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| <b>COMMITTEE:</b> | <b>CABINET</b>  |
| <b>DATE:</b>      | <b>5<sup>th</sup> December 2002</b>   |
| <b>SUBJECT:</b>   | <b>East Sussex County Council Public Service Agreement. District and Borough Involvement</b>  |
| <b>REPORT OF:</b> | <b>Director of Housing, Health and Community Finance and Director of Finance and Corporate Services</b>   |
| Ward(s):          | All   |
| Purpose:          | To make a commitment to participate in the achievement of targets in the County's Public Service Agreement with Government.   |
| Contact:          | Neil Fuller, Director of Housing, Health and Community Finance telephone (01323) 415301 or Sue McHugh, Director of Finance and Corporate Services telephone (01323) 415104.   |
| Recommendations:  | That Cabinet agrees to the Council's participation in the achievement of targets in the East Sussex County Council Public Service Agreement, and delegates final agreement on terms to the Chief Executive in consultation with the Leader. |

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| 1.0 | <u>Introduction</u>   |  |
| 1.1 | A Public Service Agreement (PSA) is a negotiated agreement between an individual first tier Council and the Government. The PSA sets out the authority's intention to deliver specific performance improvements in 12 areas and the Government's commitment to reward these improvements. |  |
| 1.2 | A number of the targets can involve activity by District and Borough Councils. Further background information on PSA is given at Appendix 1.  |  |
| 1.3 | <b>East Sussex County Council is in the process of negotiating the terms of a PSA with the ODPM. Eastbourne Borough</b>   |  |

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| 2.0 | <b><u>Proposed Housing PSA Target</u></b>  |  |
| 2.1 | Officers from Hastings, Rother and Eastbourne Councils have been working up a specific target for housing. Following careful consideration a target in relation to the number of houses in multiple occupation (HMO) brought up to standard over the 3 year period of the PSA has been proposed.   |  |
| 2.2 | Raising standards in buildings converted into HMOs is a high priority within the three Housing Strategies of the partner authorities. It is also a national priority. Promoting a healthy private rented sector and raising standards in HMOs are key elements of the Government's housing policy.   |  |
| 2.3 | The Borough Council already uses this target as a measure of performance and it is an area where progress has been made in recent years.   |  |
| 2.4 | ESCC also support this target as it fits well with their overall aim of 'A Better Quality of Life in East Sussex'. It also links with other proposed PSA targets particularly in education, social services and community safety.  |  |
| 2.5 | The aim of the PSA is to achieve performance over and above that which would have been achieved without the agreement, leading to a collection of stretched targets. If the HMO target is put into the final 12 targets by ESCC a target over and above the performance planned in our respective Housing Strategies will be agreed. The exact details will be subject to negotiation with the ODPM. |  |
| 2.6 | The opportunity to increase performance to meet the stretched target that will be required by the PSA readily exists with the utilisation of the additional resources from the PSA pump-priming grant.   |  |
| 3.0 | <b><u>Cost effectiveness target</u></b>  |  |
|     | The cost effectiveness target measures changes in cost effectiveness rather than gains in efficiency or savings in spending. It challenges a Council to demonstrate its ability to improve delivery of outcomes at a faster rate than increases in spending. The basic formula used is:  |  |

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|     | Change in cost effectiveness = $\frac{\text{change in performance}}{\text{change in cost}}$  |  |
|     | Change in performance is measured as the improvement in a basket of performance indicators over the PSA period, using 2001/02 actual performance as the base. Up to 15 indicators can feature in the calculation.  |  |
|     | Change in cost is measured as the change in the Council's general fund revenue budget over the same period.  |  |
|     | ODPM has issued detailed guidance on the calculation and make up of this indicator. Officers are considering the proposed make up of the basket of indicators in the light of this guidance with a view to submitting proposals during December.   |  |
| 4.0 | <b><u>Targets linked to EBC Partnership activity</u></b>   |  |
|     | It should be noted that a number of currently proposed PSA targets are linked to EBC partnership activity. Although the Council will not be directly responsible for the achievement of proposed 'stretch' targets in these areas, it will nonetheless play an important role. Such targets include the following: |  |
| 4.1 | <b><u>Older People's PSA</u></b>   |  |
|     | <b>To enable older people to live independently in the community.</b>  |  |
|     | This proposed target is linked to the ESCC Corporate Objective to work with partners to maximise the independence of older people by reducing bed based care and providing increased support to people in their own homes.   |  |

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|     | Stretch targets are anticipated in relation to increased levels of home based care, decreased numbers of admissions to permanent residential/nursing care and increases in the provision of community based services to people over the age of 65. Such targets are linked closely to Health objectives as well as county-wide housing strategies in relation to Supported Housing and, more specifically, the move to develop an increased supply of extra-care housing. |  |
|     | Eastbourne activity that relates directly to the achievement of such targets, includes the current refurbishment of Gwent Court; providing self-contained sheltered housing facilities including a number of pilot extra care units of accommodation. It is also proposed that Telecare services may be piloted within such units in conjunction with our existing Lifeline service.  |  |
|     | A county-wide partnership meeting to discuss the Older People's PSA, including actions to meet 'stretch' targets and 'pump priming' money is planned for the 13 <sup>th</sup> December.   |  |
| 4.2 | <b><u>Violent Crime PSA</u></b>   |  |
|     | To reduce public place violent crime.   |  |
|     | This proposed target is linked to Sussex Police targets and those developed by individual Crime Reduction Partnerships across the County. Detailed targets have yet to be finalised, reflecting the differences in both crime numbers and trends that exists across the County. Initially, a reduction of 8.5% across East Sussex has been suggested, incorporating a reduction of 6% for Eastbourne.   |  |
|     | Such a target has been agreed in principle by Eastbourne's Crime Reduction Partnership and has the full support of Sussex Police and Eastbourne's Borough Police Commander. It is anticipated that such targets can be met through the implementation of existing CRP action planning relating to violent crime/anti-social behaviour.  |  |
|     | Further discussions at CRP level are anticipated in the New Year, addressing proposed targets; action plan changes required, as well as 'pump priming' budgets.   |  |
|     | A wide range of EBC activity directly relates to such a target, including enforcement activity related to nuisance; licensing policy and the effectiveness of our Street Warden service.  |  |

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| 5.0 | <b><u>Benefits of Participating in the ESCC PSA</u></b>  |  |
| 5.1 | <ul style="list-style-type: none"> <li>• The Council will gain an enhanced level of knowledge and understanding of a process which we may be directly involved in the future.</li> </ul>   |  |
|     | <ul style="list-style-type: none"> <li>• It will improve our joint working with ESCC.</li> </ul>   |  |
|     | <ul style="list-style-type: none"> <li>• It will further highlight to Government that we are committed to joint initiatives and new ways of working.</li> </ul>  |  |
|     | <ul style="list-style-type: none"> <li>• It will provide EBC with a one off pump-priming grant of circa £33,000 in 2003/04 to support achievement of the stretch target for to improve conditions in more HMOs.</li> </ul>   |  |
|     | <ul style="list-style-type: none"> <li>• It provides the possibility of a performance reward grant being paid at the end of the PSA of up to 2.5% of the aggregate net budget requirements of the participating authorities.</li> </ul>  |  |
| 6.0 | <b><u>Consultations</u></b>  |  |
| 6.1 | Consultation has been undertaken with the other Councils involved in the proposal and representatives of the ODPM who have indicated that the inclusion of an HMO standards related target would received support.   |  |
| 7.0 | <b><u>Financial Implications</u></b>   |  |
| 7.1 | There are no negative financial implications to this proposal other than an implied commitment to at least maintain the current base budget for this area of activity. Use of the PSA pump-priming grant is likely to be required over the three years of the PSA (2003/4 to 2005/6) and will therefore need to be ring fenced. The pump-priming grant can not be reclaimed by the ODPM. |  |

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| 7.2  | Performance Reward Grant is payable based on 2.5% of the ESCC budget. In addition, further Reward Grant based on 2.5% of district budgets is payable, where districts have “substantive” involvement in the achievement of targets. For EBC this could amount to £356,875 based on the 2002/03 budget. ESCC have confirmed that Reward Grant should be shared with external partners pro rata to the formal contribution each partner makes to the delivery of the targets. The precise calculation will need to be negotiated as part of final agreement on the terms of EBC’s involvement. |  |
| 8.0  | <u>Human Resource Implications</u>   |  |
| 8.1  | <b>An additional staff resource would be required to meet the stretched target and this would be funded by the pump-priming grant.</b>   |  |
| 9.0  | <u>Conclusion</u>  |  |
| 9.1  | The Council has the opportunity to participate in the ESCC PSA and receive both a pump-priming grant and performance reward grant. ESCC is seeking the commitment of this Council to participate in the PSA.   |  |
| Neil Fuller  |  | Sue McHugh                                 |
| Director of Housing, Health and Community Finance  |  | Director of Finance and Corporate Services |
| Background Papers:   |  |  |
| The Background Papers used in compiling this report were as follows:                               |  |  |
| Local Public Service Agreements - New Challenges July 2001   |  |  |
| Eastbourne Housing Strategy – 2003-08  |  |  |
| To inspect or obtain copies of background papers please refer to the contact officer listed above. |  |  |
| OpenlinkCFO/reports/HMO PSA 021205   |  |  |

## Appendix 1

# Public Service Agreements Background Information

## **Local Public Service Agreements in Outline (Extracts from Local Public Service Agreements - New Challenges July 2001)**

1. A Local Public Service Agreement is an agreement between an individual local authority and the Government. It sets out the authority's commitment to deliver specific improvements in performance, and the Government's commitment to reward these improvements. The agreement also records what the Government will do to help the authority achieve the improved performance.

2. Local government has a very important role in achieving this improvement in services. It is responsible for so many of the services that are important to people locally. The Government wants to use whatever ways of working with local government will best help to secure delivery of evident improvements in these local services. Local PSAs provide a focus for local and central government together to encourage the commitment to specific improvements and identify and tackle obstacles to their achievement. Success in achieving the targets in a Local PSA could provide further support for decentralising in the future.

3. The essence of the Local PSA is that:

- the authority commits itself to achieving a dozen or so specific targets that will require performance beyond what could have been expected in the absence of a Local PSA; and
- the Government offers to reward the authority's success.
- the Government also offers to help the authority achieve success by offering at the outset:
  - a "pump-priming" grant;
  - scope for some extra borrowing, on the strength of "unsupported credit approvals"; and
  - possible relaxations in statutory and administrative requirements, where the authority believes this could help substantially in achieving its targets.

4. The authority chooses the issues on which to set targets, in the light of local priorities. The dozen or so issues reflect both local and central priorities. The authority chooses a majority from the specific issues incorporated in individual national PSA targets that relate to local government services. It supplements these with targets on several issues reflecting local priorities. The target adopted on each issue must be "stretching". It must show a specific and measurable improvement in outcomes compared with the performance that could have been expected without a Local PSA.

5. The full reward grant of 2½% of a year's net budget is given for achieving the "stretching" targets in full. A scaled-down grant is given for achieving a large part of the improvement. The authority decides the purposes for which it will use the reward grant. Additional financial assistance at the outset depends on the strength of the authority's proposals for using it.

6. The possible flexibilities on "red tape" enable authorities to challenge aspects of existing policy that they believe hinder a greater improvement in outcomes. Local PSAs provide direct contact between the authority and the officials that advise on the aspects the authority wants to change. The prospect of securing better outcomes if the flexibility can be agreed gives a strong incentive to try to accommodate the changes the authority seeks.

