



Negotiating Derby's Local Area Agreement and 2nd Generation Local Public Service Agreement

RECOMMENDATIONS

- 1.1 To note the progress made in developing Derby's Local Area Agreement and 2nd generation Local Public Service Agreement.
- 1.2 To approve the attached draft Local Area Agreement and draft Local Public Service Agreement outcomes and indicators as the basis for further negotiation.
- 1.3 To give delegated authority to the Chief Executive, in consultation with the Leader of the Council and the Directors of Finance and Policy, to negotiate both the Local Area Agreement and Local Public Service Agreement on behalf of the Council and its partners to these agreements.
- 1.4 To receive further reports to confirm the Council's approval before agreements are entered into.

REASON FOR RECOMMENDATIONS

2. The Government expects councils to submit draft agreements in February 2005 so that negotiations can take place, enabling agreements to take effect from 1 April 2005. The delegation requested will give us the flexibility needed to negotiate an agreement.

SUPPORTING INFORMATION

- 3.1 Both the 2nd generation Local Public Service Agreement, LPSA2 – and more particularly the Local Area Agreement, LAA – need to be negotiated within a tight timescale determined by the Government.
- 3.2 Government would like to see the processes of negotiating an LAA and LPSA integrated as far as possible. Both should be concerned with addressing local priorities through partnership working. However, as Members will be aware, our LAA is one of the first wave of pilot agreements and Government is keen to have these up and running by April 2005. The process of negotiating the stretching outcomes required under LPSA2 and some differences in the processes of ministerial approval means this may take longer, although it is envisaged that, once agreed, the LPSA2 will be annexed to the LAA. This report considers the LAA and LPSA in turn.

DRAFT LOCAL AREA AGREEMENT - LAA

- 3.3 Members were advised of the background to and our approach to developing Derby's draft LAA by the report to Council Cabinet on 18 January 2005.
- 3.4 Since then, the Steering Group and project teams comprising officers from the Council and other partners through Derby City Partnership – DCP – has prepared a draft LAA for Derby.
- 3.5 The draft was considered by DCP's Strategy Co-ordination Group on 27 January 2005. The Strategy Co-ordination Group endorsed the draft as the basis for negotiating Derby's LAA, noting that it will be reviewed after the first year in operation, to evaluate lessons from the pilot and as a basis for further negotiations with Government for the second and subsequent years of the agreement.
- 3.6 An updated version of the draft that has been forwarded to the Government Office for the East Midlands – GOEM – to initiate those negotiations. This is available on CMIS at <http://193.130.64.11/CMISWebPublic/MeetingDocuments.aspx?Meeting=3029>. A summary of the main outcomes we want to achieve through our LAA is attached at Appendix 2.
- 3.7 The introduction to the LAA highlights what we want to achieve through it, taking forward local priorities. We have used the high level outcomes from the Children Act 2004 to bring out common themes across the three blocks that make up the LAA. The scope and emphasis of each of those three blocks is as follows:
- **Children and young people** – people up to their 19th birthday and care leavers to the age of 25 in terms of their educational achievement, social development and health, safety and fulfilment. A key feature of this block is to underpin integrated service delivery and to tackle disadvantage.
 - **Safer and stronger communities** – community safety, a more attractive environment in which to live, active citizenship and reducing economic, social and environmental disparities between Derby's communities. This block will take a broad view of community safety, going beyond the traditional focus on crime and disorder.
 - **Healthier communities and older people** – all people from the age of 19 with particular reference to improved health outcomes and more independent living. Funding streams are not as extensive within this block and our emphasis is on adding value through partnership working, with a focus on improved public health outcomes, preventive work and increased independence for adults and older people.
- 3.8 The LAA itself gives the Council and its partners the opportunity to enter into dialogue with central Government on local priorities and how these are best achieved. It gives the opportunity for the more flexible use of the funding streams that make up each block although, in practice, any variations from the uses already planned for 2005-06 will be limited. It also provides an opportunity to reduce and rationalise the performance monitoring and reporting regimes associated with the different sources of funding, commensurate with effective performance management and delivery.

- 3.9 Our draft LAA gives an indication of the specific freedoms and flexibilities we are seeking in the first and subsequent years of the agreement.
- 3.10 The first year of the LAA should be recognised for what it is, a pilot year, which will not realise the full benefits we would expect over the medium to long term. We should use this period to assess what such an agreement can realistically offer us and other areas and then press Government on further changes necessary to achieve this as we review and re-negotiate the agreement for 2006-09 onwards.

Financial accountability and performance management

- 3.11 Governance arrangements, including financial accountability and performance management arrangements, are an important aspect of the LAA where work is ongoing. The Government is expected to publish an advice note on performance management arrangements at the beginning of February and a further advice note on payment arrangements and financial management later in February 2005.
- 3.12 These arrangements should be sufficient to demonstrate to both Government and partners here in Derby that funding identified in the LAA is being used to achieve the agreed outcomes. At least for the first year of the LAA, our approach will be evolutionary with resources mainly being used as planned before we entered the LAA process. The Council will be the accountable body for the LAA. The Government may wish to roll-up some funding streams into a single payment for each block to the Council, which we will then 'passport' as necessary to those agencies working towards the LAA outcome, these are referred to as 'pooled budgets' in the LAA. In other instances, it may be sufficient that partners state that they will align the use of funding towards LAA outcomes. Appropriate governance arrangements will be developed through DCP structures and within the Council to make sure that LAA funding is used to achieve the agreed outcomes. Council Cabinet will be asked to agree to these applying to the Council's resources before entering into the LAA.

Next steps

- 3.13 On 7 February members of the LAA Steering Group – senior officers from the Council and partner agencies – presented Derby's LAA to GOEM, at which a number of regional agencies such as EMDA and the Strategic Health Authority were also expected to be present. GOEM will give feedback on Derby's proposals on 10 February. It is expected that there will be further discussion with GOEM as necessary so that we can agree Derby's proposed LAA by 18 February. GOEM then hope to be able forward Derby's LAA to ODPM for agreement by ministers.
- 3.14 The timing of the LAA negotiations is subject to the possibility of a general election in May 2005. If such an election is called for early May, ministers would not be able to make formal announcements such as agreement to an LAA from late March onwards. There is therefore some pressure to conclude the LAA negotiations before then so that agreements are in place from April 2005.
- 3.15 We should be in a position to present the final draft of the LAA and the implications for the Council to Council Cabinet on 15 March 2005 for approval.

2ND GENERATION LPSA – LPSA2

- 3.16 Council Cabinet on 28 September 2004 approved the draft priorities for Derby's LPSA2 as the basis for further discussion with ODPM and GOEM, and gave the Chief Executive delegated authority to agree those priorities with the Government as the basis for more detailed work on indicators and targets. This report gives an update on progress and seeks to extend that delegation to the negotiation of specific targets.
- 3.17 Progress in agreeing the priorities for improvement has been slower and more complex than expected. The main difficulty has been the number of government departments involved in negotiating the LPSA2, the increased emphasis on targets based upon outcome measures and the time it takes to coordinate a response through ODPM from those departments. There are currently over 70 local authorities discussing LPSAs proposals with government departments. There has also been some inconsistency in the government departments agreeing targets areas to be included in the LPSA2, which has led to some targets areas being supported by one department to be challenged by another. Very few councils have reached the stage of signing their LPSA2 – even those in the pilot phase whose agreements were intended to be in place from April 2004. Despite Derby being 'fast tracked' as an LAA pilot area, it is now unlikely that we will be able to agree our LPSA2 by April 2005 as originally envisaged.
- 3.18 To summarise our current position, we are currently still having discussions with government departments on the suitability of two target areas, these are:
- Target 3 - Reduce number of children looked after
 - Target 11 - Reduce worklessness and increase prosperity of disadvantaged groups.
- Notwithstanding that both the Council and the Social Services Inspectorate and now the Commission for Social Care Improvement have recognised the carefully managed reduction in the number of children looked after as a local priority, the DfES – which has recently assumed policy responsibility for this area - has concerns about the suitability of children looked after as an LPSA2 target area. The issue is being considered by Ministers and councils are expected to be advised of their decision early in February 2005. We are awaiting feedback from the DWP on target 11.
- 3.19 We have agreed ten target areas. We are waiting for comments on our proposed measures for eight of these, having agreed the measures to be used for two target areas, these being:
- Target 9 - reduce homelessness
 - Target 10 – reduce environmental crime and improve cleanliness of streets.
- 3.20 Appendix 3 sets out the target areas, the proposed measures and comments on the progress made against them.
- 3.21 Unlike the LAA, LPSA2 does provide additional resources – in the form of pump-priming funding of just under £1 million for Derby and subsequently performance reward grant of up to £6.3 million if all stretch targets are achieved in full.

- 3.22 The Council's revenue budget strategy for 2005-08 assumes that the Council will invest a further £1 million in service improvements across the twelve or so LPSA2 target areas, where this investment makes it more likely that the performance stretch and better outcomes for service users and the wider community will be achieved.
- 3.23 When the Council submits its draft LPSA2, which we had expected to be in February 2005 but delays on the Government side mean that we are now unlikely to be in a position to do so, we are asked to indicate how we intend to use the pump-priming grant to improve performance, so it can be satisfied that the proposed use is appropriate. This should also show how the Council and its partners intend to supplement this grant with their own resources. The approval of Council Cabinet will be sought before the Council is committed to the use of both pump-priming and its own resources in support of LPSA2 targets.

OTHER OPTIONS CONSIDERED

4. The Council could withdraw from the LAA process if it felt that the timescale was entirely unreasonable and the benefits only marginal. However, this would deprive us the opportunity to influence a major national policy initiative which is likely to be further rolled-out nationally in 2006-07 and subsequently and Derby, like other councils, has identified the inefficiencies arising from multiple funding streams. Similarly, we could withdraw from the LPSA2 process, but this would deprive us of the opportunity to benefit from pump-priming grant in 2005-06 and subsequent performance reward grant and our next LPSA would not be in place to follow on when our current LPSA concludes on 31 March 2005.

For more information contact: David Armin Tel 01332-255560 e-mail david.armin@derby.gov.uk
Background papers: Derby's draft Local Area Agreement – v 3.1 available on CMIS at
List of appendices: <http://193.130.64.11/CMISWebPublic/MeetingDocuments.aspx?Meeting=3029>.
Appendix 1 – Implications
Appendix 2 – Summary of main outcomes from Derby's draft Local Area Agreement
Appendix 3 – Summary of proposed LPSA2 target areas

IMPLICATIONS

Financial

- 1.1 The LAA does not bring additional funding into Derby, but will change some of the mechanisms and process concerned with payment and monitoring. The Council will be the accountable body for the LAA. Suitable arrangements for accountability and decision making will be developed through Derby City Partnership, DCP and referred to Council Cabinet for approval.
- 1.2 The LPSA2 does bring additional resources into Derby, in the form of pump-priming at the beginning of LPSA and performance reward grant – PRG - if targets are achieved. Pump-priming is calculated on the basis of £750,000 plus £1 per head of population, giving £983,000 for Derby. The maximum PRG is set at 2.5% of net council expenditure in the year preceding the LPSA period – this gives approximately £6.3 million for Derby. This is paid in two equal tranches over the two years following the end of LPSA2 in March 2008, half revenue and half capital.
- 1.3 The Council will want to supplement the pump-priming grant with its own resources to help bring about significant performance improvements. The Council's revenue budget 2005-08 makes provision for this. Further reports will be brought to Council Cabinet on the use of LPSA2 pump priming and PRG.

Legal

2. As noted above, suitable arrangements for accountability and decision making will be developed through Derby City Partnership, DCP, and referred to Council Cabinet for approval. DCP structure will be reviewed to make sure that it remains appropriate in the context of the LAA.

Personnel

3. None directly arising from the report.

Equalities impact

4. None directly arising from the report.

Corporate objectives and priorities for change

5. Both the LAA and LPSA2 will take forward priorities in the Community Strategy – 'Derby's 2020 Vision' and the Council's Corporate Plan.

The main outcomes flowing from Derby's Local Area Agreement

The high level outcomes:	Children and Young People	Safer and Stronger Communities	Healthier Communities and Older People
STAY SAFE	<ul style="list-style-type: none"> • Better support to families with young children in disadvantaged areas • Safer roads for young people • Safe environments for vulnerable children and young people 	<ul style="list-style-type: none"> • Reduced crime levels • Reduced fear of crime and anti-social behaviour • Less harm caused by illegal drugs 	<ul style="list-style-type: none"> • People are helped to stay out of hospital where admission is avoidable • People with chronic health problems are able to leave hospital earlier when medically safe to do so
BE HEALTHY	<ul style="list-style-type: none"> • Improving the health of young children • Fewer teenage pregnancies, reduced conceptions and better support for teenage parents 	<ul style="list-style-type: none"> • Cleaner, greener and safer public places 	<ul style="list-style-type: none"> • Increased life expectancy at birth • Reduction in health inequalities gap between worst fifth of areas and overall population
ENJOY AND ACHIEVE	<ul style="list-style-type: none"> • A good start to children's education and development • Improved attainment at KS 1-3, in particular children in the bottom quartile • Improvement in school attendance • Reduced obesity in children under 11 	<ul style="list-style-type: none"> • Improved quality of life for people in disadvantaged neighbourhoods, narrowing the gap with other areas of the city 	<ul style="list-style-type: none"> • Older people are helped to live at home longer • Increased independence and social inclusion of people with learning disabilities and other complex needs

The high level outcomes:	Children and Young People	Safer and Stronger Communities	Healthier Communities and Older People
ECONOMIC WELL BEING	<ul style="list-style-type: none"> Better opportunities for young children in 14-19 phase of education Increased childcare facilities 	<ul style="list-style-type: none"> Increased entrepreneurial activity in deprived areas Increased opportunities for people in deprived areas to benefit from economic growth Strengthened competitiveness through support and development for business More inclusion of communities within their neighbourhoods 	<ul style="list-style-type: none"> Reduction in worklessness among target groups
MAKE A POSITIVE CONTRIBUTION	<ul style="list-style-type: none"> Better behaviour in mainstream school environments 	<ul style="list-style-type: none"> Local people are more involved in decision making 	<ul style="list-style-type: none"> Increased volunteering around older people

SUMMARY OF PROPOSED LPSA2 TARGETS – as at 28 January 2005

Target	Priority for improvement	Target area	Measures	Lead officer	Progress to date
1	Improving the educational attainment of children and young people in danger of disengagement and disaffection.	Improve education attainment of the bottom 25% pupils	<ul style="list-style-type: none"> the proportion (percentage) of the bottom 25% pupils of who attain Level 2B + at the end of key KS1 the proportion (percentage) of the bottom 25% of pupils who attain Level 4 at the end of KS2 the Conversion L3-5 + from year 7 to 9 	Acting Assistant Director, School Improvement	This target area has been agreed and we are in discussions on what measures should be used.
2	Improving attendance and inclusion in education	Reduce exclusions and improve attendance	<ul style="list-style-type: none"> permanent exclusions attendance – through a reduction in absence 	Acting Assistant Director - School Inclusion	This target area has been agreed and we are in discussions on what measures should be used.
3	Preventing the need for children to become looked after and improving potential for CLA to return home	Reduce number of children looked after	<ul style="list-style-type: none"> in the number of children looked after measure(s) to be developed to ensure there is no perverse incentive on the above indicator 	Children's Planning and Commissioning Manager	Department for Education and Skills has challenged this target area stating it could create perverse incentives. We are currently in discussions in order to retain it within the LPSA2.
4	Increase independence and quality of life for older people and people with chronic physical ill health	Reduce avoidable admission of older people and people with chronic physical ill health	<ul style="list-style-type: none"> avoidable hospital admissions emergency bed days admissions to long term care 	Adults Planning and Commissioning Manager	This target area has been agreed and we are in discussions on what measures should be used.

Target	Priority for improvement	Target area	Measures	Lead officer	Progress to date
5	Increase independence and social inclusion for people with learning disabilities and other complex disabilities	Reduce number of people with learning disabilities / complex disabilities in institutional care	<ul style="list-style-type: none"> proportion of people with learning disabilities / complex disabilities receiving day / domiciliary care take up of respite / carer support opportunities. 	Adults Planning and Commissioning Manager	This target area has been agreed and we are in discussions on what measures should be used.
6	Increasing the amount of physical activity taken by children and young people	Increasing the amount of physical activity taken by children and young people	<ul style="list-style-type: none"> percentage of children that participate in 7 or more hours physical activity number of children walking to school number of children cycling to school possible measure on number of children participating in extra curriculum activities 	Head of Sport and Leisure	This target area has been agreed and we are in discussions on what measures should be used.
7	Making the city centre a safer place to visit and work in by reducing violence and anti-social behaviour	Reduce violent crime and antisocial behaviour in the city centre	<p>violent crime in the city centre by</p> <ul style="list-style-type: none"> assaults robbery wounding Police calls for service for violent incidents A&E admissions as a result of violent incidents at peak periods <p>incidents of anti-social behaviour in the city centre by</p> <ul style="list-style-type: none"> incidents of: <ul style="list-style-type: none"> - begging - prostitution - criminal damage CCTV reported incidents of disorder Police calls for service for alcohol related disorder 	Director, Community Safety Partnership	This target area has been agreed and we are in discussions on what measures should be used.

Target	Priority for improvement	Target area	Measures	Lead officer	Progress to date
8	Reduce fear of crime and anti-social behaviour in local communities and neighbourhoods	Reduce fear of crime associated activities in local neighbourhoods	<ul style="list-style-type: none"> • fear of becoming a victim of domestic burglary in three high fear neighbourhoods as specified by CSP Audit • levels of burglary in those specified localities • fear of young people hanging around in three high fear neighbourhoods, as specified by CSP Audit • reported incidents of anti-social behaviour of young people hanging around in those high fear neighbourhoods 	Director, Community Safety Partnership	This target area has been agreed and we are in discussions on what measures should be used.
9	Reduce homelessness	Reduce homelessness	<ul style="list-style-type: none"> • Proportion of homelessness <p>Safeguards to be build into targets to ensure they are not perversely influenced by change in central government policy</p>	Housing Options Manager	This target area has been agreed and the measure has been agreed
10	Making Derby a cleaner, safer city by the reduction of environmental crime	Reduce environmental crime and improve cleanliness of streets	<ul style="list-style-type: none"> • incidence of fly tipping • incidence of graffiti • BVPI 199 - The proportion of relevant land and highways having combined deposits of litter and detritus 	Head of Waste Management, Derby City Council	This target area has been agreed and the measures have been agreed
11	Improving opportunities for employment and enhanced quality of life by removing financial barriers to employment and inclusion – reducing worklessness	Reduce worklessness and increase prosperity of disadvantaged groups	<ul style="list-style-type: none"> • number of people entering employment • number of who have their disposable income increased through debt advice 	Derby Advice Manager	This target area is still under discussion. However they are progressing. The measures will need to be agreed if taken forward.
12	Improving the quality and accessibility of bus services	Increase bus usage	<ul style="list-style-type: none"> • BVPI 102 bus usage • BVPI 103 satisfaction with bus service 	Head of Transportation Derby City Council	This target area has been agreed and we are in discussions on what measures should be used.