

North Yorkshire Strategic Partnership - Executive

15 April 2010

Performance Reward Grant

1 Purpose of the report

- 1.1 To propose arrangements for the management of Performance Reward Grant (PRG) related to the Local Area Agreement 2007/08 – 2009/10 (LAA1).

2 Background

- 2.1 LAA1 included 19 'stretch' targets spread over 5 Thematic Partnerships. All have been carried forward into the new NYLAA (2008/11) (LAA2), under the terms that previously applied. Their achievement in full would provide up to £16m PRG at the end of the agreement (31 March 2010). The current assessment, using 2009/10 Q3 data, is that £11.8m will be payable over two years (see paragraph 5.1 below).

- 2.2 Following consultation with partners an approach has been agreed as the way forward for the allocation and management of the Performance Reward Grant in relation to LAA1:

- (a) 10% or £1m (whichever is the greater) of the PRG is allocated to the third sector through the York & North Yorkshire Community Foundation in order to create an endowment fund (with this contribution being funded by top slicing an equal amount from the sum "earned" by each Thematic Partnership);
- (b) The remaining 90% of PRG is retained by the Thematic Partnerships which have generated it in order to assist partners meet their challenges with one-off pump priming monies put towards priorities with an emphasis on sustainability;
- (c) The PRG be utilised over a 3 year period;
- (d) There must be an underlying theme about delivering sustainability. It would be wrong to be over prescriptive but one would expect to see some pump priming investment for innovation and invest to save;
- (e) The NYSP Executive will need to agree the approach being taken by each of the Thematic Partnerships and will performance manage the spend.

- 2.3 This report sets out proposals for how these arrangements will work in practice, including a timeline of key events and actions required by partners and Thematic Partnerships.

3 Accounting issues

- 3.1 There are a number of technical accounting issues that need to be borne in mind when considering the arrangements that will be put in place.

AGENDA ITEM 6

3.2 An interim payment of £1.7m is expected to be made at the end of 2009/10 or the beginning of 2010/11. The final PRG awarded will then be paid in two equal instalments in 2010/11 and 2011/12, once performance information has been audited.

3.3 There are principles that must be followed regarding the correct treatment and utilisation of the PRG:

(a) The PRG must be accounted for in the correct financial year. The principles that must be followed state that we need to take into account when the PRG was earned, but also the degree of certainty that it will be due. Following this guidance the correct treatment is likely to be that the interim grant (£1.7m) should be accounted for in 2009/10, with the majority of the remaining sum being attributable to 2010/11 (based on when we expect the relevant audit verifications to have taken place).

The County Council will need to put in place appropriate accounting arrangements to make sure the PRG is available to be spent over the period 2011/12 to 2013/14.

(b) The PRG is 50% revenue funding and 50% capital funding. The issue is the capital element, since this can only be utilised for items of a capital nature. Thematic Partnerships will need to work within this constraint. The fact that all the funding is one-off, and is expected to a large degree to fund pump priming items, is likely to mean that some of projects will be capital in nature.

3.4 The PRG will be paid to NYCC, who will be the Accountable Body for it in terms of ensuring robust arrangements are in place to allocate, account for, monitor and report on PRG.

4 Indicative PRG allocations

4.1 Based on the performance data at Quarter 3 2009/10 the indicative PRG allocations to Thematic Partnerships are shown in the table below. The allocations are based on the following principles:

(a) Step 1 – allocate PRG to TP based on the amount “earned”

(b) Step 2 – reduce by share of the sum of allocated to the third sector (per paragraph 2.2 (a))

Thematic Partnership	Total PRG “earnable”	Definite PRG earned at Q3	Indicative estimate of PRG as at Q3 09/10	Indicative Allocation to Community Fund	Indicative allocation to Thematic Partnership
	£'s	£'s	£'s	£'s	£'s
Adults Strategic	4,751,830	1,267,155	4,628,282	293,992	4,334,290
Healthier Communities	1,267,154	0	0	0	0
Children’s Trust	3,801,465	1,267,155	2,189,482	293,991	1,895,491
Safer Communities	2,534,310	0	2,407,595	293,992	2,113,603
Stronger Communities	3,801,463	1,583,943	2,534,308	293,992	2,240,316
Total	16,156,222	4,118,253	11,759,667	1,175,967	10,583,700

Note: There were no stretch targets under the remit of the Economy & Enterprise Thematic partnership, and therefore no related PRG.

- 4.2 These indicative amounts will be firmed up once the Quarter 4 performance information has been gathered (although for a number of stretch targets the period over which performance is measured extends beyond 31st March 2010) and finalised once the required audit verification of performance has been obtained.

5 Proposed arrangements

Proposals for PRF Funded Projects

- 5.1 PRG allocated to Thematic Partnerships is to be utilised over the period 2011/12 to 2013/14 in accordance with paragraph 2.2 (b) – (d). Working back from this the following timeline is proposed:-

- April – Autumn 2010: Thematic Partnerships formulate proposals as to how PRG is to be used and consult as appropriate. Criteria for proposals to be established by each Thematic Partnership.
- Autumn 2010: Thematic Partnerships determine those projects that they wish to progress in line with developed criteria.
- January 2011: NYSP Executive considers proposals in line with the principles established in para 2.2 (d) and the criteria developed by each Thematic Partnership.

- 5.2 Support will be available from Finance and Performance Teams to both Thematic Partnerships and any individual partners involved in developing and / or delivery proposals. It is anticipated that a similar approach will be taken in subsequent years although it will be up to each Thematic Partnership to determine how it wishes to profile its spend (so long as it is in line with the accounting rules).

- 5.3 To avoid over committing the PRG the following is proposed:

- During this first bidding round Thematic Partnerships and the NYSP allocate only the expected PRG in relation to audited performance against stretch

AGENDA ITEM 6

targets whose performance period ends on 31st March 2010, and which have been included in the initial main PRG claim to be submitted in 2010/11. Any successful bids can only be fully finalised once Central Government have approved the PRG claim and this may not take place until after January 2011.

- Any remaining PRG will need to be allocated only when it is certain that it is due. This includes PRG in relation to stretch targets whose performance period ends on 31st March 2011, and the PRG in relation to any targets whose performance had not received audit certification in time for inclusion in the initial main PRG claim.

Monitoring

- 5.4 It is proposed that the projects funded by PRG be monitored on a 6 monthly basis (as a minimum) in terms of both operational and financial performance. Partners will need to complete 6 monthly monitoring returns, and performance will be reported to Thematic Partnerships and then on to the NYSP Executive. This reporting framework would also be used to for the consideration of any further bids. In addition, it is expected that there will be clear accountability for individual projects and a nominated responsible officer whose job it will be to ensure that monitoring is carried out on a continuing basis and any material issues are reported to the relevant Thematic Partnership as they arrive. Such issues will be escalated to the NYSP Executive where appropriate.

Proformas

- 5.5 A standard approach will be taken to the submission of bids and monitoring returns. The proposed PRG Bid pro forma is shown at Appendix 1. A similar approach will be used to develop the monitoring returns.
- 5.6 A summary of the key dates and events is given at Appendix 2.

6 Recommendations

- 6.1 It is recommended that the proposed arrangements for the management of LAA1 PRG be approved and implemented.

Gary Fielding
Assistant Chief Executive (Policy, Performance and Partnerships)
North Yorkshire County Council

John Moore
Corporate Director of Finance & Central Services (s151 Officer for the Accountable Body)
North Yorkshire County Council

29th March 2010

**NORTH YORKSHIRE STRATEGIC PARTNERSHIP
LAA 1 - PERFORMANCE REWARD GRANT PROPOSAL**

A. Thematic Partnership to which application is made				
B. Lead Organisation:				
Name of organisation:				
Contact details:				
Name				
Post title				
Address				
Phone				
E-mail				
C. Description of the planned project				
D. How will this contribute towards the Sustainable Community Strategy?				
E. Outcomes & Milestones – how will this project make a difference? How will it contribute to sustainability in the future?				
F. Proposed monitoring & evaluation process				
G. Funding requested:				
H. Total Cost of Project:				
	2011/12 (£k)	2012/13 (£k)	2013/14 (£k)	Total (£k)
Capital Expenditure:				
Land & Buildings				
Furniture, vehicles & equipment				
Project Management				
Other				
Total Capital Expenditure (a)				
Revenue Expenditure:				

AGENDA ITEM 6

Staffing				
Other running costs				
Total revenue				
Expenditure (b)				
Total Expenditure (a) + (b)				
I. Future financial implications - e.g. in relation to exit arrangements, funding for ongoing provision (if relevant)				
J. Consultation undertaken/planned				
K. Dependencies: please detail here any other issues that may impact on implementation, roll-out and success of the project (e.g. other funding required; decisions required by other bodies etc.)				
L. Submitted by				
Name:		Signature:		
Post:		Date:		
M. Check by County Council that application is correctly completed:				
Comments:				
Signature		Date		
N. Decision of Thematic Partnership:			Date:	
O. Signature of chair of Thematic Partnership:			Date:	

Performance Reward Grant – Key Events & Dates

Date	Event
End 2009/10/beg 2010/11	Expected payment of £1.7m Interim PRG
31 st March 2010	End of LAA 1 Period (although the period for measurement of a number of specific stretch targets extends beyond this date)
Q1 & Q2 2010/11	Audit of performance against stretch targets
April – autumn 2010	Partners to submit bids for PRG
Autumn 2010 – deadline for initial round early December 2010 (exact date to be confirmed)	Thematic Partnerships to consider bids and make recommendations
January 2011	NYSP Executive considers & approves initial bids, subject to Central Government approval of PRG claim
Late 2010/11	Expected Central Government approval of first main PRG claim and 1 st main payment of PRG
1 st April 2011	Approved projects commence
Throughout 2011/12 & 2012/13	6 monthly performance & financial monitoring – and further bidding
Late 2011/12	Expected 2 nd main payment of PRG