

**CHILDREN AND YOUNG PEOPLE'S
STRATEGIC PARTNERSHIP**

DATE OF MEETING:	Wednesday, 9 May 2012
SUBJECT:	Payment by Results in Children's Centres
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Is the report confidential?	NO
Is the report Exempt?	NO

1.	Purpose
	<p>This report is to present an overview on the current approach to PBR in relation to the Children's Centres trial programme from a National perspective and to provide the PBR project board proposal for the local implementation.</p> <p>The DfE have requested each trial authority return a completed preference form by the 30th April with regard to the measures they wish to adopt as part of the trial for the purpose of testing the reward mechanisms.</p> <p>The PBR programme board has giving consideration to the information currently available and linked this to the delivery of the Lincolnshire core offer.</p> <p>This paper presents to DMT the current thinking with a draft proposal for consideration/approval</p>
2.	Background / Context
	<p>The Children Centre PBR trial is led by DfE. It is informed by the 'Open public services' white paper – which aims to devolve public services to the lowest level and increase transparency, innovation and VFM across government. In the white paper it states PBR will “provide a constant and tough financial incentive for providers to deliver good services through the term of the contract”</p> <p>The DfE state that PBR is a mechanism to achieve the above with a clear drive on outcomes and performance rather than service delivery outputs. The DfE have identified some key drivers for the implementing the trial with a view to testing if this approach achieves results, effectively and efficiently. The national Children Centre PBR trial aims to</p> <ul style="list-style-type: none"> • Incentivise a local focus on the core purpose of Children's Centres

	<p>(Appendix A)</p> <ul style="list-style-type: none"> • Encourage a local focus on the importance of Early Intervention and the role of Children’s Centres • Encourage local investment in Early Intervention and Children’s Centres • Encourage evidence based decision making <p>The PBR approach is being developed across a number departments within the Government these currently include</p> <p>As a direct commissioner</p> <ul style="list-style-type: none"> • Probation service (Ministry of Justice) • The Work programme (DWP) <p>Government Pay LA’s by results</p> <ul style="list-style-type: none"> • Troubled Families (DCLG) • NEET’s (DfE) • The Health Premium (DoH) <p>To implement a PBR system effectively it is essential to have a strong commissioning and performance framework with which to manage the process.</p> <p>It is believed that PBR mechanisms are a stimulus for innovation and transformational change with an opportunity for pooled budgets and shared resources at both a strategic and operational level.</p> <p>The Government are testing out different approaches to PBR across the departments and it is recognised that the children centre PBR is unique and provides a particular challenge to LA’s particularly when the Children Centres are managed and operated within the Local Authority.</p> <p>The DfE want the LA’s taking part in the trial to work together to find solutions as this provides an opportunity to learn and share what works and what doesn’t work and opportunity to innovate and inform policy. If this trial is a success it is likely that this will have a significant influence on how the Early Intervention Grant is paid to LA’s in future years. Therefore it is important that we input and influence the trial at a national level as much as possible.</p>
3	Detail
	<p>Lincolnshire County Council (LCC) wanted to be involved in the PBR trials for Children’s Centres because we believe in continuous improvement. We believe PBR can be utilised as one of a number of tools to influence improved outcomes, shape policy on shared resources and the use of pooled budgets at a strategic level leading to and including more effective commissioning arrangements and Value for Money (VFM). We also believe that PBR has some limitations and if used incorrectly can strip value from commissioning approaches rather than adding value. To be part of the trial a small amount of resources were secured year 1 £49,300 and year 2 £58,300, this grant funding can only be used to support the development of the trial and should not be used as a reward payment which in the trial. This is funding staff to work as part of the trial to test out the principles and approaches and work with localities and partners to promote and engage colleagues within the trial.</p>

The National trial originally considered over twenty different measures, however this has been significantly reduced by DfE due to the concerns LA's raised over the attributable factors and data availability.

Over a period of 6 months this has now been reduced to 6 key measures, 4 of the measures have now been agreed and confirmed for the 12/13 financial year.

LA's taking part in the trial has been asked to nominate just one or two of these measures which they would like to be rewarded upon by the 30th April 2012. Appendix B for the list of measures to be used in financial year 12/13 as part of the national trial.

The data for these measures is currently measured nationally and so LA's would not need to return any data additional than what it is currently providing through other operational activity.

A further two measures form part of the national trial however this data would need to be supplied by the LA to the DfE, the term "greatest need" and "narrowing the gap" still require some national definition which is a barrier to providing an accurate return on which to be measured against potentially in the future.

The DfE also need to yet confirm which payment mechanisms they will trial as part of PBR. The two approaches currently being considered are absolute reward and relative rewards. (Appendix C) dependent on which reward mechanism is applied will depend on the potential opportunity to maximise income generation for the LA's involved in the trial we are currently awaiting further guidance and clarity around the payment mechanisms.

The DfE have also asked LA's to voluntarily supply local data on the two final measures however after careful consideration the PBR programme board feel that we do not have enough clarity around the definitions to supply accurate baseline data in the timescales which have been set by DfE as this information needs to be returned by the 3rd May.

The above describes the national trial however in order to test the principles of PBR at a local level a Performance Framework needs to be developed. The first draft of which is attached to the report (Appendix D, Draft Framework).

This will provide the base on which to develop the operational PBR programme of work to be undertaken by the PBR programme board. The commissioning framework to be developed by the commissioning team with localities will then be able to proceed alongside this in order not to delay this process.

It is proposed that a shadow budget process for the financial year 12/13 is operated as LA's will not receive any reward until next year as the rewards are paid in arrears based on progress measured within the trial period. The PBR programme board will undertake further work and report back to DMT in due course.

	Recommendations
	<p>Based on the information available and described in brief as part of this update report. There are four recommendations that DMT are requested to agree</p> <ol style="list-style-type: none"> 1) It is for DMT to agree which PM measures the LA agrees to be measured on as part of the trial. (Appendix E) The PBR Programme Board suggest that we nominate two of the measures in order to widen the opportunity to secure some additional resources through the PBR trial, although this is a risk it is felt that by adopting this approach the risk to secure some income is increased although the opportunity to maximise income is limited as there are still too many variables, to determine a definitive approach. This would however support the positive participation and engagement in the programme by testing out principles in practice. The DfE have not yet confirmed the payment mechanisms to be applied to the trial. 2) DMT to agree that that we DO NOT submit data on the two optional measures at this point. This is due to lack of definition, risk to reputation if inaccurate baseline data is supplied and lack of capacity within the Performance Assurance team as this is voluntary and so not essential to the trial. 3) DMT are asked to consider the Draft Lincolnshire Performance framework, this document has mapped performance measures that are within other key areas of work or strategies across Children’s Services and fits them within the Lincolnshire children centre core offer elements in order to provide a structure to inform the commissioning arrangements for localities in relation to children centre services. The next step would be to consider which measures ought to be incentivised and if so what payment mechanism should be applied therefore any comments of DMT would be invaluable to inform this process. 4) It is requested that DMT agree that the PBR programme board will now work through the performance measures and develop this in to an operational plan. DMT agree that the performance framework in its draft form underpins but does not restrict the development of the commissioning framework and a 3 year commissioning strategy.
5	Supporting Papers
	<p>Appendix A – The Lincolnshire Core Offer Appendix B – The proposed PBR National measures Appendix C – Proposed national reward mechanisms Appendix D –The proposed draft Lincolnshire performance framework Appendix E – Lincolnshire data overview</p>