1. SUMMARY

1.1. The Council and its partners on the Local Strategic Partnership (LSP) expect to receive £3.7m of Performance Reward Grant (PRG) from the 2006-09 Local Area Agreement (LAA). Following recommendations from the LSP Board, Cabinet has already agreed that £1m of this funding should be used to contribute towards the cost of the National Skills Academy for Construction at Cathall Road, and that a further £1m should be used to deliver “Seven Steps to a Better Waltham Forest”, a package of measures designed to support poor and vulnerable families during the recession.

1.2. The LSP Board has now agreed recommendations for the allocation of the remaining £1.7m of PRG. This report sets out the process that the LSP Board has followed in order to arrive at these recommendations, and presents the proposed allocations to Cabinet for agreement.

2. RECOMMENDATION

2.1. For Cabinet Decision

2.1.1. Subject to 2.1.2, Cabinet is requested to:

(a) agree the recommendations of the LSP Board.
2.1.2. This allocation is subject to formal confirmation from the Secretary of State that the reward grant identified in this report will be paid to the Council.

3. REASON FOR DECISION
3.1. This report requires a key decision because it relates to the expenditure of over £1m.

4. PROPOSAL
   
   Background
   4.1. The Council and its partners on the LSP expect to receive £3.7m of PRG from the 2006-09 LAA. A claim form for this amount is due to be submitted to central government by 10 December 2009 and the reward grant will then be paid to the Council in two installments: 50% in late 2009/10 and 50% in late 2010/11. A 50:50 capital/revenue split will apply to each payment but this is the only restriction governing how the funding is used.

4.2. Given the role played by LSP partners in delivery of the 2006-09 LAA, it is appropriate for the Council to receive recommendations from the LSP Board regarding the allocation and expenditure of PRG. However, Members should note that decisions on the allocation of reward grant ultimately rest with the Council, which is the legally accountable body for PRG, and there is no formal requirement for the Council to agree to the recommendations of the LSP Board.

4.3. Cabinet has already agreed to allocate £1m of PRG (capital) to the cost of the National Skills Academy for Construction at Cathall Road, and a further £1m (revenue) to the delivery of “Seven Steps to a Better Waltham Forest”. This leaves £1.7m of reward grant to allocate.

   LSP Board recommendations
   4.4. In June, LSP partners drew up 14 proposals for expenditure of the remaining amount of PRG and submitted these to the LSP Board. Proposals were presented in a standard template that required bidding organisations to demonstrate how their proposal would meet a range of criteria, such as contribution to delivery of the Sustainable Community Strategy (SCS) and the 2008-11 LAA.

4.5. The LSP Board then agreed to establish a time-limited panel to review these bids and recommend to the Board those that should be funded. This panel consisted of three Board Members who were considered not to have a direct interest in any of the submitted bids. These were: Rose Dymond, District Manager, Jobcentre Plus; Robin Jones, Principal and Chief Executive of Waltham Forest College; and Mary Vine-Morris, Area Director, Learning and Skills Council.
4.6. The panel met in July to review the submitted bids and score them against the criteria contained in the bid template. Two of the 14 bids were submitted late and these were not considered but held in reserve. Following consultation with the LSP Board, the panel then issued a number of requests for further information, including the disaggregation of some large capital bids into a number of smaller components. The panel also agreed a short set of principles that it would take into account when arriving at its final recommendations, most notably that PRG should not be used to support any activity that is properly funded by mainstream resources.

4.7. Responses to the panel’s requests for further information were considered in September, and the panel’s recommendations on the allocation of reward grant were then drawn up and agreed. The panel presented its recommendations to the LSP Board on 21 September 2009 and the Board agreed to recommend these allocations to Cabinet.

4.8. The recommendations and method of allocation are outlined in full at Appendix A. The projects recommended by the LSP Board for approval are:

- **Community outreach for cardiovascular prevention**: a programme to help people over the age of 40 to take action to reduce their risk of cardiovascular disease (£488,756 revenue)

- **Youth engagement, anti-social behaviour reduction and gang disruption**: engagement activity and enhanced police capability to divert young people away from crime, anti-social behaviour and gang membership (£264,756 revenue, £3,000 capital)

- **Improving voluntary and community sector (VCS) involvement in the LSP**: administrative infrastructure to support the development of thematic networks within the voluntary and community sector (£70,672 revenue)

- **CCTV upgrade and enhancement**: replacement of obsolete CCTV cameras (£320,000 capital)

- **Climate change strategy projects**: installation of a biomass boiler and green roof at Lloyd and Aveling Park, and photovoltaic cells and a green roof at the Hornbeam Centre (£102,400 capital)

- **Dual use performing arts and film centre at Willowfield School**: additional investment in the new Willowfield School to ensure that the school hall and stage can be utilised as a performing arts and film centre accessible to both the school and the wider community (£182,800 capital)

- **Multi-skills playground markings and equipment**: new outdoor play equipment and markings in each school
playground where these facilities are not currently available (£198,000 capital)

4.9 Since the total amount of available revenue and capital were allocated across these proposals, the two late bids held in reserve were not considered.

4.10 The bid templates completed for each project are set out at Appendix B. Where the LSP has recommended a lower allocation of funding than that originally bid for, the templates have been revised to reflect the available budget, with the exception of the CCTV bid where further work is required to consider the most effective use of the funding recommended for this project.

**Governance and Monitoring Arrangements**

4.11 Prior to any expenditure of any reward grant, it is important that formal governance and monitoring arrangements are put in place to oversee the delivery of all PRG-funded projects. These arrangements need to include:

- processes for monitoring project delivery in terms of both performance and spend;
- an approach to managing any variations that may be required; and
- clarity regarding the respective roles and responsibilities of the Council and the LSP.

4.12 At its meeting in May, Cabinet agreed to delegate the establishment of these arrangements to the Chief Executive in consultation with the Leader, Deputy Leader and Director of Finance. These arrangements will be put in place over the coming months, prior to receipt of the first reward grant installment, which is expected in February-March 2010. These arrangements will be informed by the findings of the independent panel, which is currently reviewing the Council’s approach to procurement and contract management, and any procurement activity required to deliver these projects will not be undertaken until these arrangements are in place. Once the arrangements have been agreed, they will be reported to Cabinet for information.

4.13 Members should note that work is already underway to progress the “Seven Steps to a Better Waltham Forest" proposal towards the delivery stage, given that the principal aim of this project is to support poor and vulnerable families during the recession. Prior to the establishment of standard governance and monitoring arrangements for all reward grant funded activity, this project is being monitored by the Child Poverty Task Group, which is chaired by the Leader of the Council.
5. **ALTERNATIVES CONSIDERED**

5.1. The reward grant panel established by the LSP Board considered 12 proposals in total and agreed to fund or part-fund 7 of these. Funding could have been allocated differently; the method of allocation followed by the panel, including its reasons for not funding proposals, is contained in Appendix A.

6. **CONSULTATION**

6.1. Organisations developing bids for reward grant were required to consult with members of the relevant thematic partnership prior to submission of their bid to the LSP Board.

7. **IMPLICATIONS**

7.1. **Financial**

7.1.1. The Council expects to receive grant of £3.7m, which is split 50% capital and 50% revenue. This has still to be confirmed by the Secretary of State. Therefore, to date, it has not been incorporated into the Medium Term Financial Strategy or the Capital Programme.

7.1.2. In considering the proposals, Members should take into account the priorities contained within the Sustainable Community Strategy and Local Area Agreement. Members should also consider the Council’s current financial position.

7.2. **Legal**

7.2.1. The Government has not ring-fenced the use of PRG for specific purposes. The proposed uses identified in this report are likely to rely on section 2 of the Local Government Act 2000 (the well-being powers). Section 2 allows the Council to do anything that is likely to improve the social, economic or environmental well-being of the area (or a part of it) having regard to the Council’s Sustainable Community Strategy. The report identifies how the proposed spend links to the Sustainable Community Strategy priorities. Other powers may be available and advice can be given on each project as it develops.

7.2.2. Any works or services not delivered by the Council directly must be procured from third parties in accordance with the Council’s Contract Procedure Rules and, for applicable contracts, the Public Contracts Regulations 2006.

7.2.3. Members are reminded that the recommendations of the LSP Board are legally non-binding and the final decision on allocation is a Cabinet matter.
7.3. Human Resources
7.3.1. There are no direct human resource implications arising from this report.

7.4. Health Impact Assessment
7.4.1. Each of the project templates, attached in full at Appendix B, includes information regarding the likely health benefits of the project. The community outreach for cardiovascular prevention project is expected to have a particularly significant impact on improving health: this project aims to help up to 4,500 residents over the age of 40 to take action to reduce their risk of cardiovascular disease, which is the biggest cause of premature death and morbidity in Waltham Forest.

7.5 Equality Impact Assessment
7.5.1. An equality impact assessment (EIA) has been carried out on the projects recommended for funding and is attached in full at Appendix C. The EIA found that the projects are expected to be overwhelmingly positive in their equality impact. For example, the project to improve VCS involvement in the LSP will help statutory agencies to engage more effectively with a large number of voluntary organisations that work to address inequality through advocacy and/or direct service delivery.

7.5.2. In relation to the youth engagement proposal, there is a possibility that black, Asian and ethnic minority (BAME) young people may be over-represented in the cohort targeted by this project. This is lawful and justified, however, provided that the proposal is intelligence-led, which it is. A clear audit trail will be maintained to enable scrutiny and reporting in relation to this matter.

7.5.3. The EIA recommends that, once detailed delivery plans have been developed for each project, these plans should be subject to a further EIA. This will ensure that the full extent of the equality impact of each project is understood and acted upon accordingly.

7.6 Climate Change Impact Assessment
7.6.1. Individual climate change impact assessments have been carried out on each project. The climate change strategy projects proposal is expected to have a particularly positive impact on climate change, since it is forecast to save 7.8 tonnes of CO₂ per annum. Once detailed delivery plans have been developed for each project, these will be subject to a further climate change impact assessment to ensure that opportunities to take positive action to promote green behaviours are fully taken into account.
8. **CONCLUSION**

8.1. The Council and its partners on the LSP expect to receive £3.7m of PRG from the 2006-09 LAA. Cabinet has already agreed the allocation of £2m of this funding. This report seeks agreement to the recommendations of the LSP Board regarding the remaining £1.7m.

8.2. Governance and monitoring arrangements applicable to all reward-funded projects will be agreed by the Chief Executive and reported to Cabinet for information prior to receipt of the first reward grant payment.

**Background Information**

None.

---

**Approval by the Portfolio-Holder**

I have cleared this report for inclusion on the Cabinet agenda.

Signed [Signature]

Date 28th October 2009

Leader of the Council