

Report of: Financial & Asset Management Business Managers

To: Executive Board - 13th August 2007
Council - 3rd September 2007

Item No:**Title of Report : Performance Reward Grant (PRG)****Summary and Recommendations**

Purpose of report: To seek approval to spend the Performance Reward Grant earned.



Key decision: No

Portfolio Holder: Councillor Campbell

Scrutiny Responsibility: Finance



Area(s) affected: All

Report Approved by: Councillor Jim Campbell – Finance Portfolio Holder
Councillor Patrick Murray – Housing Portfolio Holder
Lindsay Cane – Legal
Andy Collett - Financial and Asset Management



Policy Framework: To maintain financial stability and to provide more affordable housing.



Recommendation(s): Executive Board is asked:

- a) to recommend to Council that the Capital budget be increased by £202,296 and the revenue budget by £202,296 in respect of the award of Performance Reward Grant.



to allocate the sums received as follows:

£43,843 for systems thinking costs (revenue)



£43,844 for the HR/payroll project (capital)

£316,905 for Housing projects (50% revenue & 50% capital).

Introduction

1. In May 2002, Executive Board agreed to work with the County Council and other Districts to submit a Public Service Agreement (PSA) to Government. PSA's are agreements between Central Government and Local Authorities to improve specific services over a 3 year period with the prospect of financial awards where enhanced service targets are met.
2. The City Council participated in 3 areas: Recycling, Affordable Housing and Cost effectiveness.
3. The award for recycling was paid to the Oxfordshire Waste Partnership. The report outlines the sums received as Reward Grant and suggests how this money could be spent.
4. The grant may be spent as the Authority sees fit but each allocation of Grant **must be spent 50% on capital and 50% revenue.**

Cost effectiveness

5. The reward due to the Council is £87,687. Of this, half has already been received with a further tranche expected later in 2007/8.
6. The cost effectiveness is linked to no particular area and reflects how much Oxford is spending and performance on 8 PIs. The 8 PIs include Homelessness, Planning, Waste, Housing Benefit, electronic transactions and sickness so a wide span of Council activities.
7. Directors have discussed the use of the Grant and agreed that it should be spent in two ways...
 - a) Systems Thinking

Directors would like to spend £43,843 of the grant towards systems thinking.
 - b) Payroll/HR project

Directors would like to spend the £43,844 capital element of the Grant on the joint HR/payroll project. This was a project earmarked for 2006/7 but the money was not carried forward into 2007/8. The HR system is outdated and unsupported, the Payroll System also requires updating. The Payroll Team have recently transferred into Human Resources and a new joint system would consolidate efficiencies from closer working and reduce duplication of systems data. Addressing this area would help meet the Staff Management Information needs of Managers.

8. Executive Board is asked to recommend to Council the budget change in respect of the cost effectiveness Grant and approve the projects suggested above.

Affordable Housing

9. The larger amount of money awarded to the City Council is £316,905, again half has been received and half expected later in the year.
10. The Affordable Housing grant is linked specifically to the Key Workers loan scheme. This was the subject of an Executive Board report on April 5th 2004. The 2004 report suggests how the Reward Grant may be spent. It says that this may be used to either further develop the scheme, repay borrowing or for other purposes.
11. The Council has spent £338,000 on Key worker loans, this has been funded from Capital receipts. The loans are held on the Council's balance sheet. As the loans are repaid, they can either be recycled as more loans to Key Workers or just used to repay the loan and the funding returned to the Capital Programme.
12. Community Housing and Environmental Health are working through the practicalities of a new scheme for returning empty homes into use. Another call on this Grant is likely to be residual costs of the Choice Based Letting scheme. Any residual Grant after funding of these schemes will be earmarked for achieving the LAA target on Affordable Housing.
13. The above schemes will require project approval and a further detailed report on use of the Grant will be brought to Executive Board in September.
14. Executive Board at this stage is asked only to recommend a budget change to Council in respect of the Affordable Housing Grant.

Name and contact details of author:

Sarah Fogden/Penny Gardner
Financial & Asset Management Business Managers
Telephone: (01865) 252708
sfogden@oxford.gov.uk or pgardner@oxford.gov.uk

Background papers: Executive Board – Monday 5th April 2004: Public Service Agreement – Key Worker Housing



Version number: 1.0

Date

