



REPORT OF L.A.A. FINANCE WORKING GROUP

TO: PERFORMANCE MANAGEMENT GROUP

L.A.A. Financial Arrangements

1. Introduction

The Finance Working Group (F.W.G.) has been asked to prepare a report for submission to the Partnership Management Group (P.M.G.) on the options available for the future financial arrangements of the L.A.A, with a particular focus on the allocation of L.A.A. resources and the creation of Headroom which can be used to support new initiatives or projects.

2. Background

The F.W.G. has in the past attempted to map L.A.A. resources against the agreed set of targets. This proved to be unsuccessful; Partners were not able to disaggregate financial information with sufficient degree of accuracy to produce a position statement that could have been meaningfully analysed.

The F.W.G. subsequently requested that, as part of the preparation of the L.A.A. Delivery Plans, there should be an accompanying financial analysis to show what L.A.A., mainstream or other grants were being used to support the activity included within the Delivery Plan.

However, it is now clear that the Delivery Plans which have been prepared over the last few months are not yet in a mature enough state for the L.A.A. to realistically consider any reallocation of resources to support the delivery of targets.

I therefore made a presentation to the last P.M.G. which set some fundamental questions relating to financial issues and arrangements for the L.A.A; this report is based on the views expressed by the P.M.G. and subsequently discussed at the F.W.G.

3. Allocation of Resources

3.1 The general view from the P.M.G. was that the ongoing debate about financial issues was now becoming a distraction and was hindering the delivery of L.A.A. targets. This led to the view that the





current allocation of resources should remain in place without any changes.

The F.W.G. considered this issue and would recommend that:-

The current resource allocation is maintained for the next two financial years 2009/10 and 2010/11.

A caveat to this recommendation should be that L.A.A. funding for any initiative, project or service delivery is dependent upon an acceptable level of performance

- 3.2 The F.W.G. also considered the position of any new funding regimes which may be added to the L.A.A. in future years. In the case of funding which is already utilised for a specific purpose, it is recommended that:-

The resource allocated be maintained for the same purpose in 2009/10 and 2010/11.

- 3.3 For any new L.A.A. funding which does not have any existing purpose it is recommended that:-

Any new resources are allocated into a New Initiatives Fund which can then be utilised according to the L.A.A.'s priorities.

This would be in accordance with the new freedoms which now accompany all L.A.A. funding, in that resources can be utilised for any purpose according to the priorities of the L.A.A.

However, any such new L.A.A. funding could be received by either the County Council or some or all of the District Councils there is the added complication, therefore, of the relationship between Districts LSP's and the L.A.A. with regard to funding which has a L.A.A. label accompanying it.

This brings into question what is the L.A.A., to date I would suggest that most partners would recognise the County LSP, the Strategic Partnership Board, the Performance Management Group and the various Theme Groups as representing the L.A.A.

The status of District level L.S.P.'s within the L.A.A. I would suggest has not yet been fully resolved it is suggested therefore that this position may require a formal decision be all partners in order that there is an agreed understanding. Without this we will be faced with





the situation of L.A.A. backed funding being dealt with outside of the recognised L.A.A. structures.

4. New Initiatives Fund

- 4.1 Without a free resource being created the L.A.A. will find it extremely difficult to support new initiatives or activity, it will thus face the danger of merely administering the funding allocated to maintain current service delivery.
- 4.2 I would suggest that at this point in time Partner Organisations do not have sufficient confidence in the L.A.A. to allocate mainstream funding to create a fund without the knowledge of the ultimate purpose which the funding will be used for.
- 4.3 At this stage in the development of the L.A.A., I would challenge the thinking of the majority Partners in that it appears to be focussed on what they are getting from the L.A.A. as opposed to what can do for it.

The challenge for the L.A.A. as a Partnership is, therefore, to be able to demonstrate to Partners that it can deliver positive outcomes which make a difference.

Without Partners having the confidence that the L.A.A. can deliver, there will be a reluctance to divert any mainstream funding for unspecified outcomes.

- 4.4 I would further suggest that the above analysis is supported by the reluctance of Partners to utilise the L.A.A. for new initiatives which have supporting funding to accompany them.

Without wishing to embarrass any individual partner, I list below some recent examples of funding which appear not to have been channelled through the L.A.A.:-

Alcohol Related Partnership Fund	-	Home Office
Knife Crime	-	Home Office
Health Trainers	-	PCT
Playbuilder Fund	-	D.C.S.F./ Notts. County Council

It is recommended, therefore, that all Partners support the principle of agreeing to channel all new funding initiatives through the L.A.A. in the first instance.





4.5 The L.A.A. has previously agreed a methodology for the use of the Reward Grant linked to the stretch target performance of the first L.A.A. which will end on 31 March 2009.

The table below sets out the agreed position based on the maximum possible grant of £10m:-

	Capital £m	Revenue £m
1 25% (revenue) retained by Partnership to distribute on a needs basis for future priorities		2.5
2 37.5% (capital) to County LSP to invest with interest generated to be used by the Partnership to fund future priorities	3.8	
3 to the 7 District LSP's: to deliver LAA priorities in their areas 12.5% capital 25% revenue	1.3	2.5
total	----- 5.0	----- 5.0

Assuming that the funding is split equally between the 7 District LSP's, each will receive:

£185,714 £357,143

payable equally over the two years, 2009/10 and 2019/11

The latest estimate of the level of Reward Grant which will be received is between £10.7M and £13.5M, this is based on the current level of performance for the 12 stretch targets, see table at Appendix 1.

It is proposed that the L.A.A. should review the use of the L.A.A. 1 Reward Grant with the aim of utilising it to create a new Initiatives Fund, which the L.A.A. can then use as a free resource according to its priorities.

If this proposal is accepted there are an accompanying range of options to allocate the available funding, these are shown below:-





Strategic Partnership Board	X%	x 1
L.A.A. Theme Blocks	Y%	x 6
District Level L.S.P.'s	Z%	x 7

- 4.6 Clearly the opportunity exists to utilise some or all of the possible options to allocate the available funding, if the principle proposed above is accepted.

However irrespective of whichever option may be approved it should be accompanied by a clear set of conditions with regard to the use of the fund and in particular should be based around a strict commissioning model, thus avoiding the need for any unnecessary bidding processes.

- 4.7 In order to assess and agree a methodology to commission new initiatives/projects it is proposed that a "Pathfinder Project" be selected to help in the development of an agreed process.

To this end the D.A.A.T. have offered to put forward a project as a pathfinder which can be used in this context.

5. Pump Priming Grant

- 5.1 The FWG also considered the latest position of the L.A.A. Pump Priming Grant, this grant is a specific grant for which the County Council is the accountable body. It can only be used to support the twelve stretch targets included in the L.A.A. 1 and must be expended by 31st March, 2009.

- 5.2 From the returns received there would appear to be a potential underspend in the region of £134,000, this analysis is set out at appendix 2.

In order to ensure that the Partnership can take appropriate decisions to ensure that this Grant is utilised to its maximum potential, I intend to send a proforma (Appendix 3) to each of the project leads.

- 5.3 At this stage it is not possible to advise the Partnership whether or not there is a significant underspend which will require corrective action to be taken.

In the event that the returns show that an underspend is likely it is recommended that:





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The Partnership utilise existing expenditure already incurred within the current financial year in L.A.A. 2, with the final underspend being transferred into the New Initiatives Fund thus preserving the grant for future L.A.A. purposes.



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