

Government and Public Sector

March 2007

Darlington Borough Council High-Level Review of the Local Area Agreement

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Background and overall conclusion

Local Area Agreements

Local Area Agreements (LAAs) have been established in local authority areas to encourage public, private and community and voluntary sector bodies to pool their efforts and financial resources in order to improve services and quality of life for local people. This initiative builds on the experience of partnership working that has developed over recent years, particularly through Local Strategic Partnerships (LSPs).

LAAs are intended to bring about radical shifts in how central government and local public agencies work together to deliver improvements in public services.

The prime responsibility for helping to develop LAAs, recommending their sign-off to Ministers and monitoring them once they are in place rests with Government Offices in the regions.

Darlington LAA

The Darlington LAA was established in March 2006. It is a three-year agreement that set out the priorities for the local area agreed between central government, represented by the Government Office for the North East (GO-NE), and Darlington, represented by the local authority and LSP, and other key local partners.

The Darlington LAA is based on outcomes, indicators and targets aimed at delivering a better quality of life for local people through improving performance on priorities grouped into four blocks:

- Children and Young People;
- Safer and Stronger Communities;
- Healthier Communities and Older People; and
- Economic Development and Enterprise.

The main priority area for the LAA is Children and Young people as this best complements the priorities and actions set out in the Community Strategy.

Over the three year period the LAA will focus spending and delivery on:

- Strengthening social cohesion in Darlington;
- Improving educational outcomes and life chances for children and young people;
- Reducing crime, fear of crime and anti-social behaviour;
- Reducing health inequalities for children and young people;
- Enabling all sectors within Darlington partnership to focus better on the needs of individuals, families and communities; and
- providing a model of service improvement that the Council can roll out to other themes in the future.

Aims of this review

This report presents the results of a preliminary review of the management arrangements implemented by Darlington Borough Council as the accountable body for the Darlington LAA. Our aim was to identify potential audit risks to target in future years.

We have used an audit tool developed by the Audit Commission which focuses on the following three broad areas:

- governance;
- financial management; and
- performance management.

Our conclusions are based on a review of key documents and discussions held with the Council's Assistant Chief Executive, Lorraine O'Donnell. We have also considered the results of a recent inspection by GO-NE, covering the period from 1 April to 30 September 2006, provided an overall progress of Amber, stating that '*..there are a number of indicators linked to the mandatory 'crime', 'empowerment' and Cleaner, Safer, Greener outcomes where performance is below trajectory or mid year data is not available. This performance trend was anticipated from the outset and is being carefully managed by the Partnership.*' The report notes that, of the 78 indicators, 36 are on target, 21 are below target and mid year data is not available against the remaining 21 indicators. However the report gives a green progress on the direction of travel stating that '*in all instances where performance is below target partners are confident that through the successful delivery of the products contained in the LAA the targets set for March 2009 will be achievable*'.

GO-NE commented that the LAA is strengthening partnership working and identifying priority areas for the locality, leading to activity to support priority areas.

Overall conclusion

Our detailed observations against each of the areas for focus in the Audit Commission tool are presented in the tables in the following section of this report. Overall, this review has highlighted that adequate arrangements are in place in relation to the Council's management of the LAA.

We have not identified, at this stage, any areas for detailed audit follow-up. Neither have we raised any recommendations for improvements to the arrangements in place. We will continue to monitor the progress of the Darlington LAA and consider the implications for our audit.

Acknowledgements

We are grateful to officers at the Council, and in particular, Lorraine O'Donnell, who assisted us with this review.

Detailed findings

Governance			
Area for focus	Risk	Current arrangements	Areas for future audit work
Are LAA outcomes and targets clearly defined and consistent with other local strategies?	Lack of clear strategic direction for the partnership. Unable to demonstrate how partnership working will add value over alternative delivery mechanisms.	The outcomes that the Council is seeking to achieve through the LAA are all inter-linked. In its submission the Council divided the outcomes between the four blocks to avoid repetition but the theme of “children and young people” is being addressed holistically. The Council views the LAA as a co-ordinated action plan that enables it to work differently in partnership so that all the actions contribute to achievement of all of the outcomes.	None.

Governance (cont)			
Area for focus	Risk	Current arrangements	Areas for future audit work
Is the leadership of the LAA clear and effective?	Decision making process is weakened if not fully inclusive or officers lack sufficient authority to represent partners.	<p>The approach to governance of the LAA is transparent:</p> <ul style="list-style-type: none"> • Darlington Borough Council is the accountable body for the LAA; • the LAA Executive Steering Group drives and monitors progress on LAA actions, reporting on delivery of outcomes to the LSP Board and Cabinet of the Borough Council; • the LSP secretariat ensures that the Steering Group communicates effectively with all other aspects of the LSP as appropriate e.g. the thematic groups, assembly and constituents partnerships; and • the Leader of the Council is the nominated lead Cabinet Member for the delivery of the LAA. 	None.
Has the partnership got clear decision-making processes?	Inability to deliver targets. Resources not allocated to meet priorities.	Decision making processes are clearly defined with the LSP Board overseeing the LAA Steering Group. The Steering Group oversee the series of projects that underpin the LAA's strategic goals with roles and responsibilities defined throughout.	None.

Governance (cont)			
Area for focus	Risk	Current arrangements	Areas for future audit work
Has the partnership agreed and implemented an effective approach to risk management?	Failure to identify and mitigate significant risks to the LAA.	An overall programme risk register exists which has been developed through the assistance of the Council's Internal Audit department. The register is reviewed and challenged by the Board. In addition, the Council has implemented a programme office to review the appropriateness and quality of Project Initiation Documents (PIDs).	None.
Are there strong controls to ensure accountability and scrutiny within the partnership?	If partnership activities are not congruent with the LAA funding, LAA targets may not be met and funding may not be received or be clawed back.	Financial controls are maintained through ongoing financial reporting of the LAA's performance against agreed financial targets.	None.
Are local people, voluntary and community organisations involved?	Fail to meet the expectations and needs of the local community, voluntary and community organisations.	The full range of local stakeholders with an interest in these outcomes is involved in the LAA, including the voluntary and community sector.	None.

Financial Management			
Area for focus	Risk	Current arrangements	Areas for future audit work
Does the accountable body have the capacity and arrangements in place to participate effectively and develop an Agreement with a sound financial base?	Poor financial management prevents achievement of objectives.	The LAA is led by the Council which provides the necessary infrastructure to ensure the LAA has the capacity and arrangements in place to participate effectively and maintain a solid financial base. The funding requirements of the LAA are aligned with funding streams that include Pump Priming Grant, Extended School and Neighbourhood Funding. There are no immediate plans to pool funding streams.	None.
Are there effective arrangements for setting and monitoring budgets and for financial reporting, both internally to partners, externally and in respect of pooled budgets?	Failure to achieve the necessary outcomes from the LAA due to poor financial management.	The financial budget of circa £8.3m has been allocated from aligned funding streams and is being reviewed through the regular budget reports. Budgets are allocated for each theme of the LAA and a member of staff is responsible for each. In addition, the LAA is monitored through regular returns made to GO-NE.	None.
Are adequate arrangements in place to demonstrate compliance with LAA terms and conditions and with statutory and other requirements?	Failure to meet statutory and other requirements in relation to the LAA.	The LAA is has a clearly defined structure, roles and responsibilities and financial control arrangements are clear. These arrangements are in place to ensure that the outcomes desired through the LAA meet statutory outlines in addition to the needs of local stakeholders.	None.

Financial Management (cont)			
Area for focus	Risk	Current arrangements	Areas for future audit work
Are there clear arrangements in place for monitoring and controlling management costs and for ensuring that efficiency savings are used to further LAA objectives?	Management costs consume a disproportionate element of overall funding and detract from front-line services.	<p>Responsibility for managing budgets has been allocated to appropriate staff. Costs, including management costs, are monitored through finance monitoring reports.</p> <p>The Statement of Grant Usage provided by the Council shows that the Safer Stronger Communities block funding has been spent in the Children and Young People and Healthier Communities blocks. The spend is allocated through the Grant Determination Letter with the intention to better deliver the overarching Safer and Stronger Communities agenda by allocating specified amounts of SSCF to relevant products which are administered alongside linked initiatives under the other LAA blocks.</p>	None.

Performance Management (cont)			
Area for focus	Risk	Current arrangements	Areas for future audit work
Are partners committed at the highest level to effective joint performance management?	Key stakeholders do not provide the necessary input to ensure the LAA delivers its agreed outcomes.	<p>All key stakeholders are committed to effective performance management in the LAA. They have demonstrated this by adopting the Council's performance management system <i>PerformancePlus</i>.</p> <p>Performance against agreed outcomes is closely monitored. The recent GO inspection report notes that, of the 78 indicators, 36 are on target, 21 are below target and mid year data is not available against the remaining 21 indicators. However the report gives a green progress on the direction of travel stating that '<i>in all instances where performance is below target partners are confident that through the successful delivery of the products contained in the LAA the targets set for March 2009 will be achievable</i>'.</p>	None.

Performance Management (cont)			
Area for focus	Risk	Current arrangements	Areas for future audit work
Do partners use past and current performance to plan future action?	Poor performance is not understood and addressed through clear and robust action plans.	<p>The indicators proposed are mainly those that already exist including those in the national Quality of Life (now maintained by the Audit Commission under Area Profiles) set that have been specifically recommended by Government and the Audit Commission for use by LSPs. In order to properly manage delivery by the LAA it has been necessary to set up some new local indicators and these will be subsumed as new indicators by the PMF thus ensuring rigour in definition and collection.</p> <p>All indicators are maintained within the PMF using the established documentation that is maintained on <i>PerformancePlus</i> and is therefore available for audit as required. This is important because it is a key inherent in our LAA that outcomes can be demonstrated to have made a difference where it matters. Since all partners have access to reports that identify shortfalls in performance there is a clear mechanism for effecting actions to address such shortfalls.</p>	None.

Performance Management (cont)			
Area for focus	Risk	Current arrangements	Areas for future audit work
Is the local performance management framework effective?	Failure to achieve targets. LAA does not make best use of funding streams.	The LSP (the Darlington Partnership) is very much outcome focused as demonstrated by its Community Strategy and annual Community Strategy Action Plans. Delivery of the LAA, as the major component of the Community Strategy, is key for the Darlington Partnership. This delivery will be managed using the partnership's well established and well regarded (by ODPM and Audit Commission) performance management framework. The heart of the PMF is <i>PerformancePlus</i> software system that enables a complete picture of performance against indicators and high-level objectives to be shown.	None.
Do partners regularly review the performance management framework and its effectiveness?	Poor performance goes undetected.	<p>The LAA is managed at various levels in the performance hierarchy, ensuring that management attention is focused on delivery. The LAA is mapped into <i>PerformancePlus</i> allowing comprehensive analysis and reporting. The PMF includes quarterly reports as standard including 'reports' from <i>PerformancePlus</i> that are published on the Council's intranet.</p> <p>These reports will be published on the website and, pertinent to the LAA, on Darlington Partnership's website. This will give ease of access to all the partners, although reports will still be formally taken to the Partnership Board (every six months as now happens with the Community Strategy Action Plan) so that they can be discussed and action agreed and communicated to address shortfalls in performance. This reporting chain is agreed and will enable transparent reporting between the organisations and partner agencies.</p>	None.

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