

LOCAL PUBLIC SERVICE AGREEMENT UPDATE

PROGRAMME AREA RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

19TH MAY, 2005

Wards Affected

No wards are affected.

Purpose

To notify Cabinet on progress towards developing the second Local Public Service Agreement (LPSA2) with the Government and also provide an update on performance against the targets agreed in the first round LPSA (LPSA1).

Key Decision

This is not a Key Decision.

Recommendation

That Cabinet notes the progress made on targets for LPSA 2 and the performance on LPSA 1.

Reasons

Cabinet members need to be notified on progress against the negotiations of LPSA2 and the performance against LPSA1 targets.

Considerations

1. This report is split into two sections covering the first and second LPSAs. The formal measurement period for LPSA1 ended on 31st March 2005 although there are some outstanding targets where the measured stretches need to be confirmed. It is possible, however, to provide an indication of the level of Performance Reward Grant (PRG) earned from the performance improvements.
2. The formal measurement period for LPSA2 started on 1st April 2005 although at this stage only a handful of the first tranche authorities have successfully negotiated an agreement. The Council had been making good progress towards early negotiation but has encountered a number of obstacles over the last few months. These are elaborated on later in this report.

Section 1 - LPSA 1

3. Performance against each of the individual targets is set out in Appendix A as in previous monitoring reports. These figures will have to be fully verified and audited, before being signed off by the Chief Executive. This process will not be completed

Further information on the subject of this report is available from
Andrew Tanner, Assistant County Treasurer on 0162

until the end of June at the earliest. It is important, however, for Cabinet members to have at an early stage of the new year a view on performance and the subsequent level of PRG earned. At this stage of the report it is re-emphasised that it was not the intention of the Council or the Partnership to reward directly those services who have contributed to the PRG. Rather it would be used to invest in LPSA2 which is integrated within the Corporate Plan and hence fund high priority objectives within that arena. A typical example will be the significant investment required within the 'independent living for older people' agenda.

4. The current prudent estimate of PRG earned is around £1,600,000 which will need to be allocated across the LPSA2 targets. The final level of PRG may well be greater and it is recommended, therefore, that this surplus transfers to an earmarked performance reserve for future LPSA 2 funding. This will be beneficial where during the course of the three year LPSA2 period it becomes apparent that the initial investment in performance improvement is not sufficient to meet the stretched targets. It is important, however, to communicate the message to those officers responsible for managing individual targets that they cannot rely on receiving further allocations.
5. The projected PRG level is 50% of the maximum available. The success of the agreement cannot solely be judged by the level of financial reward as there have been significant performance gains even where targets have not been reached. Similarly the comparative success of the Herefordshire agreement against other local authorities cannot be gauged at this time but will be determined by a number of factors namely:
 - The quality of the original agreement in terms of linking targets to priorities and overall corporate commitment to the LPSA.
 - The ability of individual service managers to negotiate a good 'deal' with the government departments by achieving the right balance between maximising both service improvement and the PRG.
6. Performance against individual targets is detailed in Appendix A. This is summarised as follows in the following categories:

Stretched targets achieved (or highly likely to be achieved)

Reducing the number of house fires and deaths and injuries caused by fires.

Reducing the number of people killed or seriously injured on the county's roads.

Improving the condition of the county's non-principal roads.

Reducing vehicle crimes.

Reducing rates of youth re-offending.

Increasing the percentage of care leavers in employment, education or training.

Increasing electoral turn out in three targeted wards of Ross, Holmer and Belmont.

Improving educational achievement for higher ability pupils at Key stages 2 (age 11) and 4 (age 16).

Improving the care and development of young children by reducing the percentage

on 1-2 year inspection outcomes for three consecutive years.

Stretched Targets which have been (or likely to be) partly achieved

Increasing the percentage of older people receiving intensive homecare.

Reducing the incidence of avoidable harm (falls and hypothermia) for older people.

Reducing the number of 1 – 2 year outcomes for childcare settings.

Improving the Council's overall cost effectiveness.

Increasing the percentage of Council's services which can be accessed electronically.

Stretched targets which have not been (or are unlikely to be) met

Increasing intensive home care as a proportion of overall care.

Increasing the proportion of older people helped to live at home.

Reducing the number of domestic burglaries.

Increasing the adoption rate.

Increasing the number of children leaving care with at least 5 GCSEs at A to C Grades.

Reducing the absence from school rate for looked after children.

Reducing the number of homeless households needing repeat housing.

Increasing the percentage of pupils achieving at least 5 A to C grades at GCSE.

Percentage of childcare settings on 1-2 year outcomes.

Percentage of childcare settings accredited on Quality Assurance schemes.

7. There are a number of reasons why these targets will not be, or are unlikely to be met. Previous reports have referred to the changing of definitions for national targets and these specifically relate to the 'older people being helped to live at home' and domestic burglary targets. The homeless household targets have not been met as the conditions applied during the negotiation phase made its achievement highly improbable. Lastly the statutory targets for GCSE attainment were already very challenging. To stretch these further within the LPSA was, therefore, unlikely. The Council had little choice at the time of negotiation as the inclusion of the high profile education targets was mandatory.

Section 2: LPSA 2

8. The Council stands to earn up to a maximum of £4,400,000 for the second round LPSA (LPSA2); this equates to £366,000 per target. The overall agreement has a good balance to it in terms of the breadth of Partnership activities it covers and retains a close fit to the original theme of improving the quality of life for Herefordshire's residents.

9. Appendix B details the progress which has been made on the LPSA2 negotiations with the government. These have been expedited to a certain extent by individual service contact with the individual departments. However, no stretched targets have been formally agreed as yet, only the performance measurements leading to the outcomes.
10. The Council remains confident that a final sign off can soon be reached on LPSA2 despite the delays in reaching agreement on outcomes and performance measurements. The ODPM has informally prioritised Herefordshire's LPSA for early completion. A particular stumbling block has been the negotiations with the Department of Health, the Home Office and more recently with the Department for Education and Skills, all of whom have been pressing for their own performance measurements. These have tended to be at a divergence with specific local priorities although the overall outcomes are similar.
11. Agreement in principle has finally been reached on the independent living for vulnerable people targets. Limited progress, however, has been made on constructing a health target with the focus now on tackling obesity by using school children as the measurable cohort. To maintain the balance of the LPSA it is important that a health improvement target is included. Additional complications have recently been caused by a change in personnel at the Department for Education and Skills which has resulted in some significant revisions to the Children's Services' targets.
12. The detailed targets will now be sent to the Office of the Deputy Prime Minister for formal agreement of the stretched performance improvements. There are currently 13 targets or outcomes and these are likely to be reduced to 12 as negotiations reach an advanced stage. The Council will want to strike a fine balance between maximising improvements in services for its citizens but also ensuring that it maximises future PRG. This is vital for future investment in services.
13. Final allocation of the PRG from LPSA1 and the pump priming grant for LPSA2 will need to be decided during the final stages of negotiation. There are some important reasons for this, namely:
 - The allocation of PRG between individual measurements in targets by the government will be in line with its own considerations of value for money that the improvements are offering. For example, the government may decide that within the school absences target the measurement for all children will attract more PRG than for those 'looked after' as it covers a greater number of pupils. In terms of managing the risk of not achieving the full PRG of £366,000, the Council could then decide to focus a greater level of resource on the wider target as it attracts greater reward ultimately.
 - The level of stretch finally negotiated may require a greater level of funding than initially forecast. The Council will need to take a considered view in these cases on whether the target is worth including in the agreement following recommendations by officers.
 - Services still need to be encouraged to find different ways of securing improvement other than purely through increasing funding. Further work is still required on developing freedoms and flexibilities in the negotiations with government departments.

Next Steps

14. Cabinet and the Partnership Board will need to sign off the final agreement, hopefully before the end of June. The next Cabinet report will, therefore, detail the final stretched targets, together with the proposed funding allocations to achieve the performance improvements.

Alternative Options

Not applicable.

Risk Management

Failure to negotiate achievable stretched targets will result in the loss of potentially significant Performance Reward Grant for the Council. Additionally failure to focus on priorities within the Herefordshire and Corporate Plans may have a detrimental impact on future commitment to the LPSA from all organisations. This will not only affect the Council financially but also in corporate performance assessments.

Consultees

There are no consultees.

Background Papers

None identified.