

**RIBBLE VALLEY BOROUGH COUNCIL**  
**REPORT TO POLICY AND FINANCE COMMITTEE**

DECISION

Agenda Item No

meeting date: 28 JULY 2009  
title: LAA – PERFORMANCE REWARD GRANT DISTRIBUTION PROTOCOL  
submitted by: DIRECTOR OF RESOURCES  
principal author: LAWSON ODDIE

1 PURPOSE

- 1.1 To note the imminent award of Performance Reward Grant funds to the Ribble Valley Strategic Partnership, and to ask members to ratify the protocol in respect of the distribution of the grant. Additionally, members are asked for approval of a protocol for the operation of the scheme by this council.
- 1.2 Relevance to the Council's ambitions and priorities
- The Lancashire LAA is a formal agreement with Government to deliver improved services to the communities of Lancashire. Its priorities are based on those of 'Ambition Lancashire' – the countywide community strategy, which in turn is based on the local community strategies of individual partners. As such achievement of the LAA will contribute towards meeting the local priorities of this Council.

2 BACKGROUND

- 2.1 The Local Area Agreement (LAA) is an agreement between Lancashire County Council and its partners and central government about how priorities for Lancashire will be measured and about how much improvement will be made.
- 2.2 Performance Reward Grant (PRG) is money payable by Central Government for the achievement of LAA stretch reward targets. The dates for achievement of the LAA stretch reward targets for the first LAA (2006/09) are from 31 March 2009 until 31 December 2010.
- 2.3 It has now been agreed by the Lancashire Partnership that any PRG received should be distributed by LCC at the agreed rate of 40% to the Lancashire Partnership, with the other 60% being divided equally and paid to the 12 districts in Lancashire. It will be paid to District Councils, who will receive it on behalf of the LSPs.
- 2.4 The amount of PRG payable to the Ribble Valley LSP will be dependent upon the overall success in achieving individual reward targets, however it has been estimated that this could be approximately £1m over three years.
- 2.5 A full copy of the protocol is attached as Annex 1 to this report.

3 ACCOUNTING ARRANGEMENTS

- 3.1 Under the protocol Lancashire County Council is the accountable body and banker of the funds received from Central Government and will distribute 40% of these funds to the Lancashire Partnership and the remaining 60% will be distributed evenly to District Councils, who will be receiving these funds on behalf of their Local Strategic Partnerships.

- 3.2 It will be possible to carry forward any unspent grant to future years, with no time restraint on when the grant must be used by.
- 3.3 In October each year the council will be required to prepare a report to LCC providing details of Performance Reward Grant expenditure for the Ribble Valley Strategic Partnership (RVSP), forecast expenditure for the remainder of the year, and budgeted expenditure for future years. A final year-end report on the same basis will also be required.
- 3.4 The grant will be allocated as 50% capital and 50% revenue. The council will be responsible for ensuring that the RVSP do not commit funds in excess of the budget available, with any overspend becoming the council's responsibility.

#### 4 USE OF THE PERFORMANCE REWARD GRANT

- 4.1 The use of the Performance Reward Grant (PRG) should follow the golden thread of priorities within:
- Ambition Lancashire
  - The Local Area Agreement
  - Sustainable Community Strategy
- 4.2 PRG expenditure must be guided by the Ribble Valley Strategic Partnership, be in accordance with their work programme and be supported by clear business cases. However, the council has a responsibility to ensure that the funds are put to proper use and for approving the allocation of funds. The council must only approve commitments for future years where there are already current funds available.
- 4.3 Whilst the principles behind the PRG are that it should be used to provide services, PRG can also be used to fund reasonable administrative and financial support at the council in carrying out its additional responsibilities under the LAA. The Ribble Valley Strategic Partnership will be responsible for determining what would be deemed reasonable if this were to be the case.

#### 5 PERFORMANCE REWARD GRANT – RIBBLE VALLEY PROTOCOL

- 5.1 Subject to ratification of the protocol for the Lancashire Local Area Agreement, it is essential that a protocol is approved for the process of grant distribution for the council.
- 5.2 Inevitably, much of the Ribble Valley protocol mirrors that of the Lancashire Local Area Agreement.
- 5.3 The Protocol at Annex 2 provides details of the grant application process, decision making process, monitoring arrangements and how the grant will be paid to applicants.

#### 6 RISK ASSESSMENT

- Financial – as the body responsible for ensuring that there are sufficient funds in the RVSP budget to cover outgoing payments, responsibility for any overspending will fall on this council. Responsibility for any overspend on the Lancashire Partnership would fall on LCC. With the agreement of the RVSP there is the possibility that an element of the Performance Reward Grant may be utilised to meet the costs incurred by this council in providing administrative and financial support in relation to the Local Area Agreement.

- Technical, Legal and Environmental
- Reputation - Achievement of our obligations under the Agreement will assist in maintaining our reputation for effective service delivery amongst partners and the wider public.
- Political

7 RECOMMENDED THAT COMMITTEE

7.1 Ratify the Lancashire Local Area Agreement Distribution of Performance Reward Grant Protocol as attached at Annex 1

7.2 Approve the Ribble Valley Protocol as attached at Annex 2

FINANCIAL SERVICES MANAGER

PF35-09/LO/AC  
20 July 2009

## **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 31<sup>st</sup> March 2009 to the 31<sup>st</sup> 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

## Performance Reward Grant Protocol

(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.

## Performance Reward Grant Protocol

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](mailto: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

## Performance Reward Grant Protocol

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 ie from the second payment instalment.

## The Ribble Valley Local Area Agreement: Distribution of the Performance Reward Grant Protocol

### BACKGROUND

Performance Reward Grant (PRG) is money payable by Central Government for the achievement of Local Area Agreement stretch reward targets.

The dates for achieving the stretch targets are from 31 March 2009 to the 31 December 2010. If these targets are achieved PRG will be paid in instalments over 2009/10 and 2010/11, with a final payment in 2011/12.

### ACCOUNTING ARRANGEMENTS

Ribble Valley Borough Council is the accountable body for funds received from Lancashire County Council (LCC) under the Lancashire Local Area Agreement and is therefore responsible for ensuring that such monies are correctly accounted for.

Such monies will be clearly accounted for within the council's financial systems, which will be maintained by the financial services section. Monitoring responsibility will be assigned to the council's Senior Accountant responsible for Policy & Finance and Planning & Development Committee services.

The Partnership Officer, with assistance from the Senior Accountant, will be responsible for preparing interim and year-end monitoring reports to the Ribble Valley Strategic Partnership (RVSP) and for forwarding such reports on to LCC. Unused funds in any financial year will be carried forward.

The approval of grants will be subject to the satisfaction of the requirement to distribute 50% of the funds to capital and 50% to revenue. In extenuating circumstances it may be possible for the council to make a request to LCC for a relaxation of this split, however this would also be subject to the spending plans of other members of the Lancashire Partnership.

### AWARD OF GRANT

All applications for grant must be submitted using the attached grant application form. Submissions are to be received by the Partnership Officer and the applications will follow the process shown below:

	Receipt of applications by the Ribble Valley Strategic Partnership (RVSP)
	Recommendations from the Ribble Valley Strategic Partnership (RVSP)
	Review by the council Corporate Management Team (CMT)
	Approval by Policy and Finance Committee

Following final decision by Policy and Finance Committee the Partnership Officer will write to all applicants to inform them of the outcome of their application.

## **SCHEME PROGRESS REVIEW AND OUTCOMES**

Progress on grant awarded schemes will be reported to Policy and Finance Committee on a half yearly basis by the Partnership Officer. Such reports will monitor progress against key milestones and will also provide details of financial performance. This information will be required to be submitted to the council by the successful grant applicants.

Following completion of the scheme further half yearly reports must be provided to the council regarding the successful schemes, in order to monitor their performance against the desired outcomes as identified at the grant application stage of the scheme.

## **PAYMENT OF GRANT**

Distribution of grant payment will be initiated by the Partnership Officer assisted by the council's Senior Accountant responsible for Policy & Finance and Planning & Development Committee services.

All claims for payment must be supported by evidence of defrayed expenditure.

# PERFORMANCE REWARD GRANT

## Application for Project Support

### Section 1 Applicant Information

Applicants name and contact details	
Organisation details	

### Section 2 – Project Information and Management

Project title	
Project Description	
Details of Project start and end dates along with key milestones and their timescales.	
Location of project and details of the geographical areas to benefit from the service	
List the agencies that will be working in partnership to deliver this project and how they are going to pool their resources/budgets to progress the project.	
<b>If relevant</b> Please give Details of any local delivery plans that list the outcomes of this project in their priorities (i.e. business plans)	
List contact details of the project manager	

List contact details of the projects sponsor	
How will this project be monitored? Do you have an action plan, if so please attach a copy of this.	
Half yearly update reports will be required for the project if it is supported. Who will be responsible for providing these?	

### Section 3 – Strategic Aims & Priorities

Which aims, objectives and/or targets in the Community Strategy and/or the RVSP Action plan will this project help to achieve?	
Does this project address any of the indicators from the Local Area Agreements? If so give details of the relevant indicators	

### Section 4 – Costs and Funding

Please give full details of the costs for the Project (break this down into each component)	
Give full details of any funding you are requesting from the council.	
Give details of any matched or additional funding that you have already requested and/or secured for this project?	
Give details of the funding/resources each of the partners involved are contributing to this project	
If this project is intended to be long term please give details of how it will be sustained in the future	

<b>Please set out the approximate grant being sought split by capital and revenue.</b>			
	April 2010 – March 2011	April 2011 – March 2012	Total
Capital			
Revenue			
Total			
<p><b>Ensuring Sustainability:</b> PRG is effectively a 'one-off' funding opportunity. If the project will not complete by March 2012 you must state below how you intend to fund and sustain it past that date. For purely capital projects please state how you intend to fund any associated running costs. Also please state if your project will generate income and become all or partially self-financing as this will help ongoing sustainability</p>			

**Section 5 – Promotion (*The council is keen to promote its involvement in local partnership working.*)**

Please supply details of the publicity this project will attract and give a reassurance that the support given through the Performance Reward Grant	
It would also be appreciated if examples of this publicity were supplied to the council. Please give details of who will be responsible for supplying these.	

**Section 6 – Additional Information**

Please give any other relevant details of the project.	
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**Section 7 – Declaration**

*I declare to the best of my knowledge and belief, the information given on this application and any supporting evidence is correct.*

*I agree to the council publicising the support it has provided to this project in any publication of their choice.*

Signature

Date

Name (block capitals)

Organisation