

## Policy Context

### 1 Future of Local Government

1.1 Before the general election the Office of the Deputy Prime Minister (ODPM) published a series of documents which sought to set out a vision of what local government across England should look like in 10 years time. The 'local vision strategy' sets out a role for local government which places it at heart of the work to create sustainable communities and to empower people. The ODPM proposes to develop a national framework which sets out the principles for neighbourhood arrangements, working within the current democratic structures. This will be underpinned by a Charter which will set out what local people should expect, both in terms of outcomes and control or influence over their neighbourhood. Powers agreed between local authorities and neighbourhoods could include:

- model bye-laws and new powers to levy penalty notices (e.g. ASBOs);
- devolved budgets – giving communities the power to manage particular services directly;
- ownership of local assets eg playgrounds and community centres; and
- additional revenue-raising powers perhaps through 'Neighbourhood Improvement Districts', allowing local areas to vote and raise additional money to spend on local priorities.

1.2 On 28 June this year, the Government launched the "Together We Can" action plan. The Plan is led by the Home Office and brings together the Government's thinking on the future of range of public services. The action plan is predicated on the idea that people feel

*"organisations which take the decisions seem beyond their influence, so people are left with a diminishing sense of confidence and responsibility. Increasingly, they believe that public authorities – such as councils, police, the Government – are not interested in their concerns, let alone their opinions. They feel that nothing they can do will make a difference, so they stop trying and so, often, does the public body responsible for providing services."*

The idea is to allow people to play a greater role in the decisions which affect their communities. Concerned that the trend is for fewer people to vote, the Government is seeking alternative ways of "empowering" people. Three elements to the strategy are identified.

1. Active citizens: people with the motivation, skills and confidence to speak up for their communities and say what improvements are needed.
2. Strengthened communities: community groups with the capability and resources to bring people together to work out shared solutions.
3. Partnership with public bodies: public bodies willing and able to work as partners with local people.

1.3 The Action Plan is structured around four themes - Citizens and Democracy; Regeneration and Cohesion; Safety and Justice; and Health and Sustainability. It draws together the existing plans which have been articulated, for example, in the Children's Act and the Health Green Paper. The key outcomes the Government is trying to achieve is a greater feeling of wellbeing by empowering local people to take part in collective activities. This includes improvements to the recruitment of school governors, patients' forums, magistrates and probation boards; involving people in parish plans and enabling local people to identify and deliver local health needs.

Individuals are also to be given more direct control of the services they receive through direct payments for social care, for example.

1.4 The County Council will need to consider, over the next few months, how it can improve its engagement with local communities and what can be done to give local people a greater say in the services they receive.

## **2. Local Area Agreement**

2.1 Local Area Agreements (LAAs) were first piloted in July 2004. They allow top tier, (county and unitary) local authorities in partnership with their LSP (Local Strategic Partnership) to deliver outcomes which have been negotiated with Government in four service blocks:

- children and young people;
- safer and stronger communities;
- healthier communities and older people, and
- economic development and enterprise.

It is intended that the agreements will allow authorities to bring together various Government funding streams to target resources more effectively at priority areas.

2.2 The County Council has been invited, along with all the Counties in the south east which were not part of the initial pilot project, to take part in the second round of pilot LAAs. The main benefits will be that:

- the LAA will provide us with a mechanism for specifying and agreeing a range of local outcomes that we can share with all delivery partners; these will have associated targets, indicators and funding streams;
- it will provide a way of strengthening partnerships and local governance and reducing central prescription of performance management processes;
- the LAA will incorporate the LPSA and potentially bring new funding into the County;
- the LAA will capture the way partners work together in East Sussex and form the action plan for the ESSP, and
- it will provide opportunities for aligning and potentially pooling budgets..

2.3 The draft LAA will need to be concluded by the end of September and detailed negotiations will then take place until the agreement is signed at the end of March 2006. Within the LAA there will be stretch targets which will receive reward grant in a similar way to the targets identified in the Public Service Agreement.

## **3. Comprehensive Performance Assessment**

3.1 In June, the Audit Commission announced the framework for the new Comprehensive Performance Assessment (CPA), CPA – the harder test. The new framework will provide a more stringent test with more emphasis on outcomes for local people and value for money. In order to maintain its current score, the Council will need to have raised its performance.

3.2 The corporate assessments and the use of resources judgments will take a community perspective on the council's performance and the service assessments will focus more on the users of those services.

3.3 The key changes to the new framework are:

- strengthen methodologies for assessing user focus;
- a new explicit judgement of value for money within the annual use of resources assessment;

- the corporate assessment will consider councils' achievements in relation to the central/local local government shared priorities, drawing on the joint area review (JAR) for children and young people and assessing more explicitly councils' partnership working;
- annual assessment of services for children and young people will be based on the annual performance assessment (APA) or the JAR;
- there will be a revised approach to service assessments;
- the introduction of a direction of travel statements to indicate the progress being made in achieving improvement; and
- CPA categorisation will be rules based rather than based on previous, largely arithmetic model.

3.4 All councils will continue to have their performance scores "refreshed" each December. There will also be a new "Direction of Travel" statement, which will assess the authority's progress over the last year in one of four categories:

- a) Significant improvement;
- b) Some improvement;
- c) No improvement; and
- d) Weakening.

Given that the overall CPA category will be based on the overall "harder test", it is possible that the Audit Commission will find itself reporting improvement in an authority's performance in the direction of travel statement and at the same time as the authority drops down a CPA category.

3.5 The new methodology makes a welcome move away from relying on a high level of inspection. There is, however, considerably more self assessment involved in the new framework, which is increasing the workload on officers. In addition, the "key lines of enquiry" against which authorities' performance is assessed have also become more detailed and more prescriptive, tending towards a national blue print and reducing scope for local choice.

#### **4. Local Government funding**

4.1 The Local Government Association's Settlement Working Group, which is chaired by the ODPM, is looking at ways in which the local government funding formula could be changed. It is expected to issue a consultation paper on proposed changes to funding formula this month.

4.2 A second independent review (the Lyons Review) into the balance of funding between central and local taxation will reach its conclusions in December 2005. The conclusions of the reform of local finance systems may include additional council tax bands and the introduction of regional banding

4.3 In early 2006 consultation will begin on the Government's proposals for council tax reform. Revaluation to redistribute households between bands on the basis of updated property values is timetabled to take place in September 2006 and in November 2006 a provisional financial settlement, based on the new tax base will be announced.

#### **5. Efficiency Review**

5.1 The County Council has been striving to improve services, reduce costs and reduce council tax rises for several years. Now, as a result of the Gershon review, it is required to report its progress to central Government by identifying and

implementing efficiency savings and productivity improvements equivalent to 2.5% of net expenditure, year on year. The Government divides efficiency gains into two categories, "cashable" and "non-cashable". The former are savings which will result in reductions in the need to raise revenue, the latter are savings identified from new ways of working which can be reinvested in service delivery.

5.2 The Reconciling Policy and Resources agenda has already moved the Council forward considerably in terms of efficiency, the shifting of resources to its priority areas and looking for ways of limiting the impact of savings on front line services. Over the next year the Council will look more carefully than ever at the way it works to ensure it is getting maximum benefit from the money it spends on behalf of the people of East Sussex. The key principles which will underpin this work are:

- a focus on the productivity of staff (placing strong value on everyone's time) and efficiency of systems;
- seeking to make better use of limited resources and helping the Reconciling Policy and Resources processes to minimise impact on frontline services;
- challenging everyone to make best use of the resources they control; and
- providing the freedom to innovate.

## **6. Children Act 2004**

6.1 The Children Act/Every Child Matters (ECM) agenda and the 5 Year Strategy for Children and Learning are the two dominant national policy drivers for Children's Services. Although the desired outcomes are coherent and complementary, the strategies themselves are not. Thus the ECM approach is based on a model of local collaboration, including schools, and 'owning every child' whilst the 5 Year Strategy envisages increased school autonomy and choice driving up quality. The 'new relationship with schools' (part of the 5 Year strategy) will introduce School Improvement Partners (SIPS) with regional and national direction operating alongside local authority school improvement services, with a consequent risk of blurred accountabilities and lack of clarity. Major changes in school funding arrangements are likely to increase work pressures at school level and at County level, with two accounting years. A Green Paper on youth services has been long awaited, and is likely to bring major change, with a need to work closely with Connexions and with district and borough leisure services in particular on local implementation.

6.2 The dominant local focus for the next few years will be management of the major change agenda related to establishing children's trust arrangements in East Sussex, including the creation of a fully integrated Children's Service within the Council. The development of local planning and commissioning and the interface with local community leadership will be crucial to the effectiveness of the arrangements. In the context of major change, maintaining a focus on the 'core business' - safeguarding children and school improvement - will be important. Developing strong partnerships will continue to be important, and the Council will need to respond to the potential reconfiguration of the local health economy, including changes in mental health services.

## **7. Adult Social Care**

7.1 Central government is emphatic in its continued emphasis on the provision of modernised, person-centred social care that maximises choice, independence and support for people in their own homes. Partnership working (and with an increased

network of partners) is seen as a key vehicle for delivering on these consistent themes running through the following key policy documents:

- the recent Adult Social Care Green Paper - Independence, Wellbeing and Choice and the National Strategy on Ageing - Opportunity Age
- National Service Frameworks for Mental Health, Older People and Long Term Conditions
- Valuing People White Paper (Learning Disability)
- Improving the Life Chances of Disabled People White Paper

The current PSA targets, the new CPA and LAA arrangements all underpin this direction of travel. The pace and scale of change demanded is huge and is not matched by increased central government investment in social care – 2.7% for social care nationally, compared to 7.2% for health. The financial risks posed to Primary Care Trust (PCT) partners by Payment by Results and Practice-based Commissioning, all to be addressed through a period of major re-structuring of PCTs, are also of concern.

7.2 Within the County Council, the newly formed Adult Social Care Department is completing its own re-structure to address the challenges, which are in line with its own aspirations for the future of adult social care, building on initiatives to improve joint working and commissioning with health partners in particular. Good progress has been made in recent years towards the commissioning rather than delivery of services, with big shifts towards independent sector provision of home care and the remaining in-house services focussed entirely on rehabilitation. A £35m PFI bid is currently being progressed to support our strategic intentions for residential (including Extra Care) and respite care for older people, including those with mental health problems. The County's ageing population demands more of this kind of innovative investment and faster progress in reducing our reliance on traditional forms of residential care.

7.3 Joint investment with health in community-based services, such as intermediate care and better management of long term conditions, is key and remains an area of great challenge. The Audit Commission's December 2004 Whole Systems Review of Older People's Services provided a helpful analysis of the issues and our joint action plan is addressing delayed transfers of care at strategic and operational levels. Proposed changes to the Mental Health/Learning Disability provider trust configuration contained in the Shaping the Future document provides challenges and opportunities. There is a clear need to establish robust commissioning arrangements jointly with the PCTs to ensure the commissioning of services at the appropriate level to meet local needs. There remain financial pressures due to the volume of need, the volatile effects of former self-funders who become the County Council's responsibility and the failures in our 'whole systems' partnership-working with health (as identified by the Audit Commission). There is also a significant savings programme to be delivered over the next two years. The ongoing need to re-engineer services to support the preventative agenda as well as provide services to those with substantial and critical needs will be a major challenge.