



SCRUTINY MANAGEMENT COMMISSION
12 September 2006

DERBY CITY COUNCIL

Report of the Director of Resources and Housing

Local Area Agreement Financial Governance Arrangements

RECOMMENDATIONS

- 1.1 To note the deferral of the report on Local Area Agreement financial governance arrangements until 6 December 2006.

SUPPORTING INFORMATION

- 2.1 The Local Area Agreement - LAA - consists of pooled and aligned funding streams which support achievement of agreed outcomes. The headline allocations for 2006/07, totalling £22 million, were reported to Cabinet on 1 August 2006.
- 2.2 The allocation of pooled funding is the responsibility of Derby City Partnership - DCP - within the terms of the LAA financial protocol, which also governs use and reporting of these funding streams. Most spending has been pooled from former Council funding streams and is being spent by Council departments or through partnerships for which the Council is the Accountable Body. Aligned funding remains within the budgets of LAA partners but is being used to support LAA performance outcomes directly.
- 2.3 During the LAA refresh for 2006/07 and recent review of DCP, it was identified that the LAA arrangements needed to be better integrated within DCP structures. In light of this, the financial protocol developed for 2005/06 is being updated to reflect the new DCP governance arrangements. It is proposed that the revised protocol would confer a more substantive decision making role on the DCP Strategy Coordination Group and the new DCP City Groups for the allocation of funding to programmes within the LAA.
- 2.4 The draft protocol was tabled at the DCP LAA Steering Group on 20 June and it was planned to report the agreed protocol to Cabinet on 1 August. However it was felt on 20 June that further discussion was required with partner organisations over the summer to develop the new approach. It is now intended that the final protocol will be approved by the DCP Strategic Coordination Group in September/October, with ratification by Cabinet on 31 October. The financial protocol will become fully effective for 2006/07 and subsequent years once agreed by DCP, the Council, Connexions and the Primary Care Trusts - PCTs, as the organisations that are pooling funding within the LAA.

- 2.5 Interim arrangements have been confirmed to cover the period until both the protocol is finalised and new DCP structures become fully effective. It has been agreed by the Steering Group that the role of the DCP City Groups should be performed jointly between lead officers for the LAA blocks with pooled funding as follows:
- Children and Young People: jointly by Andrew Flack (Council) and Hugh Hastie (Connexions)
 - Healthier Communities and Older People: jointly by Peter Marks (PCTs) and Michael Foote (Council)
 - Safer and Stronger Communities: Sharon Squires (Community Safety Partnership) and John Winters (Council).
- 2.6 As agreed by the Chair and Vice Chair at the Pre-agenda meeting on 23 August, the full report on LAA financial arrangements, including the updated protocol, will be presented to Scrutiny Management Commission on 5 December.

For more information contact:	Heather Greenan on 01332 256259 heather.greenan@derby.gov.uk
Background papers:	None
List of appendices:	Appendix 1 – Implications

IMPLICATIONS

Financial

1. The financial protocol governs decision making on the allocation, use and reporting of LAA funding streams. This includes arrangements for the initial allocation of funds, virement and use of underspending during the year, and the extent to which the specific uses of funds are specified. The Council remains the Accountable Body for LAA funding streams and as such has ultimate liability in the event of misuse of funds.
2. In addition, the Council needs to ensure that adequate safeguards are built into the protocol to protect the interests of partner organisations who choose to pool funds in this voluntary agreement. The vast majority of the £22m of pooled funding is in the form of funding streams which would otherwise be subject to decision making by Council Cabinet rather than or in addition to DCP. The protection of interests applies both to ensuring that funding is properly applied to deliver priorities, and also to ensure that the transfer of decision remains consistent with the ability of the Council to take effective action to manage its budget in a difficult financial scenario. For example, the extent to which LAA funds are applied to address priorities which might otherwise fall as pressure on core Council budgets.

Legal

3. None directly arising from this report.

Personnel

4. None directly arising from this report.

Equalities impact

5. None directly arising from this report.

Corporate priorities

6. The Council's corporate priorities and related actions support the Local Area Agreement outcomes and performance measures.