

Subject: Performance Reward Grant Protocol **Status:** For Publication

Report to: Cabinet **Date:** 17th June 2009

Report of: Chief Executive

Portfolio Holder: Communities and Neighbourhoods

Key Decision: Yes

Forward Plan General Exception Special Urgency

1 PURPOSE OF REPORT

1.1 To seek agreement from members on the County Council Protocol for the distribution of Performance Reward Grant.

2. CORPORATE PRIORITIES

2.1 The matters discussed in this report impact directly on all of the corporate priorities:

- Encouraging healthy and respectful communities.
- Promoting the Borough.
- Delivering regeneration across the Borough.
- Delivering quality services to our customers.
- Keeping the borough clean, green and safe.
- Providing value for money services.

3. RISK ASSESSMENT IMPLICATIONS

3.1 Failure to agree the protocol would mean inadequate and unclear arrangements are in place for the distribution of Performance Reward Grant for the next three years.

4. BACKGROUND

4.1 Performance Reward Grant is money payable by central government for the achievement of the first set of Local Area Agreement 2006 – 2009 stretch targets. The level of reward grant earned is dependent upon on the performance of individual stretch targets.

- 4.2 The actual level of Performance Reward Grant available is unknown at present as performance against the county wide stretch targets are yet to be finalised; however it is estimated that Rossendale could receive in the region of £1m. This will be paid in instalments at the end of the financial years 2009/10 and 2010/11 with a final payment in the financial year 2011/12.
- 4.3 A wide range of partners have been involved in and responsible for the achievement of the stretch targets. It is therefore a requirement that the Local Strategic Partnership (LSP) makes recommendations as to what the funding is spent on.
- 4.4 Rossendale LSP does not have any legal status and therefore the recommendations made by the LSP as to the allocation of the reward grant will need to be ratified by the Borough Council.
- 4.5 A Protocol has been developed by Lancashire County Council setting out the accounting arrangements and use of Performance Reward Grant. (Copy of the protocol is in appendix 1). Key points from the protocol are:
- Grant should be used with the over-riding aim of narrowing the gap and towards achieving the outcomes in our Sustainable Community Strategy and Local Area Agreements.
 - District LSP are required to make recommendations to the District Council as to the allocation of the reward grant and these recommendations need to be ratified by the District Council.
 - Use of Performance Reward Grant should be supported by clear business cases.
 - Requirement from Central Government that the reward grant is used on a 50% capital and 50% revenue basis. However, capital and revenue allocations can be exchanged between District LSP as long as the 50/50 rule is maintained at County level.
 - The grant can be carried forward from the financial year in which it is paid and there is no final date by which the grant must be spent.
 - District Councils on behalf of the LSP are required to produce interim and end of year report on grant expenditure and these are to be forward to LCC so that they can report back to Central Government.

5.0 PERFORMANCE REWARD GRANT ALLOCATION PROCESS

- 5.1 Rossendale Partnership executive agreed that a small sub-group be set up to consider all the options put forward for allocating the reward grant.
- 5.2 Theme groups of the LSP and the voluntary, community and faith sector will be invited to put forward proposals for spending the grant by completing a brief expression of interest form for each proposal.
- 5.3 All expressions of interests will be presented to the sub-group who will short list them and ask for a more detailed business cases to be produced for those short-listed. A further meeting of the sub-group will then review the detailed business cases and identify preferred options for spending the reward grant.

- 5.4 A 'preferred options' report will then be presented to the LSP Executive who will make recommendations. These recommendations will be presented to the Council's Cabinet for final ratification. A timetable of the process for allocating the grant is shown in appendix 2.

COMMENTS FROM STATUTORY OFFICERS:

6. SECTION 151 OFFICER

- 6.1 In accordance with the above, funds received will pass through the Council's accounts. Unused funds would be carried in the Council's Balance Sheet in an Earmarked Reserve for use solely on the specific projects recommended by the LSP.

7. MONITORING OFFICER

- 7.1 No comments

8. HEAD OF PEOPLE AND POLICY (ON BEHALF OF THE HEAD OF PAID SERVICE)

- 8.1 No HR implications

9. CONCLUSION

- 9.1 Performance Reward Grant represents a significant 'one-off' payment to help reduce inequalities and achieve the outcomes in our Sustainable Community Strategy. It is important that the Borough Council is engaged with the LSP when it makes recommendations on what the grant is spent on.

10. RECOMMENDATION(S)

- 10.1 That Cabinet agree to the principles of the County Council protocol for the distribution of Performance Reward Grant
- 10.2 That Cabinet agree to the PRG allocation process as detailed in section 5 of the report and in appendix 2.

11. CONSULTATION CARRIED OUT

- 11.1 Rossendale Partnership Executive.

12. EQUALITY IMPACT ASSESSMENT

Is an Equality Impact Assessment required	No
Is an Equality Impact Assessment attached	No

13. BIODIVERSITY IMPACT ASSESSMENT

Is a Biodiversity Impact Assessment required No

Is a Biodiversity Impact Assessment attached No

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Background Papers	
Document	Place of Inspection
Performance Reward Grant Protocol Timetable of PRG allocation process.	Appendix 1 Appendix 2

APPENDIX 1

The Lancashire Local Area Agreement – Distribution of the Performance Reward Grant Protocol

This Protocol is made in respect of payment of the Performance Reward Grant under a Local Public Service Agreement now commonly known as a Local Area Agreement.

This Protocol regulates the Governance and Financial Management of the Performance Reward Grant

This Protocol is agreed by Lancashire County Council and the 12 District Councils; Burnley Borough, Chorley Borough, Fylde Borough, Hyndburn Borough, Lancaster City, Pendle Borough, Preston City, Ribble Valley Borough, Rossendale Borough, South Ribble Borough, West Lancashire District and Wyre Borough.

The protocol is supported by all members of the Lancashire Partnership.

1. Background

1. Performance Reward Grant (PRG) is money payable by Central Government for the achievement of Local Area Agreement stretch reward targets. A wide range of partners has been involved in and responsible for the achievement of the targets.
2. The dates for achieving the stretch targets covered by this Protocol are from 31st March 2009 to the 31st December 2010 and, if achieved, PRG will be paid in instalments mainly over the 2 financial years 2009/10 and 2010/11 with a final payment in the financial year 2011/12
3. PRG will be paid by Central Government to Lancashire County Council as 50% capital and 50% revenue
4. PRG can be carried forward from the financial year in which it is paid
5. There is no final date by which PRG must be spent
6. The level of PRG available is dependent upon the success of individual reward targets

2. Accounting Arrangements

1. Lancashire County Council (LCC) is the accountable body and banker of the funds received from Central Government
2. LCC will be responsible for ensuring that money spent through the Lancashire Partnership and the District Local Strategic Partnerships (LSPs) is properly accounted for and will monitor this through the application of this Protocol

3. PRG will be distributed by LCC at the agreed distribution rate of 40% to the Lancashire Partnership and 60% to be divided equally and paid to the District Councils who will receive the money on behalf of the 12 Local Strategic Partnerships
4. PRG funds will be paid by LCC upon receipt from Central Government
5. LCC on behalf of Lancashire Partnership and the District Councils on behalf of the district LSPs will create and maintain clearly identifiable accounting structures for the PRG funds
6. The District Councils on behalf of the LSPs shall prepare, in October of each year, an interim monitoring report on LSP spending to 30 September, projected spend for the remainder of the year and any planned use of PRG funds in future years. Each District will present the report to their district LSP. Copies of District reports are to be forwarded to LCC. A combined District and County report will be presented to the Lancashire Partnership Board.
7. The District Councils on behalf of the LSPs shall also prepare a final year-end report for the PRG funds expenditure on a similar basis as the interim report.
8. The interim and final year-end reports shall have a form and content which is to be agreed by the District Council and the County Council, in consultation with the LSPs, and which will be consistent across the county
9. Unused funds arising from the current and earlier years' contributions may be carried forward into the following financial year.
10. Funds must not be committed by the district LSP or Lancashire Partnership in excess of the budget available. The District Councils and County Council shall be responsible for ensuring that there are sufficient funds in their partnership's budget to cover all outgoing payments and any overspend will be the responsibility of the District Council and County Council respectively
11. It is a requirement of Central Government that PRG funding is used on a 50% capital 50% revenue basis and this applies to the proportion of PRG payable to each District Council, an initial approval letter will be issued to which outlines the amount of capital and revenue payable to each District Council.

However, within this overall requirement, the capital and revenue allocations can be exchanged between LSPs, for example, district A may swap all or some of its capital allocation for district B's revenue allocation.

In cases where LSPs wish to swap capital and revenue funding, an application setting out the details of the proposed swap should be made to the County Council in order that we can maintain the 50/50 rule. A revised approval letter will then be issued to the relevant LSPs. All applications for swaps should be made to Rachel Parker at rachel.parker@lancashire.gov.uk.

3. Use of the Performance Reward Grant

1. Performance Reward Grant should be invested in the future of Lancashire with the over-riding aim of “narrowing the gap”. The use of PRG should follow the golden thread of priorities which set out the outcomes needed to achieve this over-riding aim in:-

- Ambition Lancashire
- The Local Area Agreement
- Sustainable Community Strategies (District level).

2. The district LSPs shall make recommendations to the District Councils as to the allocation of the PRG and all funding decisions should be made through this route. These recommendations shall be in accordance with their work programme encompassing the above plans and strategies and allowing the principle to be addressed at different spatial levels and as appropriate for different communities across the county.

The councils have responsibility for the proper use of the funds and therefore for formally approving the allocation of the funds. However, the recommendations on the allocation of funds should be made by the LSPs.

3. In order to add value with this funding, all partners when making funding decisions will need to be able to set those decisions in the context of:-

- What is being commissioned at both county and district level
- How this activity helps to achieve the outcomes
- How the gaps and risks are being addressed

Use of PRG funds should be supported by clear business cases which provide this context in order to maximise the outcomes from the use of the resources. Recommendations of the district LSPs and Lancashire Partnership shall be supported by clear reasons

4. In principle the funding should be used to provide services for the people of Lancashire but PRG can also be used to provide reasonable administrative and financial support to the District and County Councils and partners in carrying out their additional responsibilities in relation to the Local Area Agreement. LSPs will determine what is reasonable in relation to any particular activity or function.

5. Recommendations of the LSPs shall be communicated to the District Councils and shall be ratified by that authority through its usual executive process. This may be by the full Cabinet, by a Cabinet member, by a Chief Officer under a scheme of delegation or by any other means within the district council’s constitution. The

County Council shall delegate its executive function in respect of ratifying the district LSP expenditure to the District Councils

6. After executive ratification, the District Council shall make the payment or payments to implement the decision as and when necessary on behalf of the LSP.

7. Spending recommendations agreed by the Lancashire Partnership Board will be subject to agreement by the LCC Cabinet member for Resources.

8. No decision shall be taken by the District Council or County Council which gives rise to a commitment to make payments in future years unless those payments are covered by currently available funds, either those carried forward for the specific purpose or if sufficient funds are already forecast as being available in the future financial year i.e. from the second payment instalment.

No	Task	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar-10
1	LSP theme groups and community, voluntary & faith sector to identify options for PRG spend.											
2	Prepare report for sub group of LSP exec detailing all expressions of interests put forward.											
3	Sub group meeting to assess all options and identify a short list of priority projects.											
4	Preparation of business cases for each priority project short-listed.											
5	Sub group meeting to agree preferred options from projects short-listed, based on the business cases presented											
6	Complete preferred options report for LSP exec approval at Jan meeting											
7	Preferred options report presented to LSP executive for final recommendations											
8	Prepare report for Cabinet detailing LSP recommendations											
9	PRG report presented to Cabinet with recommendations going to Full Council											
10	Final report detailing preferred allocation of PGR presented to Full Council for ratification											