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17th December 2004

Dear Andrew

### **Herefordshire's Second Local PSA - Priorities for Improvement**

Thank you for your submission of 18 August setting out Herefordshire's proposals for your Second Generation Local PSA. We have now consulted Government Departments, the Government Office West Midlands, and the Audit Commission Relationship Manager. The overall government response to your proposed priorities for improvement in Herefordshire is set out below. I am sorry that this has taken longer to provide than you had been led to expect.

At this stage, the focus is on agreeing the priorities for improvement locally. The selection of appropriate indicators will follow, after which will come the negotiation of figures that will define the 'stretch' in performance Herefordshire must achieve to receive the reward grant. That said, where colleagues or ODPM have provided comments that may be relevant when you move on to the next stage of precise specification of indicators we have included them here for your consideration. These are not intended to be comprehensive, and they do not need a response before that next stage.

We were glad to see that your authority has engaged with the Herefordshire Partnership, and we would encourage you to develop these linkages as your LPSA2 develops. Ministers are very keen to see these strengthened in the second round, and your partners will prove invaluable to the delivery of your local improvement priorities. We also welcome the attention your priorities give to rural issues and their integration within your document.

There are, however, one or two omissions that we would wish to raise with you, and these are set out below in the commentary to your priorities and a section toward the end. Also, in a number of cases the priorities you set out relate to processes, rather than the outcomes you seek. To help the process along, we have inferred the outcome you may intend, and invite you to say whether we have interpreted your intentions correctly.

### **Priority Theme 1 - Learning and Skills and the Economy**

We have interpreted your proposal as identifying three priorities for improvement within this headline:

- More adults achieving certain qualifications

- More employees achieving certain qualifications
- A reduced gap in weekly earnings between Herefordshire, the region, and England

If this is a correct interpretation, then we agree this priority for improvement.

Regarding the first two elements, we would want you to use indicators measuring achievement of substantive qualifications - enrolment or participation are not measures of outcomes. DfES can advise what the relevant qualifications could be. The number of economically inactive persons is likely to be acceptable. But we would see IIP certification as a means by which organisations might improve, not an outcome in its own right.

In considering which kinds of qualifications you wish to improve, we would recommend considering the skills in demand in the area. The LSC's Strategic Area Review would have relevant indications.

On the local economy, the outcome here is clear but the selection of a suitable indicator could prove complicated. The local earnings relative to the region and England seems entirely relevant, but are changes in the data for a single small local authority area sufficiently reliable to form the basis of substantial reward grant? Changes in number of VAT-registered businesses is not a measure of the desired outcome, and does not take account of business size or indeed whether that company actually adds to the local economy.

## **Priority Theme 2 - Caring, Active and Healthy Communities**

We have interpreted your proposal as identifying two priorities for improvement within this headline:

- Improving the quality of life of older people
- More people actively involved in community activity

If this is a correct interpretation, then we could accept that these might be priorities for improvement locally. However, the difficulty we have encountered with community activity type targets is in identifying an objectively verifiable and quantifiable outcome measure by which to judge performance. As such, whilst we acknowledge that this is an area Herefordshire is keen to promote, we are doubtful that such a priority could be developed into a satisfactory target for LPSA2 purposes.

We would be more positive towards an outcome of "improving the quality of life of older people". Whilst ostensibly similar to your first outcome, 'more people helped to live at home' is a measure of the input performance of the authority. The suggested indicators are unpromising, and stray some way from the intended outcomes, but we can probably work with you to find something we could agree as a relevant outcome measure.

Numbers of people "signposted to low-level support services" is clearly an input measure and unacceptable, whilst the numbers receiving direct payments is a measure of a means not an outcome. ODPM and DH are discussing a potential measure of quality of life of older people.

Numbers of people *living in* dwellings that do not meet the Decent Home Standard (not just numbers of dwellings) is arguably an outcome measure, but the DHS targets may leave you with little scope for "stretch" in performance to justify much reward grant. Improvement in home energy efficiency - though an input measure - is well evidenced as a

leading indicator of the outcomes of reduced fuel costs to occupiers and reduced emissions. However, we need to consider whether these aspects of "quality of life of older people" really are priorities for improvement, since the connection is rather indirect.

You might alternatively consider looking at certain health improvements, such as reducing falls. These provide measurable outputs that would contribute towards the quality of life of older people. This approach might also allow you to capitalise on synergies between the various agencies involved in the provision of services to older people through joint working.

In terms of omissions, CSCI noted the Council's reduced and low performance under indicator C30, 'people with learning disabilities being helped to live at home'. They have also pointed out that only 86% of clients are receiving care plans, and only 50% a review, these figures being respectively short of the national targets and the average of your comparators. You might therefore consider a priority of improving the quality of life of disabled people. We would welcome your response as to why this was not considered one of the priorities for improvement locally.

### **Priority Theme 3 - Liveability**

Within this theme we have interpreted your proposal as identifying three priorities for improvement, whilst we are unclear as to the outcome desired in two of the areas. Those we are clear on are:

- Reducing the amount of alcohol related crime
- Reducing the amount of antisocial behaviour
- Reducing the amount of total waste/waste sent to landfill

On the first, though the outcome is clear there would have to be confidence that Herefordshire and your partners in the Police could reliably distinguish violent crime and crime and disorder, and the alcohol-related elements within these. We would ask for further clarity and an assurance that appropriate data (including current performance) is available before we agree these priorities. The Home Office report "*Alcohol-related crime and disorder data: guidance for local partnerships*" may be of help in this.

There is a lot of overlap between the two crime targets, which could be problematic in terms of justifying reward grant. For both to go forward we would have to be sure that we could justify the reward grant for not only reducing the number of incidents, but also in reducing the number of alcohol related crimes on top of this. On the face of it, this may not be possible.

It is worth being aware at this stage that Ministers do not wish survey evidence to form the basis for more than a moderate share of the reward on a target, and so it would be worth giving further thought to the full range of indicators you might use to measure anti-social behaviour. Additionally, tied in with these priorities you might also wish to consider an indicator based around the successful completion of treatment for alcohol-related illness.

With your priority on waste, the outcome is clear and we support this. You might wish to consider targets to increase recycling and composting (BV82 a&b), and/or to reduce waste per head (BV84) as well as a reduction in waste sent to landfill (BV82d), though this discussion can be continued in the next stage of the LPSA process after you have submitted indicators. The performance improvement we seek under any landfill indicator

will be influenced by the Landfill Allowance Trading Scheme, as we cannot reward you for the same performance.

There are two areas in this theme where we are unsure of the outcomes you are looking for:

- Increasing walking, cycling and public transport use
- Improving public rights of way and footways

On the first, it is unclear what end result you want to achieve - is it a modal shift, less congestion, road safety, improved health? We shall await your response before deciding on this priority. We note that in terms of bus patronage numbers, you currently have a relatively low target for growth, and we would be happy to look at your proposals in this area. Furthermore, though your KSI figures on road safety are on target, recent accident levels would have had the effect of pushing up Herefordshire's figure for this year and it might therefore be that this should be considered as a priority for improvement.

We are also unclear what outcome it is you intend under the 'Streetscene' heading - is it time taken to make journeys (which would overlap with priority h on transport) or the number of injuries on the streets? If so, would the latter apply only to the elderly? Mobility is apparently an issue for older people in the county, but mainly in terms of access to services, which this priority does not attend to. The declared outcome is clearly an output, and we will have to reserve agreement on this priority until it is clearer what outcome you are seeking here. Additionally, according to our figures your latest BVPI figure for footways is no worse than average. However, your non-principal road condition scores, especially non-principal classified roads, are very poor and you might therefore consider this as a priority for improvement.

## **Geographical Pilots**

We are not yet certain what your intentions here are, and we would be happy to discuss this matter further if you wish to pursue it. However, it should be noted that you could not receive reward grant twice both for the achievement of an overall target and again for that same improvement in a specific location.

## **Other areas to consider**

We have noted your section on areas of underperformance not included in LPSA2. However, we have raised concerns over certain omissions, some of which have been covered in the commentary above.

In addition to these, CSCI has asked you consider the educational outcomes, school attendance, and long-term stability of Looked After Children, all of which we understand requires improvement.

More widely, we are not persuaded that your explanation for the absence of any children's services targets is adequate. Although the focus on older people is laudable, your LPSA2 should be about whatever is a priority for improvement locally, irrespective of whether these apply to older people, adults or children. We would therefore ask that you look again for priorities for improvement within children's services. DfES has asked you to consider a focus on encouraging and supporting the development of broad and balanced learning opportunities for 14-19 year olds. This would contribute to addressing the skills shortage

and is a priority for the Authority as agreed with the DfES in Herefordshire's Compact. A possible indicator is improving the % of pupils achieving GCSE 5 A\*-G and equivalent qualifications. The equivalent part of the indicator would include all qualifications approved for use pre-16 on an equivalent basis. We note that in comparison to the Ofsted statistical neighbours, in 2004 Herefordshire was in the bottom quartile for performance at GCSE 5 A\*-G.

With only 10 priorities in your submission, some priorities involving children would also prove advantageous should we fail to overcome some of the obstacles in the other headings.

In terms of next steps, for those areas where we are both in agreement on the choice of priority, as indicated in this letter, you can now start putting together proposed indicators taking into account those points made below. For the other areas you will need to address the points raised and return to us with revised or additional outcomes. Additionally, we would ask that you respond to the omissions highlighted.

Clearly the timetable has slipped substantially, and my apologies for our contribution to that. Hopefully, once we have settled at a list of priorities we can move on with greater pace to the selection of indicators and negotiation of stretch. I look forward to hearing from you in due course.

Yours sincerely,

**James Collier**