

REPORT TO COUNCIL

REPORT OF: DIRECTOR OF FINANCE AND STRATEGIC RESOURCES

REPORT NO: FIN 214

DATE: 9 DECEMBER 2004

TITLE:	PUBLIC SERVICE AGREEMENT ROUND 2
FORWARD PLAN ITEM:	
DATE WHEN FIRST APPEARED IN FORWARD PLAN:	
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	BUDGETARY FRAMEWORK

COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	PRIORITY ACHIEVEMENTS
CORPORATE PRIORITY:	PARTNERSHIP WORKING

Introduction

1. The purpose of this report is to update the Council on progress with the Public Service Agreement (PSA) Round 2 bid, being co-ordinated by Lincolnshire County Council. It considers the background to the bid and the next stages of the process.

Background

2. A public service agreement involves a partnership between local government and central government. The former agrees to deliver stretch targets in delivering local services, and the latter provides performance reward grant if they are achieved.
3. The County Council will receive the Performance Reward Grant (PRG) for each of the targets in its agreed Local Public Service Agreement (LPSA) achieved over the period of the agreement. The LPSA1 is for the period April 2002 to March 2005, for LPSA2 April 2005 to March 2008. South Kesteven did not sign up to LPSA1 although Boston and North Kesteven did.
4. The LPSA bid is due to be submitted by the end of November. The Cabinet agreed that delegated authority be given to the Chief Executive in consultation with the Leader on deciding whether the PSA11 bid is signed up to later in the year. Any

final LPSA2 contract will require Cabinet approval. The hard work of negotiating with government departments begins following submission of the bid. If the Council is unable to commit to the agreed targets its Chief Executive must produce a statement as to why not.

Performance Reward Grant

5. Performance Reward Grant is calculated at 2.5% of the Council's budget requirement. Based upon the reference year 2004/05, the following performance reward grant would be available across the county.

£15.3m	County Council
<u>£ 1.7m</u>	District Council's (providing all sign up)
£17.0m	potential Performance Reward Grant

6. How will the Performance Reward Grant be allocated?
7. The LPSA2 will be based around 12 individual targets. A copy of the latest draft of targets is attached to this report. The targets are being developed to allow the Districts to contribute to their fulfilment. This is important because the PRG will be divided equally between the main targets. Thus, for 12 targets the County will receive £1,275,000 for each target achieved, and a total of £142,000 for all Districts if all Districts agree to be substantially involved in delivering the agreement. Based upon the 2004/05 budget, South Kesteven would receive £26,000 per target achieved – a maximum of £312,000 if all targets are achieved.
8. A number of the targets have indicators (sub-targets) which contribute towards the achievement of the main target. The percentage contribution of the indicators to the appropriate main target varies, however, the PRG payable depends on the achievement of the main target.
9. The PRG is payable in the same proportion as the enhancement in performance up to a maximum 10% and a minimum of 60%. Below 60% no PRG is payable, therefore in the case of 60% achievement of the target, 60% of the PRG will be received.

Pump-Priming Grant

10. The County Council will receive pump-priming monies if the bid is successful. Further information is required as to the extent that any of this will be shared with the Districts. The pump-priming grant is £750,000 plus £1 per head of population. It can be spent on capital or revenue providing the capitalisation directive on the former is received.

Next Stage

11. The County Council continues to revise the targets and these will be reduced to 12 at the appropriate time. The outline bid will be submitted by the end of November.
12. It is expected that Districts should sign up to LPSA's – it is funds available to the residents of Lincolnshire since this bid runs to 2008, it may be a long time before any financial rewards find their way to South Kesteven and the Authority's main role is as contributing partner to ensure a Performance Reward Grant is optimised County-wide.

Recommendation

13. It is recommended that the Council notes

- (a) that a further report of the final bid by the Chief Executive be presented to Cabinet for consideration at the appropriate time
- (b) that the Cabinet develops the LPSA2 bid and will incorporate its impact in budget development for 2005/06 and beyond.

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