

Leicester
City Council

Wards affected: All wards (Corporate Initiative)

**Cabinet
Council**

**3rd November 2003
27 November 2003**

Public Service Agreement – Payment of Performance Reward Grant

Report of the Corporate Director of Housing

1. Purpose of Report

This report seeks a Cabinet recommendation for the sharing of the performance reward grant relating to the council's public service agreement (PSA). The grant will be payable in two installments in 2005/06 and 2006/07.

2. Summary

2.1 The council signed a public service agreement with central government in July 2002. The PSA is made up of 12 targets reflecting services across the council. A summary of the targets is included in the appendix. The targets are set at a higher level of performance than had there been no PSA in place. To enable the council to meet the enhanced targets the council received £1 million in "pump priming" from the government at the start of the process. Some of the targets are being delivered in partnership with other organisations in the city.

2.2 At the end of the PSA period a performance reward grant is given to the council. This will be up to £7.5 million dependent on success.

2.3 This report seeks to further incentivise partners by providing them with access to the reward grant.

3. Recommendations

The Cabinet is asked to recommend to Council that in considering the Revenue Budget Strategy for 2004/5 to 2006/07, the performance reward grant be allocated as follows:-

(a) Where the delivery of the targets is the sole responsibility of the council:-

- (i) The revenue element is paid directly to the lead department. Where more than one department is involved then grant should be allocated based on actual performance;
- (ii) Capital element is retained corporately and the use be determined against "corporate" priorities as part of the capital programme process;

- (iii) For the cost efficiency target both revenue and capital elements are retained corporately and the use be determined as part of the council's corporate revenue budget;

(b) Where the targets are delivered by partners:-

- (i) For target 6, 100% of the revenue grant is paid to the East Leicester PCT;
- (ii) For target 7, 100% of the revenue grant is paid to the Crime & Disorder Partnership;
- (iii) For target 11, 50% of the revenue grant is paid to the City Council, 30% to JobCentrePlus and 20% divided between the other partners.

4. Financial and Legal Implications

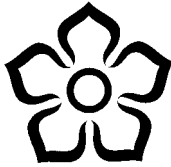
This report deals solely with financial implications which have been discussed with the Head of Strategy & Development (Graham Feek), RAD.

5. Report Author

Liz Reid Jones, Head of Policy & Performance, Chief Executive's Office, ext 6097.

DECISION STATUS

| | |
|--------------------------------------|--|
| Key Decision | No |
| Reason | Part of Policy and Budget Framework |
| Appeared in Forward Plan | No |
| Executive or Council Decision | Council |



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Supporting Information

1. Background

The council signed a public service agreement with central government in July 2002. The PSA is made up of 12 targets reflecting services across the council. A summary of the targets is included in the appendix. The targets are set at a higher level of performance than had there been no PSA in place. To enable the council to meet the enhanced targets the council received £1 million in “pump priming” from the government at the start of the process. Some of the targets are being delivered in partnership with other organisations in the city.

At the end of the PSA period a performance reward grant is given to the council. This will be up to £7.5 million dependent on success.

This report seeks to further incentivise partners by providing them with access to the reward grant.

2. Performance Reward Grant

As part of the PSA the government has agreed to pay a performance reward grant of up to £7.5 million at the end of the life of the PSA (March 2005). The grant is payable in 2 installments in 2005/06 and 2006/07. Of this 50% is for revenue and 50% is for capital. It is allocated equally between the 12 targets meaning that each target has a maximum of £625,000 attached to it. To receive the full grant (£625,000) in relation to a target the council must achieve 100% of the improvement in the performance. If it achieves less, the grant is scaled down, pro rata. No grant is paid if the council achieves less than 60% of the improvement in performance.

2.1 Sharing out the Performance Reward Grant

The government does not stipulate how the grant should be shared out but one of the main aims of the PSA is to work together with partners. Corporate Directors' Board is of the view that there should be an element of incentive for partners who have helped to

achieve the target. There is also a reasonable case for awarding the grant to the lead department in order to enable them to mainstream the initiatives and continue the improvement of the service.

Of the 12 targets in Leicester's PSA only 3 involve the direct input of partner organisations in the delivery of the target. The other 9 are the responsibility of council departments. In the other 3 targets it is recommended that the grant is shared out as set out below:

| Target | Heading | Partner involvement | Share of grant |
|---------------|--|---|--|
| 6 | Reducing the number of adult smokers in the city | Target is being delivered by the Health Promotion Agency, under Eastern Leicester PCT | 100% to ELPCT |
| 7 | Reducing domestic burglary in the city | Target delivered jointly by the city council and the Police | 100% to Crime & Disorder Partnership to be allocated to reduce burglary further |
| 11 | Increasing the number of refugees and asylum seekers into employment | Joint partnership between the City Council and Job Centreplus Other partners are also involved in a steering group | 50% to city council 30% to for Job Centreplus 20% to be shared out amongst the other partners. |

In the case of the 9 targets where there is no partner involvement it is proposed that the grant is divided out as follows:-

- The revenue element is paid directly to the lead department. Where more than one department is involved then grant should be allocated based on actual performance;
- Capital element is retained corporately and the use be determined against "corporate" priorities as part of the capital programme process;
- For the cost efficiency target it is proposed that both revenue and capital elements are retained corporately and the use be determined as part of the council's corporate revenue budget.

2.2 Performance to date

On current performance it is unlikely that any of the 3 targets directly involving partners will achieve the 100% improvement set in the PSA. It is more realistic to say that targets 6 & 11 may achieve the 60% threshold. It is more difficult to predict the results for target 7.

3. Financial, Legal and Other Implications

This report is concerned solely with financial issues which have been discussed with the Head of Strategy and Development (Graham Feek ext 7495).

Other Implications

| Other implications | Yes/No | Paragraph references |
|------------------------------|--------|---|
| Equal Opportunities | Yes | Targets 6 & 11 have specific equal opportunities dimensions |
| Policy | Yes | all |
| Sustainability | No | |
| Crime & Disorder | Yes | Target 7 (paragraph 2) |
| Human Rights Act | No | |
| Elderly/People on low income | No | |

4. Background Papers

Report to Cabinet March 2002 – Leicester's Public Service Agreement

5. Consultation

PSA target lead officers

Report Author/Officer to contact:

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SCHEDULE 1: PERFORMANCE TARGETS**Summary Table**

| Target | Heading | National target number (or "Local Target") |
|--------|---|--|
| 1 | Raising educational standards in the city by increasing educational attainment at GCSE | National target 3 |
| 2 | Improving life chances of children and young people in care by increasing educational attainment at GCSE | National target 9 |
| 3 | Improving life chances of looked after children by achieving an overall reduction in the number of looked after children | Local Target |
| 4 | Enabling more older people to live as independently as possible by providing high quality pre admission and rehabilitation care | National target 7 |
| 5 | Addressing fuel poverty by improving the condition of housing stock in the private sector | Local Target |
| 6 | Reducing health inequalities by reducing the number of adult smokers in Leicester | Local Target |
| 7 | Making Leicester a safer place by reducing domestic burglary in the city | National target 18 |
| 8 | Making Leicester's roads safer by reducing road accident casualties | National target 26 |
| 9 | Making Leicester a cleaner and better place by improving the cleanliness of the city centre | Local Target |
| 10 | Improving social and personal well being and enhance social cohesion by increasing cultural participation | Local Target |
| 11 | Improving employment opportunities for disadvantaged groups within the city | National target 6 |
| 12 | Increasing the efficiency, economy and effectiveness of council services | National target 30 |
| 13 | Improving the level of education, training and employment outcomes for care leavers aged 19 | National target 8 |