

**COMMITTEE:** COUNCIL

**DATE:** 16<sup>TH</sup> MARCH 2009

**SUBJECT:** LOCAL AREA AGREEMENT - REFRESH

**REPORT BY:** DIRECTOR OF SCRUTINY

**CONTACT OFFICER:** GEOFF BOCUTT 01582 546073

**IMPLICATIONS:**

LEGAL	✓	COMMUNITY SAFETY
EQUALITIES	✓	ENVIRONMENT
FINANCIAL	✓	CONSULTATIONS
STAFFING		OTHER

**WARDS AFFECTED: NONE**

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**PURPOSE**

1. The purpose of this report is to submit to the Council for approval proposed amendments to the Local Area Agreement that was approved by the Council on 30<sup>th</sup> May 2008.

**RECOMMENDATION(S)**

2. Council is recommended to approve the amendments to the Local Area Agreement set out in the appendices to this report and to authorise the Chief Executive, in consultation with the Leader of the Council and the Vice Chair of the Luton Forum, to make any further amendments that may be necessary to finalise the agreement with the Government.

**BACKGROUND**

3. Local Area Agreements (LAAs) set out the priorities for a local area agreed for a three year period (2008-11) between central government and a local area (the local authority and Local Strategic Partnership) and other

key partners at the local level. Luton's LAA was approved by the Council on 30<sup>th</sup> May and by the Government in July 2008. The LAA included a number of indicators where it was not possible to agree targets at that time, and the refresh process allows any gaps to be filled.

4. At the meeting on 1<sup>st</sup> April 2008 the Council decided that the approval of the Local Area Agreement should not be delegated but should be retained by the full Council. The Council also authorised the Chief Executive to agree the targets for improvement in co-operation with the relevant partners. The proposed revisions to the LAA are brought to this special meeting of the Council because the refreshed LAA must be submitted by the Government Office for the Eastern Region to the Secretary of State by 23<sup>rd</sup> March.
5. The LAA is the implementation plan for the first three years of the Sustainable Community Strategy. It also provides the basis for the Comprehensive Area Assessment by the Audit Commission and other inspectorates, which comes into effect next month.

## **REPORT**

6. When the LAA was developed, there were indicators which relied on information which was not available at that time – for example, perception indicators which would be assessed through the Place Survey, which was not scheduled to take place until autumn 2008 with the information becoming available in February 2009.
7. The recent changes in the economic climate have meant that there have been concerns about targets that relate to the local economy. This recognises the seriousness of the issue, but also the need to consider realistic targets for the relatively short period of the LAA.
8. The refresh process does not allow for indicators to be either added to, or removed from, the LAA. It is a process of refinement that updates targets in the light of latest available information.
9. The draft attached as appendix 1 includes updated targets, and the list at appendix 2 shows the proposed changes that have been made to the original agreement. The appendices attached are still working drafts and it is hoped that finalised versions will be despatched before the Council meeting. The principle of negotiating targets based on deliverable improvement plans has been adhered to.
10. The state of the economy is expected to have a major direct impact on a number of indicators. This may be particularly important where there is a link to performance reward.

11. Targets for the following indicators included in Luton's LAA, and which are linked to reward, may be subject to further revision late in 2009/10, to reflect any changes in the economic situation at that time:

NI 151	Employment rate
NI 152	Out of work benefits
NI 154	New homes

### **PROPOSAL/OPTION**

12. The Council is asked to consider and approve the changes to Luton's LAA and to authorise the Chief Executive to make any further changes that may be needed to conclude the refresh and achieve agreement with the Government.

### **LEGAL IMPLICATIONS**

13. Local authorities are required to ensure that a Local Area Agreement is in place for the area. This has been agreed with the Head of Legal Services on 25<sup>th</sup> February 2009.

### **EQUALITIES IMPLICATIONS**

14. The Local Area Agreement includes targets that aim to 'narrow the gap' between different sections of Luton's community.

### **FINANCIAL IMPLICATIONS**

15. The Local Area Agreement is linked to a reward programme. Receipt of grant under this recently announced scheme will be dependant upon achievement of the targets in the LAA. The main features of the scheme are as follows:
- There is a total of £340m available for the scheme
  - This will be divided up amongst authorities in proportion to their net budget for 2006-07 – estimated to be 0.54% of net budget – for Luton this works out at about £1,335k.
  - Actual performance at the end of the three years will be converted to a percentage of the targeted improvement over the baseline for each of the 35 designated improvement indicators
  - The performance for all the indicators (the statutory education indicators and the local indicators are not included) is then aggregated to produce an overall level of improvement
  - Entitlement to grant begins at 60% improvement and is linear up to 100% (i.e. aggregate performance improvement of 80% would earn half the grant available).

- Half the grant earned will be paid towards the end of 2011-12 and half will be paid towards the end of 2012-13. 28% of the grant will be for capital purposes.

It is estimated that full achievement of each target would earn about £38k as long as the aggregate improvement for all 35 indicators is sufficiently above the 60% threshold.

## **APPENDICES**

16. Appendix A - DRAFT - Luton's Local Area Agreement – refreshed
17. Appendix B - DRAFT - Proposed changes to Luton's LAA

## **LIST OF BACKGROUND PAPERS**

### **LOCAL GOVERNMENT ACT 1972, SECTION 100D**

18. Our Vision for Luton in 2026 – Luton's Sustainable Community Strategy