

# CABINET

## LDLSP Performance Reward Grant 26<sup>th</sup> July 2011

### Report of the Lancaster District Local Strategic Partnership

PURPOSE OF REPORT			
To seek the approval of members for the latest proposals from the Lancaster District Local Strategic Partnership (LDLSP) Management Group for the allocation of the one-off Performance Reward Grant (PRG).			
Key Decision	<input checked="" type="checkbox"/>	Non-Key Decision	Referral from Cabinet Member
Date Included in Forward Plan	31 <sup>st</sup> May 2011		
This report is public			

#### RECOMMENDATIONS OF THE LANCASTER DISTRICT LOCAL STRATEGIC PARTNERSHIP

- (1) That Cabinet notes the requirements of the Performance Reward Grant protocol with Lancashire County Council that *“LSP’s shall make recommendations to the District Councils as to the allocation of the PRG and all funding decisions shall be made via this route”* and that *“councils have the responsibility for the proper use of the funds and therefore for formally approving the allocation of the funds”*
- (2) That Cabinet notes the progress made with the Performance Reward Grant initiatives and the formation of an LDLSP Performance Management Sub-Group to ensure outputs and outcomes are delivered
- (3) That, in line with Recommendation 1, that the LDLSP proposals for allocation of Performance Reward Grant are approved as follows, subject to the council’s accountable body requirements, including appropriate financial procedures and performance management:
  - £15k revenue funding to support the development of further hydroelectricity initiatives, via an open, competitive bidding process
  - £100k capital and £5k revenue funding to support the Warm Homes scheme
  - £120k revenue funding to support the Social Enterprise Initiative
  - £100k revenue to support the Cooperative Fund Finding Initiative
  - £70k revenue to support services for the victims of domestic abuse
- (4) That approval for the specific allocations within the domestic abuse initiative, and any further amendments to any of the other initiatives, is

**delegated to the Leader of the Council to ensure that the council's responsibilities for Performance Reward Grant are fully met**

- (5) That the Council's General Fund (GF) Capital Programme and GF Revenue Budget are updated as appropriate across 2010/11 and 2011/12 in line with expected spending profiles.**

## **1.0 Introduction**

- 1.1 As previously reported to Cabinet on the 15<sup>th</sup> February 2011, the LDLSP has been allocated a share of the Performance Reward Grant (PRG) received from central government for the successful delivery of the first Local Area Agreement (LAA) for Lancashire. The total amount is £647,446: £357,535.40 of which is revenue and £289,910.60 is capital.
- 1.2 Decisions on how to allocate that funding are the responsibility of the LDLSP Management Group, whose Membership includes the Leader of the City Council plus officer support (provided by the Deputy Chief Executive), as well as a number of Cabinet members in their role as Chairs of the LDLSP's thematic groups.
- 1.3 At its meeting on the 15<sup>th</sup> February, Cabinet noted the four initiatives proposed by the LDLSP Management Group but requested that the LDLSP review its spending priorities in the light of the current economic climate and pressure on public sector budgets.
- 1.4 In response the LDLSP Management Group convened a special meeting on the 1<sup>st</sup> March to discuss funding allocations. They confirmed that the PRG initiatives are appropriate in the current financial climate and will actively assist organisations in the district deal with funding cuts e.g. by helping them move to a social enterprise model, and access strategic funding as part of district-wide projects. The initiatives also tie in to the Council's own corporate priorities (see 'Relationship to Policy Framework' below). They did however agree to underwrite nine Police Community Support Officer posts for 2011/12 using the LSP's other main source of income: Second Homes Funding received from Lancashire County Council. A process was also agreed for distributing the remaining Second Homes Funding to allow organisations working within the district to bid for funding to support innovative and sustainable projects.
- 1.5 The proposals for the use of the PRG therefore remain as previously advised to Cabinet:
- Warm Homes – insulation for 2000 homes in the district, targeted towards those at risk of fuel poverty
  - Hydroelectricity – investigating the potential for generating electricity from rivers and streams in the district
  - Social Enterprise – supporting individual organisations to change their business model to focus on financial sustainability as well as social and environmental benefits
  - Cooperative Fund Finding – bringing partners together to attract significant funding to the district for partnership projects

Cabinet also gave specific agreement to use £15,000 revenue to part-fund a study into hydroelectricity feasibility across the Forest of Bowland, which was commissioned towards the end of 2010/11.

- 1.6 Since then the LDLSP Management Group has continued to oversee the development of these initiatives, and is now in a position to seek approval for specific allocations. Following a meeting on the 12<sup>th</sup> April the LDLSP Management Group has also proposed funding a fifth initiative – supporting the victims of domestic abuse – which it is also seeking in-principle approval for £70,000 as part of this report. Further details of all these initiatives are set out in section 2 below, with the current allocated total being £425,000. This is split between £100,000 capital and £325,000 revenue expenditure, and for completeness includes the £15,000 revenue spent in 2010/11 on the Forest of Bowland Hydroelectricity Study.
- 1.7 In order to cover the City Council’s expenses the LDLSP Management Group agreed at its meeting on the 12<sup>th</sup> April to allocate £25,000 revenue of the PRG to the City Council. This covers all expenditure, both incurred and expected, for the administration and audit of the PRG. This leaves a total of £197,445 (£7,535 revenue and £189,910 capital) for future initiatives, which the LDLSP Team are currently researching. There is no deadline by which the PRG must be spent.
- 1.8 A summary of this financial information is shown below – with the exception of the new initiative, supporting the victims of domestic abuse, all the allocation amounts are identical to those presented to Cabinet on the 15<sup>th</sup> February.

<b>Item</b>	<b>Revenue allocation</b>	<b>Capital allocation</b>
Total Grant from County	£357,535	£289,911
Hydroelectricity	£30,000*	£0
Warm Homes	£5,000	£100,000
Social Enterprise	£120,000	£0
Cooperative Fund Finder	£100,000	£0
Domestic Abuse	£70,000	£0
Administration	£25,000	£0
Total allocation so far	£350,000	£100,000
<b>Remaining PRG</b>	<b>£7,535</b>	<b>£189,911</b>

\*£15,000 already spent in 2010/11

- 1.9 The LDLSP Manager has worked with the City Council to ensure the commissioning processes for these initiatives have been transparent and effective. Going forward the LDLSP Management Group has constituted a Performance Management Sub-Group to continue working with the City Council to ensure the initiatives deliver the expected outputs and outcomes.
- 1.10 These initiatives are complex and amendments to the plans will almost certainly be required – rather than seeking approval from the whole Cabinet it is proposed that authority to approve any amendments to these allocations be

given to the Leader of the Council, as the City Council's representative on the LDLSP Management Group. This will ensure that approval is given in a timely manner. Any new proposals for the allocation of the remaining revenue and capital funding will be presented to a future Cabinet meeting.

## **2.0 Proposal Details**

### **Hydroelectricity Initiative**

- 2.1 The LDLSP has already invested £15,000 in a cross-district project with Ribble Valley and Pendle LSPs to investigate the potential for hydroelectricity across the Forest of Bowland Area of Natural Beauty (AONB). Small-scale hydroelectricity schemes have the potential to provide cheap energy for local communities, reduce greenhouse gas emissions, and helping to build community cohesion. Local schemes may also have the potential to generate a community income stream income from the government's feed-in tariffs (FITs).
- 2.2 Twelve potential hydro sites in the district have benefited from a technical 'Stage One' study of their feasibility, and the results have been publicly distributed. Other sites in Ribble Valley and Pendle have also been surveyed. Two of the twelve sites in Lancaster District, Abbeystead Reservoir and Skerton Weir, are also benefitting from a further 'Stage Two' appraisal which is compiling all the detailed evidence required for the local landowner or community group to attract the actual investment.
- 2.3 The LDLSP Management Group and Cabinet have also agreed in principle to make a further £15,000 pot of revenue funding available to support one or more of these sites in completing any further technical studies required. This funding will build on the work done in the Forest of Bowland Study and could potentially allow further sites to undertake a 'Stage Two' appraisal. It could also assist those sites that have had a full feasibility study already to apply for planning permission, or complete the technical work required to secure external funding.
- 2.4 This report recommends that once the Forest of Bowland Study has been published that expressions of interest for the £15,000 pot be sought from groups needing funding for further technical work at potential hydroelectricity sites. Bids will then be invited from those groups that meet the LDLSP's criteria for this project – a reduction in carbon emissions and a clear benefit to the local community. The funding would not be used for any construction – funds for this would need to be sought from private or community sources, based on the income that a scheme will generate from the government's Feed-In Tariffs. The bidding process will be overseen by the LDLSP's Performance Management Sub-Group, supported by representatives of the Accountable Body, to ensure a transparent and effective use of funds.

### **Warm Homes Initiative**

- 2.5 The LDLSP Management Group has agreed to use £100,000 of capital PRG

to attract at least £750,000 of matched CERT (Carbon Emissions Reduction Trading) funding from utility companies. This will give the district a fund to provide grants for insulating homes (e.g. cavity wall, loft and hot water tank, amongst others), reducing fuel poverty, excess winter deaths and CO<sub>2</sub> emissions.

- 2.6 The LDLSP, advised by the City Council, has undertaken a tender process to appoint a not-for-profit Managing Agent to run the scheme. Following the process the LDLSP has agreed to appoint TADEA Ltd, an experienced not-for-profit organisation who have successfully run similar CERT schemes for a number of other local authorities. This appointment is in-principle and subject to Cabinet approval.
- 2.7 TADEA's role will be to acquire the CERT matched funding, administer the fund, employ contractors and work with partners to promote the scheme. In particular, the scheme will be promoted to those households at risk of fuel poverty (defined as spending more than 10% of their income on fuel for heating) including those with residents over the age of seventy, those receiving benefits, and those with underlying health conditions. The CERT and PRG funding will allow these 'at risk' households to receive free insulation, and the scheme will also offer partial but still generous grants to those households that are better off. The scheme has a target of over 2000 homes being insulated by September 2012, which based on the experiences of other authorities is more than achievable.
- 2.8 The work of the Managing Agent will be overseen by the Performance Management Sub-Group of the LSP and supported by the stakeholders from the LSP's Affordable Warmth group, which includes Council officers, the Primary Care Trust (and its successors), and the Home Energy Service. The LDLSP will also make a contribution of £5,000 to the marketing costs of the scheme, the remainder of which will be borne by TADEA.
- 2.9 This report recommends that Cabinet approve the appointment of TADEA as Managing Agents of a 'Warm Homes' scheme that will commence from August 2011 and offer free or subsidised insulation to households across the district.

### **Social Enterprise Initiative**

- 2.10 The LDLSP has agreed to support local organisations in developing their services into social enterprises. The social enterprise model means a focus on financial sustainability, as well as social and environmental benefits. The initiative will also support the wider social enterprise sector as a whole, and raise the profile of social enterprises with public sector commissioners.
- 2.11 It has been agreed that the LDLSP will use £100,000 to directly support both individual organisations and the social enterprise sector as a whole during 2011-13. This work will be delivered by a provider, who will be allocated up to £20,000 to cover their staffing and administration costs.

2.12 Advised by the City Council, the LDLSP has undertaken a tender process to appoint a provider to run the scheme. Three tenders for the initiative were received and the LDLSP has agreed to appoint Shared Future Community Interest Company (CIC) as the main provider, subject to Cabinet approval.

2.13 In summary the plan for the use of the funds is as follows:

- a) £50,000: to go directly to organisations using two rounds of 'participatory budgeting' where those organisations bidding for funds decide who should receive them, based on the LDLSP's priority criteria
- b) £35,000: for 1:1 advice and assistance for organisations to be sourced from another organisation
- c) £5000: for support and development of key groups of stakeholders to oversee and direct the work of the initiative
- d) £10,000: for a collaboration and innovation fund to provide long-term benefits, such as a micro-finance loan scheme, shared procurement, etc

Shared Future CIC has also pledged to match the £20,000 administration fee with a similar value of pro-bono work by their directors.

2.14 The interview panel were very impressed by the individual support element of the Help Direct bid and felt that (b) and (c) above could best be delivered by Help Direct as the LDLSP's nominated contractor – an acceptable procurement technique. Their work would be overseen by Shared Future CIC on behalf of the LDLSP, and who would retain overall responsibility for the initiative's success.

2.15 This report recommends that Cabinet approve the appointment of Shared Future CIC as providers for the scheme, with Help Direct as the nominated contractor for the individual support element of the initiative.

### **Cooperative Fund Finder Initiative**

2.16 The final initiative is a 'Cooperative Fund Finder' approach to bring in funds to the district to support key strategic priorities. It has been agreed that up to £100,000 can be allocated to this initiative.

2.17 The LSP proposes to fund an 'LDLSP Strategic Funding Officer' post based in the LDLSP team, which will secure substantial grant funding to ensure the priorities of the Lancaster District Local Strategic Partnership (LDLSP) are met, and to develop the capacity of local organisations to ensure sustainable funding is put in place for key partnership projects.

2.18 Key tasks for the LDLSP Strategic Funding Officer will include:

- To lobby for, acquire and monitor at least £1 million of funding
- To act as the external funding 'specialist' for the LDLSP, informing policy and strategy
- Support existing multi-agency partnerships in producing joint bids

- To build capacity within LDLSP partner organisations through advice and skills development.
- Promote successful funding applications and funded projects to partners and local people

2.19 The Strategic Funding Officer will be based at Lancaster Town Hall and managed directly by the LDLSP Manager, and their work will be overseen and supported by a steering group of stakeholders appointed by the LDLSP. The post will be evaluated using the normal City Council processes and with on-costs and a small working budget the cost of the post will be no more than £50,000 a year. The length of the employment contract will be determined by the LDLSP Management Group, and the LDLSP will be responsible for any redeployment, redundancy or other cost associated with the termination of employment of the funding officer. .

2.20 This report recommends that Cabinet approve the recruitment of an LDLSP Strategic Funding Officer based within the LDLSP Team at Lancaster Town Hall.

#### **Domestic Abuse Initiative**

2.21 Following further work since March in understanding local priorities and issues, the LDLSP Management Group wish to address the issue of support for the victims of domestic abuse – both the current capacity of frontline services to meet demand and the longer-term sustainability of funding in this area. The LDLSP Management Group has allocated £70,000 of PRG funding to tackle this issue during 2011-13. This funding will cover:

- a part-time Independent Domestic Violence Advocate (IDVA) service to cover weekends and bank holidays. The current provision is weekday only and means that high-risk victims referred from partner organisations sometimes have to wait two or even three days to receive appropriate support.
- External staff time towards increasing the awareness and ability of frontline workers across key agencies to understand domestic abuse issues and make appropriate referrals and the IDVA would assist with addressing this.
- Securing of refuge provision for victims of domestic abuse within the district
- Coordination of key funding partners and providers to develop a joint approach to ensure the long-term financial sustainability of domestic abuse services in the district

2.22 This report recommends that Cabinet approve the allocation of £70,000 to commission a part-time IDVA service, secure refuge provision, and provide the staff capacity required to deliver training, develop appropriate referral pathways, and improve communication and coordination of domestic abuse services and funding. Final approval for exact allocations and recommended providers will be sought from the Leader of the Council acting on behalf of the Cabinet.

### 3.0 Details of Consultation

- 3.1 These proposals have been agreed by the LDLSP Management Group, at which the City Council is represented by the Leader of the Council, supported by the Deputy Chief Executive. A number of Cabinet members have also sat on the Management Group in their role as LDLSP Thematic Group Chairs.
- 3.2 The LDLSP Management Group and the LDLSP Team have undertaken substantial consultation on the nature of the proposed initiatives with LSP members, including an initial away day in May 2010 and subsequently via Thematic Groups
- 3.3 The LDLSP Team have regularly consulted with the City Council to ensure the commissioning processes for these initiatives have been transparent and effective.

### 4.0 Options and Options Analysis (including risk assessment)

	Advantages	Disadvantages	Risks
<b>Option 1:</b> Approve the proposals	<p>Key priorities for the LDLSP and the City Council will be addressed, including the Climate Change, Economic Regeneration and Partnership Working corporate plan priorities</p> <p>A significant amount of matched funding will be secured for the district</p> <p>Delegation of authority to agree the specific domestic abuse activities will ensure no delay in decision-making</p>	<p>There will be no PRG revenue funding available to address any future issues that arise</p>	<p>Financial and reputational risks: The initiatives are complex and will require strong leadership and management to ensure they are successful. If this is not achieved then any delays or failures could result in a waste of public funds, and reputational risk to the LDLSP and its partners, including the City Council.</p>
<b>Option 2:</b> Do nothing	<p>The PRG funding would be available for other initiatives.</p>	<p>The proposed initiatives will not go ahead, leading to missed opportunities to deliver better services and outcomes for local people.</p> <p>Matched funding via the CERT and FITs schemes will be lost.</p>	<p>Reputational risk: there is the potential for a loss of trust between the City Council and other LDLSP partners</p>



## **5.0 Conclusion**

5.1 The LDLSP has finalised proposals for the proposed PRG initiatives and approval from Cabinet is required to ensure that these benefits are now realised:

- The focus on hydroelectricity will facilitate the development of long-term renewable energy initiatives that will leverage initial investment AND provide a long-term benefit for local communities.
- The 'Warm Homes' initiative will insulate 2000 homes, many occupied by households at risk of fuel poverty, with matched funding maximising the LSP's investment
- The social enterprise initiative will help to create self-sustaining service delivery and will enhance the potential of local organisations in supporting their local communities.
- The fund finder initiative will not only bring at least £1 million of new strategic investment into the district, but will improve the ability of organisations to successfully bid for their own funds in future.
- The domestic abuse initiative will provide direct and immediate support to some of the district's most vulnerable families, as well as helping to ensure a sustainable future for domestic abuse services beyond 2012.

5.2 These initiatives are complex and amendments to the plans will certainly be required – by delegating authority to the Leader to approve those decisions Cabinet will ensure that approval is given in a timely manner

5.3 PRG is a one-off opportunity and these initiatives will ensure that it will meet partner expectations and deliver a lasting legacy in the district. Further initiatives that would benefit from the unallocated capital PRG monies are currently being considered by the LSP. Authorisation for any proposed use of this will be sought in a subsequent report to Cabinet - there is no deadline by which the PRG must be spent.

## **RELATIONSHIP TO POLICY FRAMEWORK**

The Sustainable Community Strategy forms part of the Council's Policy Framework. The initiatives proposed would impact on the Corporate Plan priorities as follows:

- Climate Change – the Hydroelectricity and Warm Homes schemes will reduce CO<sub>2</sub> emissions in the district
- Economic Regeneration - The Social Enterprise Initiative will increase the number of financially sustainable small businesses in the area
- Partnership Working and Community Leadership: all the initiatives will be delivered in partnership, and the Cooperative Fund Finder initiative will help increase the resources available for key partnership projects
- Protecting the most vulnerable in society: those at risk of fuel poverty will be supported through the Warm Homes scheme, and vulnerable individuals and families will be supported through the Domestic Abuse scheme

## **CONCLUSION OF IMPACT ASSESSMENT**

**(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

None directly arising (though individual initiatives allocated funding as a result of this process will contribute towards positive impacts in these areas).

## **LEGAL IMPLICATIONS**

There are no legal implications directly arising from this report.

## **FINANCIAL IMPLICATIONS**

The total amount of PRG allocated to the LDLSP is £647,400. The LDLSP has so far agreed initiatives to the value of £425,000, which is split between £100,000 capital and £325,000 revenue. A further £25,000 revenue has been allocated to the City Council for administration, audit and other related costs. This leaves £197,400 (£7,500 revenue and £189,900 capital) to be allocated and Cabinet approval for this will need to be sought in a subsequent report.

It is recommended under the Cooperative Fund Finder Initiative that a new post is created, which may be on a fixed term two-year contract. If this is the case at the end of this period the postholder will be subject to the council's redundancy/redeployment policy, for which all associated costs will need to be met by the LDLSP in the first instance. Potential sources of funding being unspent Cooperative Fund Finder PRG grant, unallocated revenue PRG or Second Homes Funding.

The LDLSP have now allocated the majority of the revenue PRG, so it worth noting that there is a potential risk that for any future capital allocations, which have associated revenue implications, that this element may not be able to be fully supported by the LDLSP and that this will need to be addressed by Partners instead.

Members were advised at the February 2011 Cabinet meeting, that the extra PRG of £169,062 allocated to each district was expected to be split 50/50 between revenue and capital in line with earlier allocations. County have since advised that the split for the final installment is 70% revenue and 30% capital, therefore £33,812 needs to be transferred from the Capital Grants Unapplied Reserve into the PRG Revenue Reserve.

At this stage it is expected that the spending profiles for the proposals will be 50/50 across 2010/11 and 2011/12, although the detail of this is still to be finalised. Subject to Cabinet approval the General Fund (GF) Capital Programme and GF Revenue Budget will need to be updated accordingly, with any reprofiling between years being picked up during the

annual budget process.

The LDLSP Manager has a coordinating role for the financial management arrangements, with support from the City Council. Endorsement by the City Council is also subject to the normal requirements of the accountable body, including performance monitoring and risk assessment.

#### **OTHER RESOURCE IMPLICATIONS**

##### **Human Resources:**

The LDLSP Strategic Funding Officer will be based within the LDLSP Team at Lancaster Town Hall, and they will be recruited through the usual council processes

##### **Information Services:**

No specific implications arising from this report

##### **Property:**

No specific implications arising from this report

##### **Open Spaces:**

No specific implications arising from this report

#### **SECTION 151 OFFICER'S COMMENTS**

In reaching any decisions Members are advised to consider whether they have sufficient information on the various proposals. Some are clearly developed, but the s151 Officer would draw attention to the Cooperative Fund Finder Initiative. It is understood that at the present time, the conclusion that it "will not only bring at least £1 million of new strategic investment into the district...." is based only on an informal assessment. There are clearly risks attached to achieving this objective and these must be considered and recognised, as should the adequacy of any arrangements put in place to manage such risks.

To the extent that that Council acts as accountable body, the Council's Financial Regulations apply and Financial Services would provide appropriate advice and support.

#### **MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and her comments are incorporated in the report

#### **BACKGROUND PAPERS**

Minutes of Cabinet 15<sup>th</sup> February 2011

Minutes of LDLSP Management Group  
12<sup>th</sup> April and 21<sup>st</sup> June 2011.

**Contact Officer:** James Sommerville

**Telephone:** 01524 582 588

**E-mail:** jasommerville@lancaster.gov.uk

**Ref:** n/a