

KENSINGTON AND CHELSEA PARTNERSHIP STEERING GROUP

17th May 2006

LOCAL AREA AGREEMENT: DISTRIBUTION OF PERFORMANCE REWARD GRANT AND PROCESS FOR MONITORING PERFORMANCE

This paper invites the KCP Steering Group to:

- discuss and agree proposals that any Performance Reward Grant received by the Council for successful delivery of the targets in the LAA should be distributed as follows:
 - 50% to the lead partner responsible for delivering that outcome; and
 - 50% to form a fund to support the delivery of future improvement targets.
- agree that the KCP Steering Group should manage the fund created to support the delivery of future improvement targets, subject to the Council's fiduciary duties as the accountable body.
- consider and agree the frequency with which it would like to receive reports on performance against the Local Area Agreement, and the level of detail those reports should provide.

FOR DECISION

BACKGROUND

1. The Local Area Agreement includes outcomes that require a particularly stretching enhancement in performance and which are therefore eligible for Performance Reward Grant (PRG). These outcomes are collectively known as 'the reward element of the LAA'. The total potential PRG available for delivery of the reward element of the LAA is £5,282,625.
2. The outcomes and associated targets agreed to date will collectively attract just under 90% (£4,734,000) of the total potential PRG available. We aim to agree further targets with Government that are capable of attracting the remaining PRG (around £550,000), to support the social housing outcome and the street cleanliness outcome, by June 2005.
3. Annex A sets out how the total potential PRG available is distributed across the outcomes in the LAA. The amount of PRG that individual outcomes are eligible for was dictated by the Government's 'value-for-money' calculations, and does not reflect differences in the level of priority attached to the outcomes by local partners

4. The Government will pay any PRG attracted for achievement of the outcomes in the LAA to the Council, as the accountable body, in two equal tranches in 2011 and 2012.
5. The Council recognises that developing and delivering the Local Area Agreement is genuinely a partnership effort. The Council is keen to ensure that this is reflected in the allocation of PRG. This paper sets out proposals for distributing the grant to take account of the efforts made by all parties.

ALLOCATION OF PERFORMANCE REWARD GRANT

6. There are a number of factors to take into account when considering the most appropriate allocation of PRG. Key amongst these are the need to:
 - provide lead partners with an incentive to achieve the reward targets that they are responsible for delivering, and recognising their efforts;
 - provide lead partners with some resource to sustain the improvements made under the LAA beyond 2008-09;
 - promote and recognise the collective effort made by the KCP Steering Group to support and oversee the work of lead partners;
 - recognize that the LAA is supposed to deliver wide community benefits, rather than benefit individual partner organisations
 - provide some resource to invest in delivering future targets for improvements in local priorities – for instance, to fund the delivery of the next Local Area Agreement.
7. Allocating all of the PRG claimed for achievement of an outcome to the lead partner responsible for delivering that outcome would take account of some but not all of these factors. Allocating all of the PRG to the KCP Steering Group would similarly ignore important factors. It is therefore proposed that PRG received for an LAA outcome is distributed as follows:
 - 50% to the lead partner responsible for delivering that outcome;
 - 50% to be placed in a fund to support the delivery of future improvement targets
8. This approach will provide lead partners with financial incentives to achieve the targets for which they are specifically responsible, and some additional resource to sustain those improvements beyond 2008-09. It will also provide a fund worth up to £2.13 million to support delivery of future improvement targets – for instance, to fund the delivery of the next LAA.
9. In recognition of the KCP Steering Group's role in overseeing delivery of the LAA, it is proposed that the Steering Group should manage this fund, subject to the Council's fiduciary duties as the accountable body.

MONITORING PERFORMANCE

10. The KCP Steering Group will want to consider how regularly and in what level of detail it needs to receive performance information in order to fulfil its responsibilities for overseeing delivery of the Local Area Agreement.
11. Performance data will be collected from lead partners every six months, to meet the Government Office for London's reporting requirements. This will comprise:
 - a summary of progress against each of the sixteen outcomes in the LAA, in the form of a traffic light assessment and short commentary on progress; and
 - detailed performance data for each of the indicators and targets associated with the sixteen outcomes in the LAA.
12. The Steering Group is invited to consider whether it would prefer to receive performance reports every six months or once a year, and whether reports should provide:
 - a summary of progress against each of the outcomes;
 - a summary of progress against each of the outcomes and detailed performance data on any associated targets where progress is slipping; or
 - a summary of progress against each of the outcomes and detailed performance data on all of the associated targets

RECOMMENDATION

The KCP Steering Group is invited to:

- discuss and agree the proposal that any Performance Reward Grant received by the Council for successful delivery of the targets in the LAA should be distributed as follows:
 - 50% to the lead partner responsible for delivering that outcome;
 - 50% to be placed in a fund to support the delivery of future improvement targets.
- agree that the KCP Steering Group should manage the fund created to support the delivery of future improvement targets, subject to the Council's fiduciary duties as the accountable body
- consider and agree whether the Steering Group should receive performance reports every six months or once a year, and whether reports should provide:
 - a summary of progress against each of the outcomes;

- a summary of progress against each of the outcomes and detailed performance data on any associated targets where progress is slipping; or
- a summary of progress against each of the outcomes and detailed performance data on all of the associated targets

For Decision

Contact Officer:
Jessie Hamshar
Policy Officer, LAA and Partnerships
Jessie.hamshar@rbkc.gov.uk
Ph. 020 7361 3878

ANNEX A: POTENTIAL PRG OF EACH OUTCOME

The table below sets out the eligibility of each outcome for Performance Reward Grant (PRG):

LAA Outcome	Potential PRG, by outcome
Outcome 1 (safer communities)	£0
Outcome 2 ('respect' agenda)	£0
Outcome 3 (community empowerment)	£0
Outcome 4 (fire safety)	£507,000
Outcome 5 (NEET)	£440,000
Outcome 6 (accredited outcomes)	£220,000
Outcome 7 (school attendance)	£811,000
Outcome 8 (child obesity)	£440,000
Outcome 9 (breastfeeding)	£550,000
Outcome 10 (involvement in decisions)	£220,000
Outcome 11 (street cleanliness)	£541,000
Outcome 12 (participation in sport)	£125,000
<i>Outcome 13 (social housing)</i>	<i>To be agreed</i>
Outcome 14 (food and nutrition)	£440,000
Outcome 15 (income maximisation)	£440,000
Outcome 16 (strengthening Carnival)	£0