Unit (BCU) level were enthusiastic.

## **Developing LAAs**

Usually moved through a series of common stages:

- ❑ Discussion of aims and parameters
- ❑ Agreeing outcomes
- ❑ Working up detail
- ❑ Thinking about freedoms & flexibilities wanted
- ❑ Defining performance indicators (PIs)
- ❑ Deciding on governance arrangements

A key task is engaging the commitment and enthusiasm of partners. This required more than formal communication. Those with strong Local Strategic Partnerships (LSPs) were able to make swifter progress. The experience highlights the importance of 'softer' skills in building agreements:

- ❑ Face to face meetings
- ❑ Engaging staff at all levels across partner organisations
- ❑ Providing common access to data
- ❑ Developing shared understanding and values

Some basic structures and skills that appear useful include:

- ❑ Early creation of a steering group with representatives from GO
- ❑ Operational groups of staff leading individual grant blocks and key themes within the four funding blocks
- ❑ Using project management skills
- ❑ Creating common formats for writing up agreements
- ❑ Aligning budget cycles in preparing plans

In addition need:

- ❑ Strong communication channels linking all staff
- ❑ Early engagement with partners
- ❑ Ensuring finance staff talk together early on
- ❑ Creating time to think about first principles

The main barriers to success in developing LAAs at local level were:

- ❑ Budgets
- ❑ Governance structures
- ❑ Trust
- ❑ Information
- ❑ Early partner contact
- ❑ Win-lose' assumptions
- ❑ Unclear goals

The scale of LAA preparation is significant. It is estimated that the 20 pilots averaged 240 person/working days.

## SSP Considerations

- Partnership arrangements in the borough are already well established, dense, robust and from an excellent basis for moving forward.
  - The strategic planning work in train to develop the new Community Strategy is very timely and provides solid underpinning to the LAA process.
  - NRF allocations (and the Neighbourhood element) are known for at least two years ahead, which helps in planning for the agreement.
  - Work on LPSA2 is well advanced and the partner's efforts on that can be a cornerstone of any LAAs.
  - Different in LAAs as compared to SSPs.
  - For Safer halton, a mini-LAA is already in place. The task this year is to review progress, develop new financial arrangements as passporting of grant ends, and examine how to progress the neighbourhood element of the agreement.
  - If the proposed partnership structures split learning and earning, either need to pre-empt the needs of the employer in the short/medium/long-term or attract new businesses and then meet their needs.
  - Re-allocation of partners between partnerships – keeping their support and focus and, acknowledging that new partnerships may take time to re-establish, allowing for them to re-gel;
  - Continuity, or lack of it, with partners could also impact on input, attendance and dissemination of information i.e., lack of continuity will impact on project delivery and management issues for the respective SSPs.
  - One of the chief difficulties is the uncertainty surrounding the themes/priorities of the Community Strategy. If LAAs are the operational element of the Strategy, then coherence between the two is vital but as yet undefined.
  - A feature of LSPs is the requirement to rationalise partnership arrangements in the borough. LAA partnerships will be an important element of LSP governance. The governance arrangements of the LSP is another yet to be resolved aspect of the priorities process.
  - Cultural and mechanical issues around the pooling and aligning of budgets remain an issue.
  - The informal nature of the agreements in 2006/07 may be an issue. Without the discipline and focus that formal negotiation with GONW would bring the process could drift.
- Structural issues, such as the role of SSP Coordinators and policy support need to be resolved. The skill sets and responsibilities may be
- The current remit of the LC&E SSP covers wide-ranging and complex activities, which may be simplified under a Children & Young People partnership. However, the complex link between adult learning, skills and employment will still exist in transition with urban renewal activities and should be recognised and acknowledged.
  - Any variation in the split of NRF may cause issues because of the momentum already in place in certain specific themes.
  - Managing change will be a sensitive issue. Need to maintain momentum, continue to engage and enthuse partners, but refocus direction of effort.
  - There is a danger that LAAs become silos and cross cutting themes get overlooked. There is particular concern about the future of Wealth and Equality. Will it be a cross cutting element of all four specified LAAs, or might we decide to make this a "Fifth LAA"?
  - There are wider change processes at play with massive implications e.g. advent of Children's alliance, restructure of health services and the reshaping

- of adult social services. LAAs are a change mechanism being overlaid on these and partners will need to be able to handle complexity and uncertainty.
- External funding sources are in marked decline, public expenditure settlements are likely to be largely capped at current levels, and Halton is a “suburb” for many of the regional and sub-regional initiatives. There is continuing uncertainty on the type and level of budgets, which would feature in the LAAs, beyond the obvious contribution of NRF.
  - The current LC&E SSP provides a lifelong learning structure. This ensures effective transition of learning (e.g., from a) pre-school to school; b) primary to secondary c) secondary to tertiary and e) education to employment), i.e., from learning to earning and the influence of the employer
  - Transfer of projects to be managed, incl. funding and historical documents. Some of this will be easy to achieve, but invariably handovers take time;
  - How do we define the LAAs under each SSP and the partnership arrangements that go with this – what will be the procedure; who defines local agenda (area based initiatives – ABIs) that is separate from government directives?
  - If, given the will to pool budgets, funding will all be monitored as a single element, how will this impact on co-ordinators, LSP team and External Funding Team – elements/roles will surely become lessened or redundant?
  - Will funding be allowed to be vired across the thematic groups, where underspends occur or re. cross-cutting themes?
  - Is there potential for developing the LSP into a Public Service Board for Halton.

## Conclusions

The current pilot agreements are very mixed in form and content. Overall agreements were much looser than had been expected. Many did not have targets for their goals. Many lacked PIs to measure local goals. However, some went much further providing clear PIs for their goals and proposing genuinely new approaches. The content was usually an extension of existing plans and partnership strategies. At the margins, central government pushed to include specific issues, just as they resisted inclusion of others. A key early task for the future is to clarify how the LPSA 2 will be integrated with LAAs and how the financial rewards they contain will be applied. In effect LPSA 2 is the jumping off point for the rest of the LAA.

On the whole partners see the experience as worthwhile, so too do Government Offices. The voluntary and community sector are more cautious. Central government continues to support the idea in principle. The agreements themselves produced a range of outcomes from significant to presentational. It is clear that areas with good partnership relationships were able to make more progress than those that have not already developed them. The most common improvement to emerge through the LAA process was improved partnership understanding and working.

This is important for the future. LAAs appear to have enormous potential. A great deal of work is happening in Halton to develop the new Community Strategy and the governance structures to underpin it. LAAs are the chosen mechanism for operationalising that. The LSP has to equip itself for the future by developing better partnership building skills and infrastructure, an information base, and also performance management skills. These ‘hard’ and ‘soft’ skills are the building blocks for the future.