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**LOCAL AREA AGREEMENT – REWARD GRANT**

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**Responsible Cabinet Member - Councillor Williams, Leader of the Council**

**Responsible Director – Lorraine O'Donnell, Assistant Chief Executive**

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**Purpose of Report**

1. To consider the sharing of Local Area Agreement (LAA) Reward Grant with strategic partners and the basis and method for allocating grant amongst partners.

**Background**

2. The financial arrangements for Local Area Agreements include a Reward Grant. Receipt of the grant is conditional on achieving improved performance on 12 stretch targets relating to key indicators that were agreed with the Government Office in March 2006. The Council, as the accountable body for the LAA, will receive the grant if it becomes payable.
3. The maximum amount of grant that could be received is £2.8million. It is, however, extremely unlikely the full amount would be received, as this would require 100% achievement of all of the agreed stretch targets, many of which are challenging. Monitoring of performance and projections of grant will be reported to the LAA Steering Group during 2007-08 and 2008-09. A working assumption that 50% of the maximum grant could be achieved is reasonable at this time. Although finalisation of the size of the reward grant and requirement to distribute will not be necessary until 2009/10, the council's partners have asked for early agreement of the principles.
4. In effect, the proposals here are to use the Reward Grant, if successful, to create a sum of money that could be bid for using the same principles as those adopted through the existing LAA Steering Group arrangements. In other words, each bid would be considered on its merits judged by its ability to deliver challenging improvement targets to support the new Sustainable Community Strategy and LAA delivery arrangements. This paper does not discuss the details of the bidding process which can more reasonably be done towards the end of the LAA period (March 2009). It simply establishes the principle of ensuring a partnership approach, which is crucial to ensuring successful delivery of the LAA objectives.

**Information**

5. Partner organisations on the LAA Steering Group have asked for clarification of the Council's intentions regarding distribution of the reward grant. Partner organisations

are the main deliverer for 2 of the 12 targets and major contributor to one other, accounting for approximately 20% of the potential reward grant. The Council needs to decide whether it wishes to share any of the reward grant with partners and, if so, how this would be best delivered.

6. LAA rules do not require the sharing of reward grant. It is, however, CMT's view that it is appropriate to provide access to the reward grant to organisations that contribute to its achievement, including the Council, and which the Council will continue to work with in future partnership arrangements.
7. With clearly signalled expectations that cross-sector partnership working will continue to grow in importance, it is proposed that the principle of sharing LAA reward grant should be agreed as a prerequisite to continuing to develop relationships with strategic partners. This approach will also support the delivery of new initiatives that are prioritised within the new Sustainable Community Strategy and LAA action plan.
8. The basis of sharing reward grant could use several relevant factors: -
  - (a) Extent of contribution towards achieving targets and grant – similar to the basis on which reward grant entitlement is calculated;
  - (b) Level of LAA pump-priming and other grant support previously awarded to help achieve targets;
  - (c) Requirement for on-going financial support to sustain performance achieved under the LAA;
  - (d) Contribution towards future improvements, to be negotiated and agreed with GO-NE and other partners using the same principles adopted through the existing LAA Steering Group arrangements.
9. Whilst past performance and funding (points (a) and (b)) relate to the calculation of grant entitlement, future performance and development are more important. Continuing costs of sustaining improved performance (point (c)) should be addressed through exit strategies. It is proposed, therefore, that point (d) is the most appropriate basis for the distribution of reward grant.
10. If the principle and proposed basis are agreed, the mechanism for allocating grant needs to be a bidding process. This would involve partner organisations submitting proposals to be evaluated by the LAA Steering Group (or successor), using pre-agreed criteria. These would reflect the extent of contribution to be made by each proposal towards achieving agreed priority objectives and the need for additional funding to help to achieve agreed key targets. Consequently, it is not possible in advance to say how much of the grant would be retained by the Council or allocated to other partners.

## **Outcome of Consultation**

11. The issues covered in this report were discussed by the LAA Steering Group on 26th June 2007, where it was agreed that Reward Grant should be available to organisations that are parties to future inter-agency agreements. The Group also agreed that the grant should be distributed on the basis of a bidding process using criteria to be agreed and acknowledged the need for future allocations to support the delivery of initiatives that are prioritised through the new SCS arrangements.

## **Legal Implications**

12. The Borough Solicitor has considered this report for legal implications in accordance with the Council's approved procedures. There are no issues which the Borough Solicitor considers need to be brought to the specific attention of Members.

## **Section 17 of the Crime and Disorder Act 1998**

13. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. The recommendations of this report support continuing partnership working in several key areas, including community safety and crime and anti-social behaviour.

## **Council Policy Framework**

14. The issues contained within this report do not represent change to Council policy or the Council's policy framework.

## **Decision Deadline**

15. For the purpose of the 'call-in' procedure this does not represent an urgent matter.

## **Conclusion**

16. The principle, proposed basis and method of sharing LAA reward grant with strategic partners is consistent with the intended future direction of area-wide cross-sector working, as signalled by the White Paper. They are also consistent with the desire locally to continue to build constructive relationships with strategic partners. Adopting the proposed approach for the sharing of the reward grant will help to build the capacity of the Local Authority and partner organisations and assist in the delivery of the new Sustainable Community Strategy and future LAA action plan.

## **Recommendation**

17. It is recommended that: -

- (a) The principle of sharing LAA Reward Grant with partner organisations be agreed;
- (b) The basis for distribution of the grant be contribution to future service improvements;
- (c) The method for allocating grant be to use a bidding process;

## **Reasons**

18. The recommendations are supported to achieve an equitable use of LAA grant funding that supports future service improvement in Darlington across sectors and partner organisations.

**Paul Wildsmith**  
**Director of Corporate Services**

## **Background Papers**

Local Area Agreement document, February 2007

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