

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date of Decision:	22 February 2010
Decision Title:	LPSA2: Final Outturn and Reward Claim
Decision Reference:	1001
Report From:	Chief Executive

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1. Executive Summary

- 1.1. This report sets out the final outturn, performance and reward claim in relation to the Local Public Service Agreement second round (LPSA2).
- 1.2. The LPSA process changed in 2005 requiring a partnership approach but retained the elements of pump-priming and reward grant to help councils and their partners to improve performance across areas identified as priorities. In Hampshire this provided just over £2m pump-priming and a potential reward pot of up to £29.5m. The Hampshire LPSA2 was signed in 2005 and ran until 31 March 2009 bringing together organisations to agree a set of 16 stretching targets with the Government. These targets were initially included within the Local Area Agreement and monitored through the Executive group as the timescales of the two Agreements matched. The LPSA2 targets were separated out when the Local Area Agreement was re-negotiated last year as they only had less than a year to run.
- 1.3. Following the end of the Agreement period, the final performance figures against the targets have been collected to assess achievement, and a survey conducted for the perception-based targets. A formal audit has been completed and the potential sum of earned reward grant identified. Reward is payable on achievement of at least 60% of the projected stretch in performance against the targets. Any reward grant will be paid in two instalments in 09/10 and 10/11 and will be 50%/50% capital and revenue.
- 1.4. A claim of £16.85m was submitted to the Government Department for Communities and Local Government in December 2009.

2. Final outturn performance

- 2.1. Most of the targets have demonstrated a real improvement in performance with 12 of the 16 targets achieving between 60% and 100% of the agreed stretch and earning reward grant. A full breakdown of performance by Target is given in Appendix C.
- 2.2. The County Council's internal audit service has undertaken an audit of the performance data on behalf of the County Council, Hampshire Constabulary and Hampshire Fire and Rescue Service. Other partner organisations have used their own auditors to verify their data. Audit certificates have been provided.
- 2.3. The County Council and partners are seeking to learn from the LPSA2 – beyond the financial gain – to look at where the targeting and the focus has added value using case studies.

3. Reward Grant

- 3.1. The total amount of reward grant claimed is £16.85m. Of this the County Council will receive £5.9m. Full details are given in Appendices D – F.
- 3.2. The reward grant is split equally between the 16 targets and a legally binding sub-agreement was signed by all the partners detailing the agreed allocation of reward grant by target. (Please see Appendix D).
- 3.3. There are 2 issues for the County Council to agree:
 - Firstly, how to allocate the reward earned within the authority. Under LPSA1 37% of the reward grant was returned to those services that earned it with the remainder being allocated corporately.
 - Secondly, as the reward will be paid by the government 50%/50% capital and revenue, whether the County Council will be willing and able to absorb the capital element and replace it with revenue funding. This was achievable for LPSA1, requiring £2.7m of capital grant to be replaced by revenue funding.
- 3.4 In relation to reinvestment of reward in service delivery, the sub agreement does not commit all partners to investing reward in continuing the improvement in services targeted, therefore reward could be used for corporate purposes. However, whilst recognising the significant resource challenge and the Council's competing priorities it is important that the County Council considers the impact of not 'rewarding success' as a principle for allocating a significant share of the reward earned. The services earning the reward have achieved significant improvements in performance and not re-investing in them runs the risk of undermining performance improvement. It also sends an important message and example to our partners. For instance, in Target 14 (independent living) the case can be made that the County Council needs to set the example in order to encourage district councils to invest their share of any reward if the continuing project is to be sustainable. In this particular case the district councils are prepared to apply

the reward funding to meet adult social care objectives. The resulting loss to the County would be far greater than any benefit from reinvesting for other purposes. In addition, in most cases targets earning the reward continue to be priorities e.g. educational attainment.

- 3.5 Although important to recognise the principle of rewarding success the County Council will also be determining its Corporate Improvement Plan for 2010/11 and looking to achieve priority targets in the final year of the Local Area Agreement (LAA). The LPSA2 reward could provide useful investment in some of these areas. Balancing these issues it is recommended that the County Council agrees to dividing the LPSA2 reward into two with half returning to the services that earned them and half used to support Corporate Improvement Plan and LAA priorities.
- 3.6 In terms of the capital/revenue split, the County Treasurer advises that though the County Council has not yet decided how to use the grant, there may be scope to use more than 50% of the grant for revenue purposes, by substituting the use of the capital element of the grant for revenue contributions to capital as a means of funding existing planned capital spending. However, the Treasurer does not recommend offering to do this for all partners, as this removes a degree of flexibility to respond to issues such as outcomes of equal pay claims. It is suggested that the general message to partners is that they will have to plan on the basis that 50% of the grant will be ring fenced for capital purposes unless they have the means of substituting capital grant for revenue contributions to capital, to enable them to support more than 50% of revenue spending.

4. Claim process

- 4.1. The initial claim has been submitted to the Secretary of State detailing the total amount of reward being claimed, certifying the performance information and that pump-priming grant has been used for eligible expenditure and supported by an audit certificate.
- 4.2. The reward grant will be received over two financial years. This report details the claim for 2009/10. A further claim will be submitted in 2010/11. This second claim will also cover any reward from the longer-term obesity target which runs until March 2010 if performance reaches the trigger level for reward grant. A further report will be brought to Cabinet at that time.

5. Conclusion

- 5.1. Overall the LPSA2 has proved to have been a good partnership exercise earning a potential £16.85m for Hampshire and significantly improving performance across a range of priority services.
- 5.2. The inclusion of the LPSA2 targets within the original Hampshire Local Area Agreement added considerable weight to both the targets and the level of achievement under the Local Area Agreement.

5.3. The LPSA2 demonstrates the value of working together in partnership to deliver across a range of priority areas for Hampshire.

6. Recommendations

6.1. That Cabinet note the position regarding LPSA2 and the next steps.

6.2. Agree the allocation of County Council reward grant with half being returned to the services that earned it and half used to support Corporate Improvement Plan and Local Area Agreement priorities.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	yes
Corporate Business plan link number (if appropriate): n/a	
Maximising well-being:	yes
Corporate Business plan link number (if appropriate): n/a	
Enhancing our quality of place:	yes
Corporate Business plan link number (if appropriate): n/a	

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Local Public Service Agreement - LPSA2 Update	Item 12	25 July 2005
Local Public Service Agreement (LPSA) 2	Item 7	28 November 2005
Direct links to specific legislation or Government Directives		
<u>Title</u>	<u>Date</u>	
None.		

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

1.1. No impact.

2. Impact on Crime and Disorder:

2.1. No impact.

3. Climate Change:

a) How does what is being proposed impact on our carbon footprint / energy consumption?

No impact.

b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?





No impact.




Appendix C: Progress report on the LPSA2 Indicators – As at November 2009







Rows with grey shading represent targets covered by the LPSA2 survey







i. Target	ii. Indicator Description	iii. Achievement required to gain full reward. (Level to achieve some reward ie 60% stretch shown in brackets) [Reward shown in square brackets]	iv. 2008/09 year end performance	vi. If the final figure is available, level of target achieved Green (G) = full reward Amber (A) = part reward Red (R) = no reward	vii. Change in performance since the 2005 baseline
1- Children, NVQ and GCSE level skills.	Number of 19 year old students in Hampshire that are achieving NVQ levels 2 & 3	Level 2 = 68.6% (68.2%) [£553,827] Level 3 = 43.4% (43.2%) [£553,827]	Level 2 = 78% Level 3 = 54%	G	↑ Improvement
	Number of pupils leaving a group of 12 secondary schools without any GCSE or equivalent educational attainment	3.8% (4.0%) (2007/08) [£738,436]	2.0%	G	↑ Improvement
2 Children, NVQ and GCSE Level Skills	% of pupils leaving a group of 12 schools with 5+A*-C GCSEs	37% by end of academic year 2008 (35.6%) [£646,132]	56%	G	↑ Improvement
	% of pupils leaving a group of 12 schools with 5+ A*-G GCSEs including English and Maths	88.5% by end of academic year 2008 (87.3%) [£646,132]	90.2%	G	↑ Improvement
	% of school absences from a group of 11 secondary schools identified by DfES	6.5% (6.74%) [£276,914]	8.42%	R	↑ Improvement

i. Target	ii. Indicator Description	iii. Achievement required to gain full reward. (Level to achieve some reward ie 60% stretch shown in brackets) [Reward shown in square brackets]	iv. 2008/09 year end performance	vi. If the final figure is available, level of target achieved Green (G) = full reward Amber (A) = part reward Red (R) = no reward	vii. Change in performance since the 2005 baseline
	% pupils permanently excluded from a group of 12 secondary schools performing worst against this indicator in 2004	0.45% (0.49%) [£92,305]	0.3%	G	↑ Improvement
	Children looked after for whom Hampshire is a corporate parent attaining 5 passes at grades A*-C at GCSE (Year 11 Cohort)	17% (15.4%) [£92,305]	9.9%	R	↑ Improvement
	Care leavers contacted in 4 months around their 19 birthday in education, training or employment	70% (68%) [£92,305]	64.1%	R	↑ Improvement
3 VAT Registrations	Average of Hampshire's share of SE VAT registrations	Exceed 14.9% VAT registrations for 3 of the 4 years of the LPSA2, with an average over the four years not less than 15%	2005 = 14.7% 2006 = 14.7% Hence target unachievable	R	
4 Violent Crime	Recorded Violent Crime in public places	11,925 (12104) [£1,661,482]	12,462	R	↑ Improvement
	% of sales of alcohol to under 18's from complained about off sales premises during test purchase operations.	16% (19.6%) [£184,609]	13%	G	↑ Improvement
5 Youth Offending	Tracking a quarterly cohort of young offenders who have committed violent crime to identify repeat offending rates	2006 cohort: Within 12m = 28.1% (29.42%)	2006 cohort: Within 12m = 44%	R	↓ Reduction

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		[£553,827] Within 24m = 45.1% (47.22%) [£738,436] 2007 cohort: Within 12m = 23.8% (26.2%) [£553,827]	Within 24m = 53% 2007 cohort: Within 12m = 37.6%		
6 Fires	Number of Deliberate Fires in HCC area per 10,000 population: primary excluding vehicle fires.	125 (142) [£738,436]	214	R	 Improvement
	Number of Deliberate Fires in HCC area per 10,000 population: primary vehicle fires.	244 (261) [£553,827]	306	R	 Improvement
	Number of Deliberate Fires in HCC area per 10,000 population: secondary fires (eg grassland, heathland, rubbish bins etc)	2227 (2277) [£553,827]	2081	G	 Improvement
7 Feeling safe locally	Mori survey: How safe do you feel in your local area after dark (Actual question: 'How safe do you feel walking outside in the local area alone after dark?' – % who answered very or fairly safe.	64% (61.8%) [£738,436]	65%	G	 Improvement

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	How much difference PCSO & ACSO's have made in making the area a safer place to live.	30% (28%) [£184,609]	26%	R	 Improvement
	How much of a problem are teenagers hanging on the streets (Actual question % of people who feel that in their area teenagers hanging around on the streets is a very big problem or a fairly big problem).	51% (53.4%) [£369,218]		R	
	How much of a problem are vandalism, graffiti and other deliberate damage to property or vehicles.	30% (32.4%) [£553,827]		R	
8 Road Safety	Number of people killed or seriously injured on Hampshire's roads.	684 (714) [£1,846,091]	4-year average of 632.5, based on: 2005 = 613 2006 = 618 2007 = 712 2008 = 587	G	 Improvement
9 Adult Exercise	Number of adults (16+) doing 30 minutes moderate intensity activity 5 times a week.	23.5% (22.1%) [£1,846,091]	24%	G	 Improvement
10 Childhood Obesity In new LAA	% of children aged 10 and 11 classified as obese in LPSA2 targets schools	19.8% by academic year 2010/11 (22.48%) [£738,436]	20.97%		
	% of children aged 10 and 11 classified as overweight in LPSA2 targeted schools	14.5% by academic year 2010/11	13.3%		

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		(15.78%) [£184,609]			
	The number of schools achieving National Healthy Schools Status (enhanced status) in the National Healthy School Programme.	486 (399) [£923,046]	406	A 63.13% achieved (£582,753)	 Improvement
11 Emergency Calls	% of Category A (life threatening) emergency calls in Hampshire responded to within 8 minutes.	77% (76.6%) [£1,846,091]	77.67% (Need clarification)	G	 Improvement
12 Emergency Bed Days	Number of emergency unscheduled acute and community hospital bed days occupied by a person aged 75 or more in a NHS hospital in Hampshire	446,117 (302,727) [£1,846,091]	358,056	G	 Improvement
13 Volunteering	% of people surveyed aged 16 or over who have been involved in formal volunteering for 2 hours a week for the past 12 months.	25.5% (24.1%) [£1,846,091]	18%	R	 Reduction
14 Independent Living	Cumulative number of people who have i)Care needs identified through care management and ii) housing need identified through a district council housing needs assessment.	264 (211) [£1,846,091]	368	G	 Improvement
15 Land Cleanliness / Condition of Roads	Improved cleanliness of land and highways County wide and in hot-spots (BVPI 199).	A 9% (11.4%) [£646,131]	14%	R	 Improvement

i. Target	ii. Indicator Description	iii. Achievement required to gain full reward. (Level to achieve some reward ie 60% stretch shown in brackets) [Reward shown in square brackets]	iv. 2008/09 year end performance	vi. If the final figure is available, level of target achieved Green (G) = full reward Amber (A) = part reward Red (R) = no reward	vii. Change in performance since the 2005 baseline
		B 18 of 22 (11 of 22) [£553,827]	22	G	 Improvement
	Conditions of streets and pavements.	14.99% (25.75%) [£646,131]	9.3%	G	 Improvement
16 Recycling	Tonnes p.a. of commercial waste recycled in 3 areas of Hampshire (East Hants, Rushmoor and Eastleigh).	0.168m (0.1688) [£553,827]	2007/08 = 21.37	R	 Reduction
	Tonnes p.a. material recycled by schools and public sector sites in Hampshire.	350 (210) [£184,609]	2007/08 = 3,952.07	G	 Improvement
	Tonnes of ash residues diverted from landfill in Hampshire and used in construction.	50,000 (30,000) [£553,827]	2007/08 = 35,833 (71.667% achieved)	A 71.67% achieved (£396,906)	 Improvement
	% of MSW diverted from landfill in Hampshire.	85% (83%) [£553,827]	2007/08 = 86%	G	 Improvement

Appendix D:

LPSA2 reward claim for all stakeholders

	Maximum Performance Reward Grant (PRG)	Final Performance Reward Grant (PRG) as per 17 Nov 2009	Variance	PRG as a % of the Maximum PRG	PRG for Target number
	£	£	£	%	
District Councils	12,767,862	6,665,984	-6,101,877	52	1,2,4,6,7,8,9,10,12,14 & 15
Hampshire County Council	7,007,354	5,947,786	-1,059,568	85	1,2,4,7,8,9,12,14,15 & 16
Hampshire Fire & Rescue Service	1,292,161	1,023,669	-268,492	79	6 & 11
One Community*	1,379,850	46,811	-1,333,040	3	13
Ambulance Service	958,942	923,704	-35,238	96	11
Hampshire PCT	1,077,322	738,020	-339,302	69	10 & 12
Police	704,643	180,098	-524,544	26	4,6 & 7
Safer Roads Partnership	678,715	678,715	0	100	8
District Council Area	455,984	0	-455,984	0	13
Special Intervention Fund (target 10) **	789,204	247,308	-541,896	31	10
Sports H&IoW	191,963	164,869	-27,095	86	9 & 10
Voluntary Sector	239,889	204,651	-35,238	85	12
Business Links Wessex	143,492	0	-143,492	0	
Testway***	56,823	17,806	-39,016	31	10
Healthy schools	39,460	12,365	-27,095	31	10
Target 5 ****	1,753,786	0	-1,753,786	0	
Total	29,537,450	16,851,786	-12,685,664	57	

Notes:

- The table does not include target 10 (indicator 1 & 2). Performance will be measured at the end of the agreement period: Academic year 2010/11.

* One Community: formerly Eastleigh Council of Voluntary Services.

** Special Intervention Fund: Partners to target 10 have agreed that a proportion of the reward grant shall be invested in future programmes related to obesity prevention in children after the LPSA2 has finished.

*** Testway: A level 2 partner to target 10 who manage housing for Test Valley Borough Council.

**** Target 5 has not been achieved. This figure could not be split amongst the relevant partners.

Appendix E: Potential Reward for Hampshire County Council by Target

Targets	Hampshire County Council		Variance	PRG as a % of the Maximum PRG
	Maximum	Final figures as per 17 Nov 09		
	£	£	£	%
1	1,096,116	1,096,116	0	100
2	1,096,116	822,087	-274,029	75
3	143,492	0	-143,492	0
4	157,841	15,784	-142,057	10
5		0	0	
6	0	0	0	
7	306,913	122,765	-184,148	40
8	964,582	964,582	0	100
9	152,503	152,503	0	100
10	0	0	0	
11	0	0	0	
12	727,821	727,821	0	100
13	0	0	0	
14	306,913	306,913	0	100
15	613,825	613,825	0	100
16	1,359,184	1,078,579	-280,605	79
Level 3	82,048	46,811	-35,238	57
Total	7,007,354	5,947,786	-1,059,568	85

Appendix F: Reward Claim breakdown by Hampshire County Council Department

Targets	Hampshire County Council		Hampshire County Council Department						Variance	PRG as a % of the Maximum PRG
	Maximum	Final figures as per 17 Nov 09	Children's Services	Adult Services	Environment	CCRA	PB&R	County Council's share of the 5% top slice for level 3 partners		
	£	£							£	%
1	1,096,116	1,096,116	1,096,116						0	100
2	1,096,116	822,087	822,087						-274,029	75
3	143,492	0							-143,492	0
4	157,841	15,784					15,784		-142,057	10
5		0							0	
6	0	0							0	
7	306,913	122,765					122,765		-184,148	40
8	964,582	964,582			964,582				0	100
9	152,503	152,503				152,503			0	100
10	0	0							0	
11	0	0							0	
12	727,821	727,821		727,821					0	100
13	0	0							0	
14	306,913	306,913		306,913					0	100
15	613,825	613,825			613,825				0	100
16	1,359,184	1,078,579			1,078,579				-280,605	79
Level 3	82,048	46,811						46,811	-35,238	57
Total	7,007,354	5,947,786	1,918,203	1,034,734	2,656,986	152,503	138,549	46,811	-1,059,568	85

Notes:

- The table does not include target 10 (indicator 1 & 2). Performance will be measured at the end of the agreement period: Academic year 2010/11
- There is no entry in the maximum column for Target 5 because this figure could not be split between the relevant partners. This target has not been achieved.
- Zeros are entered because either the County Council was not a partner to the target or the County Council does not qualify for reward in accordance with the agreed reward formula for that target.