LOCAL PUBLIC SERVICE AGREEMENT 2005-08 (LPSA 2)
THE ALLOCATION MECHANISM FOR PERFORMANCE REWARD GRANT
Report of the Executive Director of Finance, IT and Trading

Please note that the following recommendations are subject to consideration and determination by the Executive (and confirmation under the provisions of the Council’s Constitution) before taking effect.

Recommendation:

(i) that the excellent performance in achieving LPSA 2 Reward Grant be noted;

(ii) that proposals for the allocation of grant as set out in paragraph 4.3 be endorsed.

1. Background

1.1 The County Council concluded an agreement with the Government in 2005 regarding the Local Public Service Agreement 2005-08. In return for the County Council achieving enhanced performance targets across a number of service areas, the Government would pay a Performance Reward Grant (PRG) of up to £17.7m. The Agreement covered 12 Priority Areas, set out in Appendix 1, with each having a proportion of the total PRG attaching to it.

1.2 The amount of PRG payable to the Council is calculated by reference to performance achieved in the 3 year period against the target set for each Priority Area and sub-target within it.

1.3 If 100% of the performance target is achieved, the whole of the PRG for that sub-target or Priority would be payable. If less than 100% is achieved, some grant is payable provided that at least 60% of the required performance improvement is met. For performance improvement between 60% and 100% of the required target, grant is proportionate to performance improvement, i.e. if performance improvement is only 60% of the target then 60% of the PRG would be payable.

1.4 Performance Reward Grant is payable in 2 instalments

• half in 2008-09; and
• half in 2009-10, with 50% of each half being designated a “revenue” grant, and 50% being designated a “capital” grant.

2. Performance Outcomes

2.1 Based on the performance information currently available (which is subject to Internal Audit verification), the Council and its partners have performed extremely well, with a Performance Reward Grant across 8 of the Priority Areas amounting to £10.1m. Fund performance information on the other 4 Priority Areas will not be available until the early part of next year, 2009. Preliminary indications, however, would suggest a further grant of between £3m - £5m.
3. **Process for Claiming Performance Reward Grant**

3.1 The County Council, as Accountable Body for LPSA 2, can submit a claim for Performance Reward Grant in January 2009, which will need to be accompanied by a statement of audit verification of the performance figures. It is anticipated that the first tranche of grant will be paid in February 2009.

3.2 Further grant claims will be submitted, as performance information on the other 4 Priority Areas becomes available.

4. **Mechanism for the Allocation of Performance Reward Grant**

4.1 The achievement of performance targets across the 12 Priority Areas is the result of significant joint effort and resourcing by the County Council and its various partners. There is a strong expectation from partners, including our schools, that they will be participants in the allocation process. Indeed, it has been necessary already to make commitments to some District Councils about the allocation of PRG on Priority Area 4 (Improving the Quality of Urban Environment), and with other partners on Priority 10 (Supporting People on Low Incomes).

4.2 Corporate Management Board has given careful consideration as to how LPSA 2 Reward Grant might best be allocated, bearing in mind the following:

4.3 Having regard to the factors listed above, it is suggested that the allocation procedure makes provision for:

- the Corporate Management Board’s agreement to a strategy for the allocation of PRG funds which will guide individual funding proposals from Directorates;
- the relevant service Director of the County Council, after discussion with partners, to report to the Corporate Management Board seeking approval to proposals for the allocation of PRG earned in a particular Priority Area;
- subject to the Corporate Management Board giving approval, consultation is sought both with the Devon Strategic Partnership Delivery Board and Partnership Board;
Councillor Greenslade, as County Council Executive Member for Resources, gives final authorisation to the proposals in accordance with County Council Financial Regulations; and

- the County Council manages the grant and accounting procedures.

5. **Conclusion**

In order to achieve a high level of performance against the Local Public Service Agreement 2005-08, it has been necessary for the Council to work closely with a wide range of partners. It needs to be acknowledged that partners should have some say in the allocation of Performance Reward Grant and it is suggested that this is best achieved through the Devon Strategic Partnership.

John Mills

Electoral Divisions: All

Local Government Act 1972

Contact for Enquiries: John Mills

Tel No: (01392) 383309 - Room 199

Background Paper: Nil

Executive Member: Councillor Brian Greenslade
### Appendix 1

<table>
<thead>
<tr>
<th>Target</th>
<th>Heading</th>
<th>% Performance Reward Grant</th>
<th>Awarded £’000</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Improving productivity and skills</td>
<td></td>
<td></td>
<td>Info available Feb 2009</td>
</tr>
<tr>
<td>2</td>
<td>Improving access to the countryside</td>
<td>100</td>
<td>1,474</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Improve travel choices and reduce congestion</td>
<td>100</td>
<td>1,474</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Improve the quality of the urban environment</td>
<td>80</td>
<td>1,179</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Supporting Children to grow up healthy</td>
<td>73</td>
<td>1,080</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Improving the life chances of looked after children</td>
<td>52</td>
<td>766</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Preventing homelessness and reducing repeat homelessness among vulnerable young people</td>
<td>94</td>
<td>1,388</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Tackling local community safety issues</td>
<td>86</td>
<td>1,267</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Supporting children to enjoy and achieve</td>
<td></td>
<td></td>
<td>Info available Feb 2009</td>
</tr>
<tr>
<td>10</td>
<td>Supporting people on low incomes</td>
<td>100</td>
<td>1,474</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Promoting independence and choice for older people and people with disabilities</td>
<td></td>
<td></td>
<td>Info available Feb 2009</td>
</tr>
<tr>
<td>12</td>
<td>Developing citizenship, volunteering and self-help</td>
<td></td>
<td></td>
<td>Info available Feb 2009</td>
</tr>
</tbody>
</table>

**Total** 10,102