

**HERTFORDSHIRE COUNTY COUNCIL**

**CABINET  
MONDAY 24 MARCH 2003 AT 2.00 P.M.**

**LOCAL PUBLIC SERVICE AGREEMENT**

Report of the Chief Executive

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**1. Purpose of report**

To advise on the final stages of negotiations on a Local Public Service Agreement (LPSA) for Hertfordshire.

**2. Summary**

Since the report to Cabinet on 28 October 2002, officers have been negotiating the final details of thirteen LPSA targets, for inclusion in an Agreement to be reached between the council and central government. This paper reminds members of the targets in question, sets out the resource issues, comments on risk, and indicates next steps.

**3. Conclusion**

Cabinet will be invited to endorse the proposal and authorise the Chief Executive, in consultation with the Leader of the Council, to finalise the Agreement.

## 4. Background

### 4.1 investment

The following table sets out the total cost of delivering each target over the life of the Agreement. It should be noted that for 2003/4 the investment is covered within the agreed budget plans, and that the nature of target selection ensures that service delivery improvements are in areas central to the council's stated priorities.

Pump priming grant up to £1.75m is available from government. The council will receive this funding on submission of a brief account of how the resource will be used to achieve the specified stretch.

HCC LPSA Target Per draft agreemnet	Estimated costs over three years (exc ppg) £'000	Estimated Pump priming requirement £'000	Estimated Capital to be funded from UCA £'000
1. GCSE A* - G	630	130	
2. non attendance secondary	1,040	100	
3. Pre-admission & rehabilitation	7,200	135	
4. Children in care employment outcomes	414	200	
5. Children in care - education	Included within target 4	Included within target 4	
6. cost efficiency			
7. egovernment	3900	300	
8. KSI road casualties	50	50	
9. road conditions		150	
10. jobs and training opportunities	150	300	
11. direct payment for care services	700	45	
12. reduction deliberate fires	80	70	
13. key worker housing	800	120	3000
contingency		150	
<b>TOTAL</b>	<b>14,964</b>	<b>1750</b>	<b>3,000</b>

Of the £14.964m estimated costs shown above £12.6m is covered within existing base budgets from 2003/4.

To deliver Adult Care Services' targets 3 (pre admission and rehabilitation) and 11 ( direct payments ) will require further investment of £800,000 in 2004/5 and £1.56m in 2005/6. The service will seek to contain these costs within resources projected for demographic pressures and from available specific grants.

On key worker housing (target 13) numbers exclude £ 0.5m per year capital programme funding.

**(Target details are set out in the Appendix)**

#### ***4.2 Risk and Reward***

The PSA regime provides that Performance Reward Grant (a total of £21m is available to the council) is shared equally amongst the constituent targets (approximately £1.6m per target). This reward system operates target by target. Cabinet has previously agreed a formula whereby 40% of PRG is returned to the service budget and 60% to the council's overall funds.

Progress on reaching our targets will be monitored through the BVPP promises 'traffic light' system. This will inform our ability to consider switching resources as the Agreement proceeds over time.

PRG comes into play once 60% of the agreed target 'stretch' is achieved. One fortieth of PRG is payable for each one per cent stretch above 60%. Officers negotiating on the council's behalf have pushed hard for the best deal available with this in mind, which in some instances has meant very protracted arguments. The degree to which the council has direct control over outcomes varies target by target, but our overall assessment is that we will achieve significant levels of reward overall. Government negotiators at the centre (ODPM) seek to balance the risk over the whole package.

#### ***4.3 Next steps***

Given that the targets are in line with the council's priorities, and the likelihood of achieving a significant proportion of potential PRG, officers will be able to commend the Agreement to the Leadership.

The two remaining targets on which the detail is still to be resolved are target 9 (roads conditions) and target 13 (key worker housing). Following a meeting with DfT officials on 5 March the proposal on target 9 is being reshaped.

Our immediate aim is now to complete all negotiations by the end of March, at which point the package will be placed before Ministers for approval.

Note: target 6 (cost efficiency) is a mandatory target the modelling of which remains in dispute nationally. The current position of HM Treasury on this target is such that it would be extremely difficult for any authority to achieve a significant reward grant. We have taken initial steps to construct a basket of indicators on which the target could be developed, but will not progress this until the national position is clearer. In view of the above failure to agree on this target will not delay the LPSA sign off.