

**REPORT TO:** Cabinet

**DATE:** 14<sup>th</sup> January 2010

**SUBJECT:** Local Area Agreement 2007-2010 Performance  
Reward Grant Options

**WARDS AFFECTED:** All

**REPORT OF:** Samantha Tunney, Assistant Chief Executive  
0151 934 2030/4039

**CONTACT OFFICER:** Ian Willman, Local Area Agreement Coordinator  
0151 934 2015

**EXEMPT/CONFIDENTIAL:** No

**PURPOSE/SUMMARY:**

To inform Members of the proposed Performance Reward Grant option for Sefton's Local Area Agreement 2007 – 2010.

**REASON WHY DECISION REQUIRED:**

Performance Reward Grant will be paid on performance against agreed stretch targets, with the earliest having been measured between May and October 2009, it is therefore timely that Cabinet consider a model for distribution that can be shared with the Sefton Borough Partnership Board.

**RECOMMENDATION (S):**

It is recommended that Cabinet agree the preferred option as detailed within this report. The preferred option will then form the basis of discussions with Sefton Borough Partnership Board.

**KEY DECISION:** No

**FORWARD PLAN:** Not appropriate

**IMPLEMENTATION DATE:** Following the expiry of the call-in period for the Minutes of this meeting

**ALTERNATIVE OPTIONS:**

Not have a recommended option for distribution and make the decision following receipt of Performance Reward Grant

**IMPLICATIONS:**

<b>Budget/Policy Framework:</b>	This report contributes to the development of the performance management framework in relation to the Local Area Agreement.
<b>Financial:</b>	The total amount of Performance Reward Grant potentially available is £9,503,596.00. There is an additional amount of approximately £1.9 million payable on the new LAA targets, which is not considered in this report.
<b>Legal:</b>	None
<b>Risk Assessment:</b>	<p>There are a number of targets where any amount of attention is unlikely to change the out-turn position and Performance Reward Grant generated at this stage. <b><i>A safe amount of Performance Reward Grant to consider in terms of this proposal would be circa £4.5 million.</i></b></p> <p>The option choices have potential risks to the strength of partnership working, risks to the engagement of partnership organisations and some risks to delivery, these are captured throughout the report in the potential negatives of the distribution models.</p>
<b>Asset Management:</b>	Not applicable

**CONSULTATION UNDERTAKEN/VIEWS**

NOT APPLICABLE.

**CORPORATE OBJECTIVE MONITORING:**

<b><u>Corporate Objective</u></b>		<b><u>Positive Impact</u></b>	<b><u>Neutral Impact</u></b>	<b><u>Negative Impact</u></b>
1	Creating a Learning Community	➡➡		
2	Creating Safe Communities	➡➡		
3	Jobs and Prosperity	➡➡		
4	Improving Health and Well-Being	➡➡		
5	Environmental Sustainability	➡➡		
6	Creating Inclusive Communities	➡➡		
7	Improving the Quality of Council Services and Strengthening local Democracy	➡➡		
8	Children and Young People	➡➡		

**LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT**

Sefton LAA 2007-2010  
LAA Guidance for Round 3 & Refresh  
Local Area Agreements Guidance

## **1. Performance Reward Grant background**

- 1.1 Sefton Council and the Sefton Borough Partnership were part of the Local Area Agreement Round 3 negotiations. This meant they agreed a set of 11 priorities through Government Office North West and Whitehall that were underpinned by 29 targets.
- 1.2 These 29 targets had a figure that should be achieved regardless (the baseline target) and an additional agreed target, which would extend this still further (the stretch target). The difference is the 'stretch' so these 29 targets are often referred to as the LAA 'stretch' targets.
- 1.3 If all 29 targets achieved 100% of their stretch target in 2009/10 the potential total performance reward grant would be £9,503,596.00. Each of the 29 targets has a Performance Reward Grant amount attached and that is paid in full for 100% performance achievement and on a scale for performance between 60% and 100%. Any Performance Reward Grant achieved would be paid in two parts, one part in 2010/11 the second in 2011/12 dependent upon the availability of actual final performance outturns. Payments are made half capital and half revenue, with no further restrictions on spending.
- 1.4 There are no national criterion on how Performance Reward Grant should be spent as indicated in point 1.3, however, within the guidance for round 3 Local Area Agreement's published on the 31<sup>st</sup> March 2006, it is suggested that "Performance Reward Grant is a significant sum for reinvestment in an area" obviously this depends on our success in achieving the stretch targets
- 1.5 It is important for members to be aware that Sefton has a "new" LAA to which there is a less significant reward grant attached of circa £1.9 million paid in 2011/12. It is therefore expected that any options agreed in this paper would be transferable to the distribution of this performance reward grant using a similar formula.

## **2. Key Issues For Consideration**

- 2.1 This report suggests that the total amount of Performance Reward Grant received would form a 'Performance Reward Grant Improvement Fund'. The decision upon spend from the Improvement Fund would be made by Cabinet, with significant consultation with the Sefton Borough Partnership Board.
- 2.2 It is suggested that once the total Performance Reward Grant amount and the expected date of the payment is known all partners will be invited to submit bids against the fund.
- 2.3 The Sefton Borough Partnership Board would initially consider all the submitted bids and then forward their comments to the Cabinet.
- 2.4 Cabinet would make the final decision upon the bids. Any remaining spend could produce a second round of bidding, or be rolled forward to the following financial year if appropriate.

- 2.5 It is suggested that Cabinet will make their decision upon the spending of the Performance Reward Grant Improvement Fund that follows these broad principles:

That the proposed bid:

- Is based on Sefton's priority needs (details given in the next section)
- Has an exit strategy
- Can demonstrate measurable improvement on priority outcomes by virtue of the bid
- Has a focus on reducing inequalities
- Has a sustainable approach, following the exit strategy

Additional weight will be given to bids that:

- Involve more than one partner; particular weight will be given if there is strong involvement of the Voluntary, Community and Faith sectors
- Where the partners involved can demonstrate previous improvement on performance outcomes
- Where the bid can demonstrate previous reduction of inequalities

Cabinet may additionally wish to consider:

- The balance of capital and revenue bids
- The balance of priority needs addressed by the bids

- 2.6 Cabinet should note that proposed suggestions are made in annex one of the report, which highlights key priorities that may benefit from the Performance Reward Grant Improvement Fund. These areas of need have been weighted against comments received within the recently published Comprehensive Area Assessment, Local Area Agreement priorities and the on-going Strategic Budget Review.

- 2.7 We are currently assuming that the total performance reward grant will circa £4.5 million at 31<sup>st</sup> March 2010, however based on current actual and projections as at the 31<sup>st</sup> March 2009 the amount of reward payable would be circa £6 million. The assumption of £4.5 million therefore is reasonable but it must be noted that this figure may vary dependent upon the final performance either negatively or positively.

### **3. Recommendation(s):**

- 3.1 It is recommended that Cabinet agree the preferred option as detailed within this report. The preferred option will then form the basis of discussions with Sefton Borough Partnership.

**Suggested themed priority areas for Performance Reward Grant Bids**

Priority Need	Comp Area Assessment	Local Area Agreement	Strategic Budget Review
<p><b>Area Management</b> E.g. Involvement in Decision making, Inequality between our Areas, Improving Health, Area Commissioning and Area Facilities e.g. Cultural Centre, Libraries, Schools etc.</p>	√	X	√
<p><b>Local Environment</b> E.g. Street Cleanliness, Dog fouling, Fly-tipping &amp; Graffiti. Access to healthy environments (green space strategy), Air Quality.</p>	√	√	√
<p><b>Older People &amp; Vulnerable Adults</b> E.g. Extra Care Housing, Reducing Inequality between areas, Services from the 3<sup>rd</sup> Sector to enable people to live longer at home. Inclusion activities at the new Lakeside centre for water sports.</p>	√	√	√
<p><b>Children / Vulnerable Children</b> E.g. Building schools for the future, Reducing Inequalities between areas, Improving life chances for our younger people. Inclusion activities at the new Lakeside centre for water sports.</p>	√	√	√
<p><b>Employment</b> E.g. Improving access and support to employment for people with Disabilities including Mental Health, Improving labour force skills and increasing opportunities for young people's employment.</p>	√	√	√
<p><b>Pump Priming Innovation fund</b> E.g. A "one-off" fund, which provides pump priming for innovative work, which aspires to achieve priorities, agreed within our Sustainable Community especially those that create efficiencies and cost savings.</p>	X	X	√