

AUDIT OF THE LOCAL AREA AGREEMENT

PROGRAMME AREA RESPONSIBILITY CORPORATE STRATEGY AND FINANCE

CABINET

26TH OCTOBER, 2006

Wards Affected

County-wide

Purpose

To report the outcome from the recent Audit of the Herefordshire Local Area Agreement (LAA) undertaken by Audit Commission.

Key Decision

This is not a Key Decision.

Recommendation

THAT the Herefordshire Local Area Agreement (LAA) Audit Report be noted.

Reasons

1. The Audit Commission is undertaking high-level audits of each Local Authority holding a LAA. A number of Local Authorities with LAAs have already been audited, and the remainder will be audited over the coming months. It is expected that Audits will be taking place on a regular basis to ensure that financial, performance management and accountability structures and procedures are in place.
2. The Audit Commission discussed the remit of the Audit with Government Office West Midlands to ensure that the Audit complemented and did not duplicate the six-month Review of the Local Area Agreement. This was agreed in advance by Herefordshire Council and Government Office West Midlands.

Considerations

3. The objectives of the Audit were to focus on three main areas, those being: Governance arrangements, Financial Management arrangements and Performance Management systems. Each area had a number of key, high level questions that were to be addressed.
4. The approach of the Audit was to be at a high rather than a detailed day-to-day level. The focus of the Audit was on Herefordshire Council as the accountable body. However, it is also acknowledged that the Local Area Agreement was being undertaken in partnership with other organisations. This meant that the Auditor interviewed a number of officers from key partners, including the Commander of the Herefordshire Division of West Mercia Constabulary, the Chief Executive and

Chairman of the Performance Management Group at the Primary Care Trust, and a representative from the Voluntary Sector Assembly. The Auditor also interviewed officers and Councillors from Herefordshire Council including the Leader, the Chairman of the Strategic Monitoring Committee, the Chief Executive, Director of Corporate and Customer Services and the Herefordshire Partnership Manager.

5. The Report concluded that good progress is being made by the Council and its partners in addressing, to a greater or lesser extent, all of the issues in the three areas. The Auditor found no serious weaknesses or gaps in the arrangements being developed, and clear enthusiasm among partners to make the Local Area Agreement process work. There was an obvious commitment to continuing the good work achieved to date. There were, however a number of specific points where the Auditor felt that more work could be undertaken.
6. The recommendations in the audit report are to:
 - a. Clarify the relative roles and responsibilities for decision-making within the various executive and non-executive groupings both within the partnership as a whole, and within the individual partners' organisations.
 - b. Develop a programme of awareness raising for decision-makers in the key partner agencies around the key operational and strategic issues within each other's agency.
 - c. Further develop the partnership's approach to risk management so that risks for individual LAA outcomes, indicators and targets are identified, managed and reported on as part of the overall LPSA performance management framework.
 - d. Clarify and develop the role of Council members in further developing the LAA – this might include a description of their role in the LAA refresh at the end of the first year of the agreement.
 - e. Clarify and publicise the role and purpose of the Council's overview and scrutiny function in scrutinising performance against the full range of LAA targets.
 - f. Develop a clearer approach to engaging with the public around the LAA – both in reporting performance and in developing the broader issue of partnership working.
 - g. Develop a plan for increasing the involvement of the Voluntary Community Sector (VCS) in the LAA process – this should include:
 - Cascading information on the purpose and nature of partnership working within the County to front-line workers in the VCS.
 - Clarifying which of the specific targets within the LAA the VCS is being expected to contribute to deliver
 - Identifying any further resource implications for the VCS that may come with greater involvement in the LAA and partnership working.
 - h. Develop a formal process for increasing the amount of pooled money in the single pot. Included in this, should be consideration of the governance,

performance management and accounting issues around making collective decisions on how to allocate joint resources to meet collectively agreed outcomes.

- i. Ensure that pooled money is explicitly linked to LAA targets, and that decisions on the use of this money are made collectively and in line with a formally agreed process.
 - j. Set up processes within the partnership to quantify the increases in value for money and efficiency savings made via the single pot, and to agree how to distribute such savings.
 - k. Improve the data collection processes within the partnership by the collective use of a shared electronic database.
7. Herefordshire Council officers are now working with the Herefordshire Partnership Chief Executives' Group and Performance Management Group to incorporate these recommendations into the partnership action plans.
 8. Herefordshire has been offered a number of days support from the Audit Commission; this support is being focussed on ensuring that the new Herefordshire Partnership structure includes the relevant requirements and management systems for the Local Area Agreement in the future, incorporating the recommendations within the audit report.

Risk Management

Risks associated with the LAA are identified within the Corporate Risk Register. In addition, the Partnership is developing its own Risk Management procedures, based on those of the Council.

Consultees

None

Background Papers

Herefordshire LAA Audit Report