



DERBY CITY COUNCIL

COUNCIL CABINET 18 JANUARY 2005

Report of the Director of Policy

Developing Derby's Pilot Local Area Agreement – LAA

RECOMMENDATIONS

- 1.1 To note the progress made so far by the Derby City Partnership – DCP – on developing Derby's pilot Local Area Agreement – LAA.
- 1.2 To approve the decision-making process for developing Derby's LAA.
- 1.3 To authorise the Chief Executive, in consultation with the Leader of the Council, the Director of Policy and the Director of Finance, to approve a negotiation draft consistent with the approach set out in this report.

REASON FOR RECOMMENDATIONS

2. To progress the development of the LAA within the very tight timescale prescribed by the Office of the Deputy Prime Minister – ODPM.

SUPPORTING INFORMATION

- 3.1 The key aim of LAAs is to improve both the effectiveness and efficiency of the way in which Government works with councils, and their partners, to improve public services. They are about getting agreement centrally and locally on clear articulation of outcomes and performance and identification of the range of budgets associated with delivering these, in effect 'pooling' these budgets, and then letting councils and their partners get on with delivering with less regulation and inspection.
- 3.2 A workshop was held for partners with an interest in our LAA on 6 December 2004. Government has now published the final guidance on developing LAAs for pilot authorities, which can be viewed on the ODPM website using this link http://www.odpm.gov.uk/stellent/groups/odpm_localgov/documents/page/odpm_locgov_033604.hcsp. We still await further technical advice notes on monitoring and reporting, and payment of grant and auditing arrangements. The ODPM expects LAA negotiations to be completed in February 2005, with a view to signing ceremonies in March and agreements starting on 1 April 2005.
- 3.3 In simple terms, LAAs are to be based upon three blocks covering:
 - Children and Young People
 - Safer and Stronger Communities
 - Healthier Communities and Older people.

It is the Government's intention that the scope of these blocks should be broad, so that they can encompass a wide range of outcomes although, during the development of the draft guidance by Government, there was some discussion of the need for a 'fourth block' to cover environmental and economic issues but, following the issue of the final advice, this no longer seems necessary.

- 3.4 Within these blocks, partners, including the Council, and the Government will agree the outcomes to be achieved and the funding streams necessary to bring these about. A limited number of indicators and targets will be agreed to monitor progress in achieving these outcomes. The Government will remove conditions on the application of funding where this will help to bring about these outcomes and promises a reduction in the bureaucracy and monitoring associated with different funding streams, although this may not be fully realised in the first year of the LAA.
- 3.5 The LAA will cover a three-year period, but with an annual review of both targets and funding streams so that these may be adjusted in the light of experience and as our understanding of the potential of the LAA develops.
- 3.6 The Government has demonstrated its commitment to the LAA concept by requiring all councils that are not LAA pilots to have a 'mini LAA' for the Safer and Stronger Communities Fund. It is also keen that the 21 pilots are up and running by April 2005 so that learning can take place ready to roll out to other councils from April 2006. Work done in Derby by the Council and GOEM on the multiplicity of area based funding streams and associated monitoring regimes has been influential in developing Government thinking on LAAs. As a pilot area, we should have the opportunity to further influence their development in practice.
- 3.7 The DCP LAA Steering Group considered the outcomes from the workshop on 6 December and the government's final advice note. The following proposals were approved by DCP Strategy Coordination Group – SCG – on 16 December ...
 - Derby's LAA should consist of the three core blocks of Children and Young People, Safer and Stronger Communities and Healthier Communities and Older People. The advice is strongly in favour of avoiding a fourth block. The scope of the blocks – in particular Safer and Stronger – have been extended in the latest advice note. Government is encouraging the use of cross-cutting outcomes to pick up on issues which might otherwise be missed and a fourth block would make the project more complex to manage.
 - The LAA should use the five high level outcomes from the Children's and Young People's block across all three blocks to give coherence to our LAA and to draw out the cross-cutting issues. The other blocks can then use sub-outcomes to relate these to indicators / targets as necessary.
 - To prepare a guidance note to help the project teams for each block develop outcomes and, in particular, indicators for their block, including cross-cutting issues. This will suggest about 10 indicators for each block and emphasise the use of existing measures, such as those from the Community Strategy, Neighbourhood Renewal Strategy and LPSA2, in addition to those suggested by ODPM.
 - Project teams must provide the rationale for including the particular funding streams needed to achieve the outcomes, as we are expected to demonstrate this to government.

- 3.8 The project management structure attached at Appendix 2 was approved by DCP SCG on 16 December.
- 3.9 The timetable for developing LAAs is very tight – see Appendix 3. We will liaise with GOEM on the progress we are making through the steering group meetings, which they will attend whenever possible. We have to submit our proposals for negotiation as soon as these have been approved by DCP SCG on 27 January 2005. We are then expected to make a presentation to GOEM regional directors, and other key players, early in February. Our intention is to keep our LAA simple, with little change in Year 1, and to build on existing agendas. Appendix 3 sets out the key tasks and dates from the start of the process.
- 3.10 Government expects that LPSA2 targets will be included within a council's LAA. GOEM is now taking the lead in negotiating both LPSA2 targets and our LAA. We will include our proposed LPSA2 targets in our LAA negotiation draft. The drivers of the two initiatives are very similar; they are both about a central / local dialogue based on outcomes. However, the rules and rewards are different as the second generation of LPSAs are about stretching performance in priority areas. LAAs are not and also, unlike the LPSA, there is no reward grant for successful implementation.
- 3.11 In parallel with the negotiation of the draft agreement with GOEM, we will need to develop arrangements for financial monitoring and accountability and appropriate governance arrangements through DCP and within individual partner organisations. Although the LAA will be negotiated and agreed through DCP, the Council will be the accountable body for funding allocated through the LAA. These issues are raised under Financial and Legal Implications in Appendix 1.

OTHER OPTIONS CONSIDERED

4. To withdraw from the pilot because of the timescale and the concern that few freedoms and flexibilities will be forthcoming in the first year of the agreement.

For more information contact: Sue Glithero 01332 255365 e-mail sue.glithero@derby.gov.uk
List of appendices:
Appendix 1 – Implications
Appendix 2 – Developing Derby's LAA – Project Management Structure
Appendix 3 – Key Tasks / Dates for Developing Derby's Pilot LAA
Appendix 4 – Extract from ODPM Advice Note – Annex A LAA Funding Streams

IMPLICATIONS

Financial

- 1.1 Unlike the LPSA process, there is no additional funding attached to LAAs. Decisions still have to be made on which funding streams we will be asking GOEM to include in Year 1 of the LAA.
- 1.2 A list of the indicative streams is given on page 35 of the ODPM Advice Note and is reproduced for convenience in Appendix 4. This does not entirely constrain the negotiation – there may be additions and exclusions proposed, subject to the need to secure Government agreement.
- 1.3 Most of the indicative streams of funding are currently paid to local authorities. Of these, in Derby's case, decisions on their application are either taken directly by the Council or delegated for determination through Derby City Partnership or other partnership arrangements. Those decisions are constrained by specific conditions on the funding streams. Future decisions would be subject to fewer Government conditions but all would instead be subject to the partnership decision making arrangements established under the LAA, working through Derby City Partnership structures.
- 1.4 The Council's budget proposals for the 2005/6 to 2007/8 period are being published for consultation this month, and have taken into account the continued availability of these funding streams. There is a need to ensure that more effective and efficient use of these streams is subject to governance arrangements that still enable the Council – and other organisations – to make effective decisions as part of medium term budget planning. Given the speed at which the pilot LAA model is being developed, care needs to be taken.
- 1.5 In negotiating a model with Government for the LAA, the intention is that this will fall short of a full pooled budget approach in the initial years. Instead, budgets are likely to remain with the Council department or other organisation currently holding them, but their use will clearly be limited by the need to demonstrate that they are supporting the delivery of outcomes and targets agreed with the Government in the LAA.
- 1.6 It is critical that there is early agreement on how these arrangements will work in detail, between the LAA partnership and the bodies currently reliant on the funding streams. An option may be for voluntary agreements to be reached between the LAA and the organisations which continue to retain the funding streams, to deliver the full benefits of coordinated partnership working towards agreed outcomes that the LAA is intended to realise. These agreements would agree the specific use of the funding for particular projects.
- 1.7 The Government may well want the LAA to go further towards full pooled budgeting in its latter stages, which could mean that decisions on specific uses would eventually be taken by the LAA partnership. If so, Council Cabinet will need to be consulted further during the course of negotiations, particularly on the governance arrangements for decision-making and the case for specific Council funding streams to be subject to such pooled arrangements.

- 1.8 Some of the indicative streams are capital rather than revenue funding. It is not yet clear whether the LAA will enable such capital funds to be applied for revenue uses.
- 1.9 Given the considerable potential financial implications of the LAA, the Director of Finance will be represented at all levels in the LAA project management structure. We are still waiting for the ODPM advice note on financial monitoring arrangements, payments and audit requirements.

Legal

- 2.1 If the freedoms and flexibilities sought under the LAA require changes to primary legislation, then GOEM will raise these issues with relevant government departments and agree a way forward for dealing with them.
- 2.2 Given the potential scale of decision-making being transferred to partnership structures, the constitutional arrangements which govern such decision-making will need to be reviewed and strengthened.
- 2.3 There is no expectation from government that the LAA / LPSA2 should be the subject of a formal legal agreement, although the terms of payment of grant are explicit in the LPSA 1 document signed by the Council and ODPM.

Personnel

3. As part of the LPSA2, the Council will seek funding for a post to support the Head of Strategic Planning and Performance in monitoring the delivery of both LPSA2 and the LAA within the Council and the Partnership.

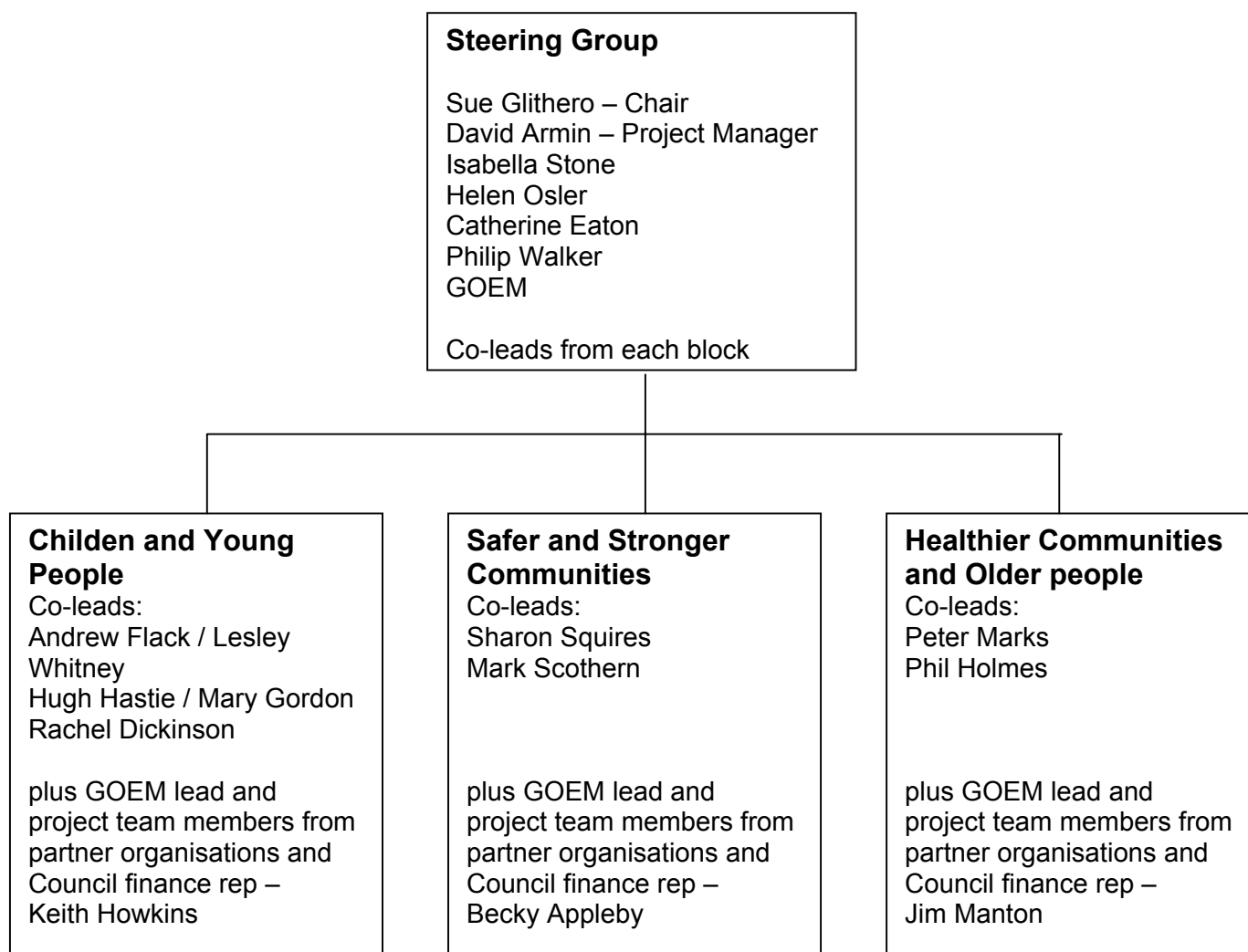
Equalities impact

4. The outcomes in the LAA impact upon a number of the Council's equalities target groups. The timescale for producing the LAA has precluded extensive consultation. The LAA outcomes and targets will be an integral feature of the 2006/07 – 08/09 Community Strategy, so that will provide an opportunity for full consultation that can feed into Year 2 of the LAA.

Corporate objectives and priorities for change

- 5.1 The three blocks cover most aspects of the Council's objectives of **job opportunities, strong and positive neighbourhoods, education, protecting and supporting people, a healthy environment, shops, commercial and leisure activities and integrated, cost effective services.**
- 5.2 The blocks also provide opportunities to further the priorities of **tackling under-achievement in schools, improving road and other transport links to improve choice, and modernising the fostering service and residential and community care for adults.**

DEVELOPING DERBY'S LAA – PROJECT MANAGEMENT STRUCTURE



Responsibilities

Steering Group	Project Teams
<ul style="list-style-type: none"> Developing framework for Derby's LAA Co-ordination and guidance for project teams Making sure project teams address cross-cutting issues Liaison with GOEM Integrating blocks and LPSA2 into LAA Preparing over-arching text for LAA Submitting Derby's LAA 	<ul style="list-style-type: none"> Developing proposals for each block Incorporating cross-cutting issues as necessary Identifying outcomes and supporting funding streams with rationale Identifying indicators and targets Preparing the sections of the LAA for each block Input to Steering Group through co-leads

KEY TASKS / DATES FOR DEVELOPING DERBY'S PILOT LAA

Date	Events	Involved	Complete
18 Nov	DCP SCG considers principles of LAA and nominate leads for 'funding pots'		✓
24 Nov	Meeting with GOEM to discuss LAA / LPSA2		✓
29 Nov	Circulate papers for DCP LAA workshop		✓
w/c 29 Nov	Complete initial assessment of financial barriers LAA may remove – Council perspective		
30 Nov	IDeA facilitated workshop on LPSA2 negotiating tactics, preparations for next steps.		✓
w/c 6 Dec	LAA pilot guidance published		✓
6 Dec	DCP LAA workshop <ul style="list-style-type: none"> Consider coverage of blocks Potential target areas 		✓
9 Dec	Steering group meeting <ul style="list-style-type: none"> Review outcome of workshop Agree report to DCP SCG Co-ordination / next steps 	Steering group / co-leads	✓
mid Dec and on-going	Work by block project groups <ul style="list-style-type: none"> identify outcomes relevant funding streams indicators and targets 	Co-leads / project groups	ongoing
16 Dec	DCP SCG agrees <ul style="list-style-type: none"> broad scope of LAA confirm process to develop LAA 	SVG, DA, IS	✓
22 Dec	Steering group meeting to review progress. Teams to have: <ul style="list-style-type: none"> considered guidance on indicators identified outcomes identified funding streams rationale for including funding streams 	Steering group / co-leads	✓ work started on outcomes / indicators
24 Dec – 3 Jan	CHRISTMAS AND NEW YEAR HOLIDAY		

Date	Events	Involved	Complete
13 Jan	Steering group meeting to review progress. Teams to have: <ul style="list-style-type: none"> identified indicators plus any clarification of outcomes / funding streams value of funding streams and rationale for inclusion 	Steering group / co-leads / GOEM rep	
18 Jan	Council Cabinet Part 1 to authorise negotiations	SVG / DA	
20 Jan	DCP Board <ul style="list-style-type: none"> approves principles and delegate to SCG 	RHC	
21 Jan	Steering group meeting to review progress. Teams to have: <ul style="list-style-type: none"> completed template for each block with outcomes, funding streams, indicators and underlying assumptions – having taken account of initial GOEM feedback. Central project team to have: <ul style="list-style-type: none"> prepared preamble to agreement covering purpose, process / consultation and rationale for including funding streams. 	Steering group / co-leads / GOEM rep DA / IS / HO	
26 Jan	Chief Officer Group	SVG / DA	
27 Jan	DCP SCG approves negotiation draft and proposed LPSA2 targets	SVG / DA	
from 28 Jan	Submit initial draft and begin formal negotiations with GOEM - along with LPSA2 targets	SVG / DA / co-leads	
31 Jan	Scrutiny Management Commission to have opportunity consider Cabinet Part 1 report and receive an oral update on progress	SVG / DA	
7 Feb	Presentation of negotiation draft to GOEM Regional Directors	SVG / co-leads	
February	Negotiations continue with GOEM	SVG / DA	
8 Feb	Council Cabinet Part 1 to approve negotiation draft and delegate changes to the Chief Executive, in consultation with Leader of the Council and the Directors of Policy and Finance	RHC / SVG / PD / DA	
24 Feb	DCP SCG to: <ul style="list-style-type: none"> approve LAA subject to progress made in negotiations start to consider governance arrangements 	SVG / DA	
15 Mar	Council Cabinet Part 1 to receive update on negotiations / draft of final agreement and, subject to progress made, asked to agree to commit council resources to deliver outcomes	SVG / DA	
24 Mar	DCP SCG to: <ul style="list-style-type: none"> approve final agreement note LPSA2 targets consider governance arrangements 	SVG / DA	
1 Apr	LAA takes effect		

ANNEX A - FUNDING STREAMS

Department	Indicative List of Funding Streams that could be included in a LAA	
DfES	<p>Adoption Support and Special Guardianship</p> <p>Choice Protects</p> <p>Children's Trust pathfinders</p> <p>Teenage Pregnancy</p> <p>Local Change Fund</p> <p>Vulnerable Children Grant</p> <p>Transforming Youth Work Development Fund</p> <p>Youth Service Disabled Access</p> <p>Vocational and work related learning</p>	<p>Sure Start/Extended Schools (joint with DWP)</p> <p>Children's Fund</p> <p>Education Health Partnerships</p> <p>Primary Strategy Central Co-ordination</p> <p>Key Stage 3 Central Co-ordination</p> <p>Key Stage 3 Behaviour and Attendance</p> <p>LEA support for workforce re-modelling</p> <p>Connexions</p> <p>Safeguarding Children</p>
DfT	Use of mainstream funds may contribute to LAA outcomes	Some demonstration projects
ODPM	<p>Single Community Programme</p> <p>Liveability Fund</p> <p>Neighbourhood Renewal Fund -must be used to tackle deprivation</p>	<p>Neighbourhood Wardens</p> <p>Neighbourhood Management Pathfinders</p>
Home Office	<p><u>The SSCF Block</u></p> <p>Building Safer Communities</p> <p>Anti-social Behaviour CDRP allocation</p> <p>HO Regional Directors Fund</p> <p>Business Crime</p> <p>Additional funding streams that are eligible for inclusion have yet to be defined. In the meanwhile, local areas should identify those funding streams they would like to include.</p>	<p>Domestic Violence</p> <p>Crime Reduction capital</p> <p>Violent/alcohol crime</p> <p>DAT partnership support grant</p>

DCMS	There are some funding streams that are administered regionally or locally by Non Departmental Public Bodies (eg Arts Council, England) that can be considered for inclusion. A number of NDPBs have expressed willingness to either engage or align relevant funding streams. DCMS GO representatives will coordinate and advise on the possibilities for each LAA area.	
DWP	Use of mainstream funds may contribute to LAA outcomes.	
DEFRA	Defra will consider funding streams proposed by LAA pilots on a case by case basis	
Department of Health	Mainstream funding for PCTs included.	

	Indicative list of Funding Streams that are not eligible for a LAA	
Department	This is an indicative list of funding streams that would not be eligible for LAAs. This may yet change as a result of further discussions	
DfES	Schools' budgets Playing for Success Community Champions Fund Unaccompanied Asylum Seeking Children Leaving Care Grant	Investigation and referral support co-ordinators LEA Music Services School Travel Adviser Budget (with DfT)
ODPM	Supporting People European Social Fund	Objective 2 Funding
Home Office	Police Funding	
DWP	Pension and Benefit Payments to Individuals	
DfT	School Travel Adviser Budget (with DfES)	Bus Challenge Fund