

Changes to LAAs - more scope for regeneration?

A Local Area Agreement (LAA) is a three year contract between a local authority and central government. They are designed to allow local authorities more freedom in allocating additional funds to address local community needs in key areas. For the future, the local performance framework is about improving quality of life in places; and better public services. LAAs can strongly influence the ability of local authorities to meet regeneration and neighbourhood renewal objectives, fundamental ingredients in the creation of stronger communities and enhancing the places in which they live.

With proposed changes to Local Area Agreements (LAAs) currently under consultation, the relationship between local and central Government could be set for a major overhaul.

The intention of a LAA is to create a formal agreement between the Government a lead local authority and a range of other public sector partners on the priorities needed to improve local performance. The first round of LAAs were introduced in 2005 and they were based on Whitehall - style PSAs.

Fundamental changes to LAAs announced in last year's Local Government White Paper, are currently being negotiated and new agreements could become effective as of June 2008. If implemented, each will contain up to 35 local improvement targets drawn from a set of 198 new national indicators, several of which are powerful economic indicators, ie employment rates; average earnings; and previously developed land which is vacant for more than 5 years.

This reformed relationship between central and local government could provide local authorities and partners with the flexibility and capacity to deliver the best solutions for their areas. Under the Local Government and Public Involvement in Health Act 2007, partners will need to work more closely together to deliver the LAA under the new duty to co-operate and have regard to the local improvement targets in exercising their functions.

The LAA is set to become one of the key delivery plans for the Sustainable Community Strategy and will also be linked to the Local Development Framework.. The strategy will ensure that the local strategic partnership (LSP) through the lead authority will be in a good position to negotiate its LAA and make sure there is a strong local focus to the targets set.

The themes on which old LAAs were originally based that have funding targeted to them:

- Children and young people
- Safer and stronger communities
- Healthier communities and older people
- Economic development and enterprise

Under the new system, these themes will be removed, as funding streams will be consolidated into a 'single pot' and there will be few conditions on how the money is spent, provided the outcomes are achieved. There will be less of a centralist approach and more local flexibility. This will mean that issues such as regeneration and service provision will for the first time be looked at from a purely local priority perspective. Current trends and local issues can be brought to the forefront of the agreement and as a result will be targeted much more effectively. This will allow for a far more locally-nuanced system than has been in place before.

Towards multi-area agreements

The new agreements should be in place by June this year, but the rules are not yet fixed and consultation process is still ongoing.

However, there is the potential for local authorities to join together across more boundaries, to have even bigger local area agreements, and create multi area agreements. Around 13 pilots were announced before Christmas which largely related to major infrastructure such as transport and key policy issues such as housing.

Will it be a smooth crossing?

The proposed new LAAs involve increased emphasis on partnership working. The aligned funding that will come from many different organisations in one area, alongside extra Government money and existing monies of partner organisations, will need to be spent on joint resources, and the funding will need to be channelled towards the same objectives in the Sustainable Community Strategy in future.

This should mean fewer constraints and, with a number of different themes in the new LAA, the system will become far more outcome based. Local authorities will gain much more freedom to fund different initiatives; this should reduce divisions arising.

One of the main aims of the proposed new LAAs is to tackle local issues. This should allow the LAA more scope to promote regeneration in the future, as the economic prosperity of the area is brought to the forefront, and one of the most important concerns of the LSP.

However, the future is unclear, and until the negotiation process between local areas and government is tested to the full it will remain so.