Local Area Agreements and Performance Reward Grants (2007-10) and (2008-11), 08/09 Refresh

Executive summary

This report informs Members of the decision taken by Lambeth First (LF) partners to agree a framework and process to allocate the Local Area Agreement (LAA) 2007-2010 Performance Reward Grant. It provides an update on the LAA 2008-2011, 08/09 Refresh. It further highlights that a Performance Reward Grant will also be available subject to the achievement of the LAA national indicator targets, 2008-11.

Summary of financial implications

There are no immediate financial implications as Members are only being asked to note the Performance Reward Grant allocation framework and process for the LAA 2007-10. The LAA 2008-10, 08/09 refresh element of this report does not have immediate financial implications, but additional resources may be required if performance fails to achieve the LAA national indicator targets.

Recommendations

(1) That Members note that a Performance Reward Grant of £10.6m could be earned through the achievement of LAA 2007-10 stretch targets;

(2) That Members note the decision taken by the LF Board to agree to the principle of a 50/50 split of the LAA 2007-10 performance reward grant;

(3) That half of the LAA 2007-10 performance reward grant be re-invested in the service areas within LB of Lambeth which have contributed to the delivery of the LAA 2007-10 stretch targets subject to approval by the Executive Director of Finance and Resources;

(4) That half of the LAA 2007-10 performance reward grant be earmarked for activity, programmes or projects agreed by LF as a whole;

(5) That Members note that a Performance Reward Grant of £2,308,903.57 could be earned through the achievement of LAA 2008-11 targets;

(6) The Members note the refreshed LAA 2008-11 baselines and targets submitted to the Government Office for London;
(7) That Members note the opportunity provided by government to refresh designated economic indicators at the end of 09/10.

Consultation

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Report history

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Report no.: 60/09-10

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Background documents:

- Lambeth Local Area Agreement, 2007-10
- LAA Annual Review 2008/09, CLG, September 2008
- Lambeth First Board minutes, 20 November 2009
- Cross-Government Briefing to Government Offices: 2009 LAA Refresh for targets impacted by the economic downturn, January 2009
- Leader’s Report, 26th March 2009

Appendices:

- Appendix 1 – Local Area Agreement Refresh Matrix.
Local Area Agreements and Performance Reward Grants (2007-10) and (2008-11), 08/09 Refresh

Local Area Agreements

1. Context

LAAs are contracts negotiated with government that set out the key priorities that Local Strategic Partnerships (LSPs) will address to enhance outcomes for people who live, work or study in a local area. They are cohorts of national performance measures which can attract Performance Reward Grants if performance reaches or exceeds agreed targets. In Lambeth the performance measures chosen by Lambeth’s LSP (Lambeth First) were informed by the issues identified by local communities which are contained within, Our 2020 Vision, Lambeth’s Sustainable Community Strategy.

2. Local Area Agreement 2007-10

2.1 The LAA 2007-10 contains 11 performance indicators which carry grant reward elements. These address participation in education, employment, training and the arts for 16-18 year olds; accidental fires, temporary accommodation, youth justice, parks, tobacco control, healthy schools, increase the income of ill and disabled children and adults; older people, carers and lone parents.

2.2 Almost £10.6m can be claimed provided that Lambeth First (LF) partners can meet the reward targets agreed the Government Office for London (GOL). The grant will be paid in two equal instalments, half in the first financial year beginning on 1 April 2010 and half in the financial year beginning on 1 April 2011. Half of each instalment of grant will be paid as a capital grant and half as a revenue grant.

2.3 To ensure that any eventual reward grant funding is targeted to maximise the benefit to local people, the LF Board resolved at its meeting on 20 November 2008 to:

2.3.1 “agree to the principle of a 50/50 split of the reward allocation with half-reinvested in the service/organisation responsible for delivery of the stretch and half into a project agreed by the LSP as a whole”;

2.3.2 “That in terms of the 50% investment, that work is done early to identify what the extra investment can deliver. This should be over and above the existing service, should not substitute core costs and should demonstrate an innovative approach which also responds to the partnership’s core priority around tackling financial exclusion and worklessness. Proposals should be presented to, and agreed by the Executive Delivery Group” of LF;
2.3.3 “That a small working group is established to examine options for the 50% investment in a partnership wide priority. This group should examine possibilities including how to consult with Lambeth communities on the allocation, and the practicalities of project managing any emerging proposals. It is suggested that this group report in the first instance to the Executive Delivery Group (EDG) and then report back to the Board for agreement”.

2.3.4 In consultation with the community, the working group (LAA Reward Sub Group) will develop proposals for the reinvestment of 50% of the LAA reward grant in an innovative partnership wide project. Finalised proposals will be agreed by the LSP Board by January 2010 with prior approval from Cabinet.

2.3.5 These frameworks are based on a previous format agreed by the Executive on 6 December 2004 which addressed the allocation of Performance Reward Grant monies earned through the achievement of Public Service Agreement 2003-06 targets. The Executive agrees that, “20% of PRG received for each target should be redistributed to priority services delivering enhanced performance in the PSA.” This would amount to about £140,000 for each of the eleven targets achieved. For example, the target 10 allocation would equate to £70,000 for Lambeth Council and £70,000 for Lambeth MPS.

3. Local Area Agreement 2008-10

LAA 08/09 Refresh

3.1 The LAA 2008-11 comprises 49 national performance measures with three-year targets. 35 are designated indicators i.e. those selected for inclusion within the LAA via a negotiated process between LF and GOL representatives; ten mandatory educational achievement indicators and four local indicators i.e. those considered to be local priorities by LF partners, but fall outside the LAA 2008-11 contract with GOL.

3.2 Although all London LAAs were agreed with GOL during July 2008, each has been subject to an annual re-fresh to confirm and/or amend the designated performance indicators and to update baselines and targets where national data was incomplete at the time of submission.

3.3 A comprehensive annual self-assessment as required by GOL was undertaken in November 2008 by LF. The results confirmed that the initial national indicators chosen still reflected local concerns but two local indicators, civic participation in the local area and working age population qualified to at least level 3 were added as key local priorities.

3.4 Appendix 1 provides Members with the refreshed indicators submitted to GOL in March 2009, containing the revised baselines and targets. It also includes the four local indicators which were not required by GOL. The national indicators highlighted in bold are those that have been refreshed. The targets and baselines were determined by officers across the partnership who had been assigned delegated authority for specific targets by the EDG. The refresh submission date was 26 March 2009. This fell between Cabinet and LSP meetings, so the refresh document was formally signed off by the Leader of the Council through agreed delegated powers.
3.5 Data collection and analysis to update baselines and establish targets involved a range of LF partners including Lambeth Council, The Metropolitan Police Service, NHS Lambeth and the Learning and Skills Council. Targets were determined by named national indicator leads assigned by the LF EDG Sponsors.

**Update on Local Indicators**

3.6 Two new local indicators were adopted by the LF Board on 20 November 2008, Local indicator NI3 – Civic participation in the local area and NI 164 - Working age population qualified to at least Level 3 or higher. The target for NI3 has been set at the lowest statistical minimum as Lambeth has the 6th highest outturn for this indicator in London. The targets for NI 164 are to be confirmed.

3.7 During the LAA national indicator negotiation process in 2008 LF partners and GOL agreed that although LVAC was making considerable progress in the establishment of a volunteer centre it would be too early in its development, along with a general lack of required resources to adopt the full NI 6 definition which involved the monitoring of volunteer hours. It was therefore agreed that three of the key third sector organisations, LVAC, Age Concern and the Clapham Park Project would monitor volunteer registrations only within their organisation to enable a baseline and targets to be set. This has been achieved and is the 08/09 baseline of 639 volunteer registrations. The organisations in consultation with LF, have agreed to set a 09/10 baseline of 735, an increase of 15% for the number of volunteers registering. During 09/10 the number of organisations contributing to this target will be expanded and the baseline will be refreshed at the end of 09/10 to set a more ambitious and comprehensive 10/11 target around the registration of volunteers.

**Pending LAA National Indicator Targets**

3.8 Targets for indicators, NI 146 - Adults with learning disabilities into employment and NI 150 - Adults in contact with secondary mental health services in employment are still pending as baseline data from government for these indicators was not available in time for the 08/09 re-fresh. However in accordance with government instructions LF was required to commit to a statistically significant improvement calculated in accordance with the Target Negotiation Briefs on data for year 2008/09 as the targets for 2010 and 2011. The final targets will be confirmed once the data for 2008/09 is available.

**LAA 09/10 Refresh**

3.9 In recognition of the economic downturn central government issued a Cross-government briefing to Government Offices in January 2009 removing the lock down on the economic national indicators listed below. The indicators in bold are those included within Lambeth’s LAA 2008-11. Essentially this decision is an opportunity for LSPs to refresh the targets for these indicators at the end of 09/10.
Consideration by Government Offices to agree to LSPs’ requests to refresh the economic targets will depend on the LSPs ability to provide robust data that reflects the economic impact on the LAA area as a whole and is based on specific local evidence rather than general national trends.

Indicator leads for LF’s economic indicators have already started to examine and compile data to build a strong case on verifiable evidence should partners wish to re-negotiate one or more of the economic targets.

Performance Reward Grant LAA 2008-11

A performance reward grant of £2,308,903.57 may be claimed by LF for the achievement of the LAA 2008-11 targets. Claims for the performance reward grant will be paid in two instalments during 2011-12 and 2012-13, each with a 28 per cent capital element.

Further discussions will take place within LF to determine a framework and process to allocate this performance reward grant. This will build on the knowledge and experience gained through the allocation of the LAA 2007-10 performance reward grant.

4. Comments from Executive Director of Finance and Resources

This report is principally an update report on the Local Area Agreement and Performance Reward Grant. The financial implications are:

4.1.1 The agreement of the principle that the LAA 2007-10 reward grant is split 50/50, with half reinvested within LB Lambeth in the service areas which have contributed to the delivery of the stretch target, and half into activities determined by LF.

4.1.2 There are no other funding or budgetary implications arising from the report.

5. Comments from Director of Legal and Democratic Services

By virtue of section 2, Local Government Act 2000, local authorities have the power to do anything which they consider is likely to achieve the promotion or improvement of the economic, social and environmental well-being of their area. This power may be exercised in relation to, or for the benefit of, the whole or any part of the authority's area or all or any persons resident or present in their area.
5.2 The section 2 power includes power for a local authority to, inter alia, give financial assistance to, enter into an agreement with, or provide staff, goods, services or accommodation to, any person. However, the well-being power does not enable the authority to raise money, nor to do anything which it is unable to do by virtue of any existing statutory prohibition, restriction or limitation on its powers.

5.3 Section 4 of the Local Government Act 2000 places a statutory obligation on the Council to prepare a strategy for promoting or improving the economic, social and environmental well-being of their area and contributing to the achievement of sustainable development in the UK.

5.4 Part 5 of the Local Government and Public Involvement in Health Act 2007 provides for a Local Area Agreement (“LAA”), which is an agreement between a local authority and certain partner authorities, approved by the Secretary of State. It must be prepared by the local authority which will consult partner authorities and others (including persons from the voluntary and community sector and local businesses). The local authority and partner authorities are required to co-operate with each other in determining local improvement targets for the area to be included in the LAA. Part 5 also amends section 4 of the Local Government Act 2000 to provide that the local authorities which prepare LAA’s must consult partner authorities when preparing their sustainable community strategy.

6. Organisational implications

6.1 Risk management:

6.1.1 Delivery plans for the LAA national indicators are being prepared by LF partners which will be risk assessed in two stages using risk assessment templates. Initially “business as usual” activities will be risk assessed. Where either a red or amber rating results, “additional activities” will be developed to reduce the identified risks. These “additional activities” will then receive a risk assessment to determine a final risk rating for the indicator. If either a red or amber rating remains, this indicator will be placed on the LF risk register for quarterly review.

6.2 Equalities impact assessment:

6.2.1 LAA Delivery plans will also record whether plans and strategies that contribute to the achievement of LAA national indicators have received an Equalities Impact Assessment (EIA). This information will contribute to the development of the LF Comprehensive Equalities and Cohesion Plan. This initiative is led by the Council’s Corporate Equalities team who will work with LF partners to undertake EIAs for priority policy areas or key services. Key strategies that have received an EIA include, Young and Safe, Lambeth’s Education Action Plan, the Lambeth Learning Disability Commissioning Strategy and the Stakeholder Engagement Strategy.
6.3 **Community safety implications:**

6.3.1 Section 17, of the Crime and Disorder Act 1998, imposes a general duty on local authorities, as follows: "Without prejudice to any other obligations imposed upon it, it shall be the duty of each authority to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all it reasonably can to prevent crime, disorder and substance misuse in its area.". The Report informs Members of the decision taken by Lambeth First (LF) partners to agree a framework and a process to allocate the Local Area Agreement (LAA) 2007-2010 Performance Reward Grant. The Report also provides an update on LAA 2008-2011 and the LAA 08/09 refresh. The recommendations set out in the Report are for Members to note the Performance Reward Grant Allocation Framework. Therefore there are no direct community safety implications arising from this report. However there may be indirect implications for community safety in the Borough if additional monies are made available through achievement of the LAA 2007-10 stretch targets and achievement of LAA 2008-11 targets and associated reward. Any future changes to recommendations and any impact on associated service levels, particularly if they relate to community safety sensitive services, would require further evaluation pursuant to s17 of the Crime and Disorder Act 1998.

6.4 **Environmental implications:**

None.

6.5 **Staffing and accommodation implications:**

None.

6.6 **Any other implications:**

None.

7. **Timetable for implementation**

7.1 Economic evidence to present to GOL should be prepared during January 2010 to enable sufficient time for negotiation prior to an anticipated refresh deadline of March 2010.

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