

## HERTFORDSHIRE COUNTY COUNCIL

**CABINET**  
**MONDAY 17 JUNE 2002 AT 2.00 P.M.**

Agenda item No.

**8**

### **LOCAL PUBLIC SERVICE AGREEMENT (LPSA)**

Executive member: David Beatty  
Lead Officer: Bill Ogley

Report authors: Keith Shephard (01992 555368)  
Andrew Nightingale (01992 555331)

#### 1. Purpose of Report

To agree 14 targets to form the basis of the council's LPSA bid.

#### 2. Background

The PSA Policy Panel has recently considered 20 potential targets from which to prepare the council's LPSA bid, to be submitted for negotiation with government from 1 July.

Having discussed the target details with lead Officers, the Panel has suggested that, of these 20 targets:-

- 10 are very likely to appear in the final bid
- 6 of the remainder have strong possibilities

On this basis the attached table shows resource implications against each of the 16 targets.

Any final Agreement must consist of a minimum of 12 targets, a majority of which must be national. In order to enable flexibility within negotiations it is recommended that we enter the negotiations with 14 targets, which can be presented with equal status at commencement, or can be presented as 12 with two reserves.

#### 3. Resources

The essence of the PSA regime is stretch of service delivery in return for financial reward and other 'freedoms'. Our analysis of resource implications shows a substantial level of investment from 2003/04 in anticipation of reward in 2005/06 and 2006/07. This clearly carries risk. Members will be able to demonstrate how the targets link to promises and will wish to integrate PSA within the mainstream budget process. In developing the budget for future years services will therefore need to identify how these costs can be contained within available resources.

In some cases there are significant caveats in relation to funding as shown below:-

- achieving road maintenance targets requires Local Transport Plan (LTP) funding
- both Adult Care Services targets ( rehabilitation /pre admission and purchase of care packages) require the delivery by government of 6% year on year growth, and relationship to the county's demographic profile
- the speed of egovernment development is linked to other resource bids and freedoms on capital investment
- education attainment and tackling non attendance are linked to the availability of budget growth within Standard Spending Assessment (SSA) and other sources

These points will be made in the bid introduction, and will feature in individual target discussions between experts. Where partners contribute towards targets they will negotiate a share of the reward with the council.

The use of the £1.75m pump prime money (to be available by 1 April 2003) is subject to government approval as part of the process, but is essentially for the Council to decide upon. Expenditure of this resource over the three year contract period as appropriate, will take into account:-

- (i) the evidence supporting need for the additional investment
- (ii) the contribution the stretch target will make to agreed priorities
- (iii) the potential financial return achievable in the form of performance reward grant
- (iv) the scope to realise future savings as a result of the up front investment

Any **unsupported credit approvals** (up to approximately £3.0m) are likely to be made available within a month of signing the Agreement.

**Performance Reward Grant** of up to 2.5% of the 2002/03 net budget requirement (ie up to £21m) is available for achieving all the targets. This overall total is allocated equally among the individual targets. If less is achieved the grant is scaled down pro rata. No grant is paid if the Authority achieves less than 60% of a stretch target. The grant is payable in two instalments in the two years after the PSA contract period. There is also scope for a payment on account of one-fifth of the potential reward grant, a year before the end of the period of the local PSA, if agreed interim targets have been achieved.

It is suggested that if all targets are achieved, then part of the reward grant be allocated directly to the services responsible for the achievement, for reinvestment in agreed priorities. If the grant received in respect of a particular target is reduced because only partial delivery of the target is achieved, then the grant paid over to the service will be reduced pro rata.

The sum of any pump-priming grant or unsupported credit approvals applied to the delivery of the target will be deducted from the service's allocation of reward grant.

#### 4. Process

The submission for negotiation will include a nationally prescribed template for each target accompanied by a description of the authority, and the key issues faced, and how they relate to proposed targets.

It is suggested that Cabinet authorise the Leader and Chief Executive to clear and submit the bid on 1 July.

During the negotiation period, service experts within the Council will be engaged in detailed discussions with government officials, with the aspiration of an agreed position in late Summer, whereupon a further report will be presented to Cabinet. This report will include firm proposals on the allocation of pump priming resources, and arrangements for handling subsequent PRG. In the meantime officers will bring any significant issues before members for consideration.

The Government has indicated that final Agreements are now being signed on location, rather than in Westminster. Such an event would occur in the Autumn.

Target	Estimated costs over three years £'000	Estimated Pump priming requirement £'000	Estimated Capital to be funded from UCA £'000	Estimated 3 year costs to be funded from other sources £'000
<b>Likely targets</b>				
Nat 4 – GCSE A* - G	630	Not yet identified		
Nat 5 - Truancy	1,040	Not yet identified		
Nat 7 – Pre-admission & rehab	Up to 4,200	135		
Nat 9 – Children in care A* - C	514	Not yet identified		
Nat 30 – Cost efficiency				
Nat 31 – E-govt capability	3,900	150	See note 1	
Nat 35 – Roads maintenance		550		12,000
Local – Employment/ training disadvantaged people	nil	135		
Local – Packages of Care	700	45		
Local – Road Safety KSI		50		Self funding
<b>Possible Targets</b>				
Nat 8 - Looked after children at 19	514	nil		
Local – Townscape / landscape assessment	114	66		
Local - Sustainability design guide	nil	60		
Local - Preventable fires	69	Not yet identified		
Local - Key worker housing		nil	3,000	
Local – Baseline assessment		Not yet identified		
<b>TOTAL</b>	<b>11,681</b>	<b>1, 191</b>	<b>3,000</b>	<b>12,000</b>
<b>Cost per year of PSA contract</b>	<b>3,900</b>			<b>4,000</b>

## Notes

1. To deliver some of the required investment in e- government capability it may be possible to make use of the available unsupported credit approvals rather than funding all of this from annual revenue budgets.

2. The maximum available pump-priming grant is £1.75m. Proposals for the use of £1.19m have so far been identified. CSF have yet to identify the pump-priming requirements for their potential targets, and so for planning purposes it is suggested that CSF, consider how pump priming grant of up to £550,000 could best be deployed to further the five potential targets on which the service leads.

3. The initial estimates shown in the above table will need to be refined as the PSA development process continues, but these figures provide a broad indication of the potential resource implications of achieving the possible PSA targets. Broadly speaking to deliver the 16 PSA targets outlined above would require:--

- an additional £3.9m per year to be found within revenue budget, with capacity to deliver this being dependant on the overall resource settlements.
- additional funding of £4m per year to be made available through the LTP process

## APPENDIX

### PSA POTENTIAL TARGETS CONSIDERED AND CATEGORISED BY THE POLICY PANEL

#### Likely targets

(for national targets the wording is prescribed in the government PSA prospectus)

National 4. To increase the percentage of pupils obtaining 5 or more GCSEs at grades A\* to G (equivalent), including English and maths: by 2004 92% of 16 year olds should reach this standard.

National 5. To reduce school truancies by a further 10% from the level achieved by 2002 ( note: government intend to change this target to cover all non attendance)

National 7. To provide high quality pre admission and rehabilitation care to older people to help them live as independently as possible, by reducing preventable hospitalisation and ensuring year on year reduction in delays in moving people over 75 on from hospital. At least 130,000 are expected to benefit from this care. Progress will be monitored in the Performance Assessment Framework.

National 9. To improve the life chances of children in care by improving the educational attainment of children and young people in care by increasing from 6% in 1998 to 15% in 2004 the proportion of children leaving care aged 16 and over with 5 GCSEs at grade A\* - C.

National 30 ( mandatory ) .To ensure continuous improvement in the economy, efficiency and effectiveness of local services through overall annual improvements in cost effectiveness of 2% or more.

National 31. To ensure that local government achieves 100% capability in electronic service delivery by 2005.

National 35. To halt the deterioration in the condition of local roads by 2004, and eliminate the backlog by the end of the plan period.

Local. To increase job and training opportunities for disadvantaged people. (ECDU)

Local. To encourage people organising their own services to use direct payments (ACS)

Local or National . To reduce Hertfordshire's killed and seriously injured road casualties.

### **Possible targets**

National 8. To improve the life chances of children in care by improving the level of education, training and employment outcomes for care leavers aged 19, so that levels for this group are at least 75% of those achieved by all young people in the same area by March 2004.

Local . By 2006 to have undertaken townscape/urban landscape character assessment covering nine towns and ten villages, equivalent to 6% of the county's land surface.

Local. By 2006 10% of eligible planning applications will be accompanied by a sustainability statement (linked to a sustainability design guide).

Local. To reduce the number of deliberate fires ( note: the scope of this target, and defining appropriate indicators, are under consideration)

Local. To improve local recruitment by offering a purchase solution to key worker housing.

Local. To improve the baseline assessment scores of Hertfordshire children.

### **Unlikely to proceed further as PSA targets**

Local. To improve our reach to businesses

Local. To reduce the number of young people coming to the attention of the police.

Local. To reduce the incidence of community disorder ( anti-social behaviour, nuisance youth, noise nuisance, civil disputes, domestic disputes, drunkenness etc) in specified localities.

Local. To develop the county's image as a place to live and work.