

Report to: Executive Board - Monday 19th August 2002

Local Public Service Agreement

<p>Report of: Strategic Director (Housing, Health & Community)</p> <p>Report Author: Neil Gibson Tel No. 01865 252329 ngibson@oxford.gov.uk</p> <p>Lead Members Responsible: Leader and Portfolio Members for Housing & Environment</p> <p>Overview and Scrutiny Committee Responsibility: Housing and Environment</p> <p>Key Decision: Yes</p>	<p>WARDS AFFECTED: ALL</p>
<p>SUMMARY AND RECOMMENDATIONS</p> <p>This report provides Members with an update on the Local Public Service Agreement (LPSA) submitted by Oxfordshire County Council to Government on 30 June 2000.</p> <p>In particular it reminds Members of the implications of the submission for the City Council if it is successful, including its role in LPSA Target 12 Cost Effectiveness.</p> <p>A further report be made to Executive Board on next steps when negotiations have been concluded with Government, or sooner if any substantial modifications are necessary in response to negotiations.</p> <p><u>Executive Board is asked to:</u> -</p> <ol style="list-style-type: none"> 1. Note the overall implications of the LPSA submission to the City Council and progress on negotiations with Government to date. 2. Approve the City Council's contribution to the LPSA Cost Effectiveness Target and that the proposed use of the associated pump prime grant if awarded, is agreed as outlined in this report. 3. Delegate authority to the Strategic Director, in consultation with the Leader, and Portfolio Holders for Housing or Environment as appropriate, to agree minor modifications to LPSA Targets 9, 11 and 12 as part of negotiations with Government. 4. Recommend to Council that it agree to make provision within the Council's Medium Term Financial Strategy to resource its contribution to the LPSA Key Worker Housing Target if approved as submitted. 	

1. BACKGROUND

- 1.1 On 11 May 2002 Executive Board agreed in principle to participate in Oxfordshire County Council's LPSA submission to Government relating to two LPSA Targets: Waste Recycling and Key Worker Housing. A further report was requested on the financial implications of the Key Worker Housing Target.
- 1.2 A second report was considered by Executive Board on 17 June 2002 and final approval for submission was secured under delegation on 28 June 2002.
- 1.3 The County Council made the full submission on 30 June 2002. Attached as Appendix 1 are schedules extracted from the submission. Only details relating to Targets 9, 11 and 12 from Schedule 1 are included, as these are those in which the City Council is actively involved. A full copy of the submission is available upon request. Supporting evidence related to those targets is also attached as Appendix 2.
- 1.4 Target 12 relates to cost effectiveness and is compulsory for all those local authorities participating in a LPSA submission. This was not clear in earlier discussions with the County Council, and hence was not referred to in earlier Board reports. Discussions were not held with Districts until 28 June 2002. More detail on this target is given below.
- 1.5 To date little feedback has been received on the overall LPSA submission from Government. There has been no formal response on those targets in which we have an active interest, although it would appear the Key Worker Housing Target has been well received. Two formal 'stock take' meetings on the whole submission will be held with Government on 14 August and 11 September. More formal feedback, including any proposed modifications they would like to see, is anticipated then.

2. IMPLICATIONS FOR THE CITY COUNCIL

2.1 Target 9 - Waste Recycling.

Details are contained in Appendices 1 (Pg 4) and 2 (Pg 9). As reported to Executive Board 14 May 2002, the City Council's 'pooled' contribution to this target is in general accord with its own aspirations and best value performance indicator target (BVPI) for 2005/06. The intention by the County Council to use the pump priming grant, if awarded, to employ specialist advisors across the County will help achieve this target.

2.2 Target 11 - Key Worker Housing.

Details are contained in Appendices 1 (Pg 6) and 2(Pg 11). The forecast resource implications to the Council if the submission is approved without change are based upon the following assumptions:-

- The City and County Councils borrow up to £0.5m each in the LPSA period, over a borrowing period of 15 years, facilitated by Unsupported Credit Approval made available by Government.
- Using £100,000 of the pump-priming grant offsets borrowing costs in the early years.
- 50% of the reward received in Year 4 (approx. £0.5m) is used to write off a

significant percentage of the borrowed sum

- The remaining 50% of the reward are reinvested back into the revolving fund to issue more grants

The estimated maximum borrowing costs to this Council would be £259,000 over the period 2005/6 - 2017/18. If successful the Council would need to build those borrowing costs into its medium term financial strategy.

2.3 Target 12 - Cost Effectiveness

Details are contained in Appendices 1 (Pg 8) and 2 (Pg.14).

Guidance from ODPM states that a district council 'basket' of performance indicators should:

- Contain between six and twelve performance indicators
- Include at least one indicator relating to housing management, homelessness or housing benefit.
- Not include any indicators based on either checklists (e.g. checklist of environmental health good practice) or on cost per unit (e.g. cost of council tax collection).
- Be mostly indicators from national sources (e.g. BVPI) with no more than two local indicators in a basket of ten PIs.

The basket of PIs can include PIs that are part of other PSA targets (i.e. waste PIs)

A draft list of suitable performance indicators has been discussed by SMB and are contained in Appendix 3 along with details of how the cost effectiveness measure is calculated. These PIs all relate to service areas where there are on-going efforts to improve performance. The stretch targets need to be agreed with individual Managers.

A share of Pump Priming Grant is being negotiated with the County Council. At minimum, this will be £3,000. It is hoped that this can be increased to £10,000 so that it can be used to provide performance management training for service managers.

A Performance Reward Grant is also available at the end of the three years. To collect the full reward all 6 authorities need to meet/exceed the targets. There may be a 'floor' added below which no PRG is paid; pro-rata amounts would be paid between the floor and upper target.

Division of the PRG is still being debated. It is likely that part of the PRG will be based on net budget requirement and part on performance. The amount available to Oxford City Council could range from £26,000 to £96,000 depending on the model used and our cost effectiveness achievements.

3. NEXT STEPS

3.1 Over the next 8 weeks it is expected that more detailed negotiations will commence with Government and rapid responses will be required. It is proposed that the Strategic Director be given authority to agree minor changes to the submission, in discussion with the Leader/Portfolio Holders as appropriate. More significant shifts will be reported to Executive Board.

THIS REPORT HAS BEEN SEEN AND APPROVED BY
Strategic Director (Housing, Health and Community);
Business Managers for Strategic Policy, Finance, Corporate Strategy, Legal and
Environmental Health;
Leader and Portfolio Holders for Housing and Environment.

Background papers:

None

APPENDIX 1

**LOCAL PUBLIC SERVICE AGREEMENT BETWEEN
OXFORDSHIRE COUNTY COUNCIL AND
THE GOVERNMENT**

Introduction

1. Oxfordshire County Council and the Government have made this Local Public Service Agreement (Local PSA) with the intention of further improving the services to local people that Oxfordshire County Council provides. This agreement covers the period *1 April 2003 to 31 March 2006*.
2. The agreement records the present intentions of the Council and the Government. It is entered into by both in good faith, but it is expressly recognised that neither can fetter the future discretion of the Council or of Ministers and Parliament. The agreement is therefore not intended to create legal relations. Subject to that, the following points are agreed.

The Intentions of Oxfordshire County Council

3. Oxfordshire County Council will use its best endeavours to achieve more demanding performance targets than those it would be expected to achieve in the absence of this Local Public Service Agreement. These enhanced targets are specified in Schedule 1 to this agreement.

The Intentions of the Government

4. The intentions of the Government set out in this agreement are subject to the outcome of any statutory consultations and any necessary approval of the Treasury and Parliament.
5. The Government will implement the changes to statutory and administrative requirements set out in Schedule 2 to this agreement, subject to confirmation of the legal and operational feasibility of the changes described and to Parliamentary approval of any necessary legislation. The Government will also undertake the discussions with the Council described in Schedule 2.
6. It is recognised by Oxfordshire County Council that, on further investigation, it may be necessary to modify the detail of the changes set out in Schedule 2 in ways that seek so far as possible, to give substantially the same extent of benefit to the Council. It is recognised by the Government that, if a change set out in Schedule 2 proves infeasible, it will use its best endeavours to provide an alternative that corresponds as closely as possible and has, so far as possible, substantially the same effect.

Local Public Service Agreement Template - OXFORDSHIRE

7. The Government will pay Oxfordshire County Council a grant of £1,432,113 in 2003-2004 in support of the expenditures described in Schedule 3 to this agreement. The conditions attached to this "pump-priming" grant are also set out in Schedule 3.
8. The Government will pay a performance reward grant to Oxfordshire County Council, as set out in Schedule 4 to this agreement, if it achieves all the enhanced targets ("performance target with Local PSA") specified in Schedule 1. Schedule 4 also sets out the grant it intends to pay if the Council secures a substantial improvement in performance that falls short of the target. The Schedule also stipulates the intended timing of payments of the grant. Oxfordshire County Council undertakes to provide audited information confirming the extent of improvement in their performance relative to the Local PSA performance targets set out in Schedule 1, as a precondition for the determination and payment of the performance reward grant.

Date of Agreement: *[date signed]*

**For Oxfordshire County Council
Government**

For Her Majesty's

.....
Keith Mitchell
Leader of the Council

.....
MP
Minister of State,
Department for Transport, Local
Government and the Regions

.....
[name]
Chief Executive
Treasury

.....
MP
Chief Secretary to Her Majesty's

The above ministers sign on behalf of their colleagues listed below

[name] MP, Secretary of State for [title]

etc

SCHEDULE 1 PERFORMANCE TARGETS

Summary table

Contact details are included in supporting evidence document.

	Oxfordshire Target Areas	National/Local	Page
1	Improve GCSE results at grades A-G*	4	4
2	Improve GCSE results for ethnic minority pupils	Local	6
3	Improve pupil achievement at Key Stage 3	2	9
4	Reduce school exclusions	Local	11
5	Reduce preventable hospitalisation	7	12
6	Improve GCSE results for children in care	9	15
7	Reduce the number of convictions or cautions of children in care	10	17
8	Increase participation in drug treatment programmes	16	19
9	Improve rate of waste recycling	22	20
10	Increase bus use	24	22
11	Support for key workers housing	Local	24
12	Annual improvements in cost effectiveness of 2% or more	30	26

Reserve targets

13	Improve school attendance at secondary level	5	27
14	Reduce the number of people killed or seriously injured in road accidents	26	28

TARGET 9 [NATIONAL 22]

Heading

Enable 17% of household waste to be recycled or composted by 2004

Indicator(s) by which performance will be measured

BVPIs 82a and 82b combined:

BVPI 82a	Percentage of the total tonnage of household waste arisings which have been recycled
BVPI 82b	Percentage of the total tonnage of household waste arisings which have been composted

Current performance

	2000 - 2001
Combined total (BVPIs 82a & 82b)	18%

1 Performance at the end of the period of the Local PSA

Performance expected without the Local PSA

	2006
Combined total (BVPIs 82a & 82b)	30%

Performance target with the Local PSA

	2006
Combined total (BVPIs 82a & 82b)	32%

Enhancement in performance with the Local PSA

	Stretch
Combined total (BVPIs 82a & 82b)	+2%

Government commitments in this agreement that support the achievement of this target

1. Allow pooled County Council/District Council targets to enable resources to be allocated evenly throughout Oxfordshire, and to help districts to work together for the common aim.
2. Include home composting in the definition of the performance indicator. Home composting in Oxfordshire has been invested in to reduce the tonnage of waste which Oxfordshire County Council deals with (Oxfordshire has the second lowest per capita waste arisings of all counties). The Best Value Inspectors recommended Oxfordshire use home composting as a local performance indicator, and lobbies the Government to include home composting in the Best Value Performance Indicator.
3. Charge for unsegregated mixed waste delivered to Waste Recycling Centres to encourage householders to sort their wastes by their recyclable types.
4. Pilot charging householders directly for waste to identify the options for charging householders in Oxfordshire for the amount of wastes they produce to encourage them to produce less.

TARGET 11 [LOCAL]

Heading

Key workers' housing

Indicator(s) by which performance will be measured

Number of key workers (as defined in proposal) able to access suitable and affordable accommodation.

Current performance

	2001 – 2002
Number of key workers (as defined in proposal) able to access suitable and affordable accommodation.	0

Performance at the end of the period of the Local PSA

Performance expected without the Local PSA

	2005 – 2006
Number of key workers (as defined in proposal) able to access suitable and affordable accommodation.	0

Performance target with the Local PSA

	2005 – 2006
Number of key workers (as defined in proposal) able to access suitable and affordable accommodation.	22

Enhancement in performance with the Local PSA

	Stretch
Number of key workers (as defined in proposal) able to access suitable and affordable accommodation.	+22

Government commitments in this agreement that support the achievement of this target

1. In recognising the proposal compatible with the duty to promote the social, economic and social well-being of the community, the Secretary of State consents to allow monies to be applied to private lettings if necessary (Local Government Act 1988 - Section 26).

2. In keeping with the provisions of the Local Authority (Capital Finance) Regulations 1982, advances, grants or other financial assistance in connection with the appointment of staff (financed by the UCA in this case) can be classed as capital expenditure.

TARGET 12 [NATIONAL 30]

Heading

Annual improvements in cost effectiveness of 2% or more

Indicator(s) by which performance will be measured

To be agreed.

Current performance

	2001 - 2002
Annual improvements in cost effectiveness of 2% or more	2%

Performance at the end of the period of the Local PSA

Performance expected without the Local PSA

	2006
Annual improvements in cost effectiveness of 2% or more	2%

Performance target with the Local PSA

	2006
Annual improvements in cost effectiveness of 2% or more	2.5%

Enhancement in performance with the Local PSA

	Stretch
Annual improvements in cost effectiveness of 2% or more	0.5%

Government commitments in this agreement that support the achievement of this target

None.

SCHEDULE 2: FREEDOMS & FLEXIBILITIES

The Government intends to make the changes specified below in various statutory and administrative requirements, as they relate to Oxfordshire County Council [and to pursue the further discussions described below].

The legal and practical feasibility of some of the changes had not been established at the time that this agreement was concluded. If the precise changes specified prove infeasible, the Government will use its best endeavours to achieve substantially the same effects by other means.

In support of Target 9

Change 22

Allow pooled County Council/District Council targets to enable resources to be allocated evenly throughout Oxfordshire, and to help districts to work together for the common aim.

Change 23

Include home composting in the definition of the performance indicator. Home composting in Oxfordshire has been invested in to reduce the tonnage of waste which Oxfordshire County Council deals with (Oxfordshire has the second lowest per capita waste arisings of all counties). The Best Value Inspectors recommended Oxfordshire use home composting as a local performance indicator, and lobbies the Government to include home composting in the Best Value Performance Indicator.

Change 24

Charge for unsegregated mixed waste delivered to Waste Recycling Centres to encourage householders to sort their wastes by their recyclable types.

Change 25

Pilot charging householders directly for waste to identify the options for charging householders in Oxfordshire for the amount of wastes they produce to encourage them to produce less.

In support of Target 11

Change 33

In recognising the proposal compatible with the duty to promote the social, economic and social well-being of the community, the Secretary of State consents to allow monies to be applied to private lettings if necessary (Local Government Act 1988 - Section 26).

Change 34

Likewise to relax regulation 9 of the Local Authority (Capital Finance) Regulations 1997 so that advances, grants or other financial assistance in connection with the appointment of staff (financed by the UCA in this case) can be classed as capital expenditure.

General

Change 41 (Unsupported Credit Approvals)

The Government will permit the Council scope for an additional £1,065,000 of borrowing during the period of this Local PSA. The borrowing will be unsupported by any additional grant or subsidy.

The Department for Transport, Local Government and the Regions will therefore issue an "Unsupported Credit Approval" (UCA) (a Supplementary Credit Approval that attracts no additional revenue support) of £565,000 to Oxfordshire County Council and £500,000 to Oxford City Council. This UCA will be usable at any time during the Local PSA in respect of any of the projects listed below, subject to the maximum amount mentioned against each project.

Unsupported Credit Approvals Required		
Target	Description	Amount
10	Provision of road works information via website	£65,000
11	Key Workers' Housing Fund:	
	For Oxford City Council	£500,000
	For Oxfordshire County Council	£500,000
Total	Unsupported Credit Approval required	£1,065,000

SCHEDULE 3: PUMP PRIMING GRANT IN SUPPORT OF INVEST TO SAVE OR INVEST TO IMPROVE PROJECTS

To assist in achieving the targets set out in this Agreement, the Government will make a pump priming grant of £1,432,113 to Oxfordshire County Council as a contribution towards expenditure of an "invest to save" or "invest to improve" nature. This grant will be paid no later than the financial year following that in which this agreement was concluded.

The grant is intended to contribute to the costs of the projects detailed below in Table 1, to the extent shown in the final column. It must be spent, during the period of this Local PSA, in accordance with this Schedule, or as otherwise agreed with the Government as likely to assist in achieving the enhanced performance specified in Schedule 1. Conditions protecting the proper use of public funds will apply.

Oxfordshire County Council has been granted a direction under s40(6) of the Local government and Housing Act 1989 allowing revenue expenditure to be capitalised.

Table 1

Target	Project	Planned total of council expenditure (£)	Grant contribution towards this expenditure (£)
1	Developing vocational curriculum		£119,000
2	Project to develop ethnic minority achievement		£119,000
3	Support additional post to analyse achievement at Key Stage 3		£119,000
4	Co-ordinator to extend Rapid Response to Exclusions Service Countywide		£119,000
5	Supporting measures to reduce preventable hospitalisation		£99,000
6	Supporting educational achievement for Children Looked After		£114,000
7	Supporting measures to reduce convictions and cautions of Children Looked After	£35,000	£114,260

Local Public Service Agreement Template - OXFORDSHIRE

8	Support for project to develop and set up abstinence based day treatment programme		£104,000
9	Specialist advisors to promote schemes at local level	£370,000	£140,000
10	Develop bus infrastructure proposals/arrange Quality Partnerships	£951,000 (revenue) £5,200,000 (capital)	£172,000
11	Support Key Worker housing grant scheme/commission research for Key Worker housing		£120,000
12	Support for meeting and measuring cost effectiveness savings		£88,000
Total			£1,432,000

Reserve Targets

13	Developing flexible learning programmes for disaffected pupils		£119,000
14	Road Safety Engineer/Consultants		£84,000

Planned total of council expenditure figures are shown where there are clear plans involving specific resources. In all other cases it is expected that significant amounts of existing resources (for example of management and staff time and resources in schools and other bodies) will be directed into support for work designed to achieve the new targets). At this stage it is anticipated that these extra resources may be up to three times as much as the amount of Pump Priming Grant.

Note – Target 12: Grant for the 2% efficiency savings - this comprises the district council's share of the Pump Priming Grant for this project, an amount to cover anticipated costs of changing financial and administrative arrangements to meet and measure the 2% efficiency savings and a general reserve for all projects.

In addition Unsupported Credit Approvals are required, as specified in Schedule 2.

SCHEDULE 4 PERFORMANCE REWARD GRANT

The provisions of this Schedule are subject to any additional provisions on the performance reward grant elsewhere in the Agreement.

The total potential grant

The total potential grant is equivalent to 2.5% of the authority's net budget requirement for 2001 – 2002 (plus District Council's budget total) or £12,906,475. It is divided equally among the targets. Where a target has sub-targets, the amount for the target is sub-divided equally among the sub-targets. The relevant net budget requirement was £ 451,207,000 for Oxfordshire and £65,052,000 for District Councils (total).

The reward for achievement on a target

The proportion of the potential grant attributed to a target or sub-target that is payable is the same as the proportion of the 'enhancement in performance with the Local PSA' specified in Schedule 1 that the authority achieves, subject to a maximum proportion of 100% and a minimum of 60%. If the authority achieves less than 60% of that enhancement in performance, nothing is included in the grant in relation to that target or sub-target.

Principles about how Oxfordshire's Performance Reward Grant will be allocated

1. There should be a clear, cost effective business case to spend the grant in whichever area it is applied.
2. There will be a 20% topslice of the grant, with the proceeds being used for corporate service improvement funds.
3. The remaining 80% of the grant will be available for reinvestment to achieve further improvements in the successful target areas, subject to a cost effective business case. Service areas will be eligible to receive further investment in proportion to the level of performance grant they gain. Where targets are not achieved and therefore performance grant is not paid, service areas will not receive a share of the total performance grant.

Payment of the grant

Main grant

The grant will be paid in two equal instalments in the financial year following that in which the end date of the Local PSA falls, and the next financial year.

Interim payment on account

Oxfordshire is not setting interim targets.

**A LOCAL PUBLIC SERVICE AGREEMENT WITH
OXFORDSHIRE COUNTY COUNCIL**

CONTEXT

Introduction

Oxfordshire is a unique county covering 1007 sq. miles, rich in history yet with a dynamic modern economy. Its towns are attractive and successful, its rural landscape remarkably unspoilt given its central location.

It is also a very diverse community, stretching from the Midlands to the M4 and the Cotswolds to the heart of the Thames Valley. Oxfordshire attracts a huge number of visitors and tourism contributes significantly to the county's prosperous economy.

However, the problems often associated with prosperity – pressures on our transport infrastructure AND on development in our countryside; recruitment shortages, exacerbated by high house prices and labour costs – potentially threaten the continued economic, social and environmental stability of Oxfordshire. There is significant deprivation too in parts of our towns and countryside.

Economic Well-being

Located in the South East region, Oxfordshire is globally acknowledged as an educational, scientific and technological centre of excellence. Its convenient location between London and Birmingham has encouraged strong economic links and, as part of the 'golden triangle' to the west of London, it is part of the economic powerhouse based on the M4 corridor and the arc of development that stretches through the outer south-east to Cambridge and beyond. The county boasts a highly qualified labour pool, facilitating new business growth and development, creating a shared entrepreneurial culture within the county.

The main employment sectors in Oxfordshire are education, research & development, health and social care, travel and tourism, motor vehicle manufacture, printing and publishing and agriculture. The number of jobs in health, education, public administration is considerably higher than the regional and UK average.

High property prices within Oxfordshire contribute in a major way to problems in recruiting and retaining key workers and public sector staff. The average price for a semi-detached property in Oxfordshire is £168,500, compared to the regional average of £153,992 and a national average of £102,227. Affordable and key worker housing are emerging as important issues in the countywide local strategic partnership.