
LOCAL AREA AGREEMENT REFRESH

Responsible Cabinet Member – Councillor John Williams, Leader

Responsible Director – Chris Sivers, Assistant Chief Executive

SUMMARY REPORT

Purpose of the Report

1. To present details of revised targets as part of the final refresh of the Darlington Local Area Agreement 2008-2011 for approval.

Summary

2. Full Council considered and approved the Darlington Local Area Agreement (LAA) on the 6 June 2008, and designated at that time all functions in relation to the LAA to Cabinet.
3. Whilst LAAs are agreements for a three year period it is important that there is a regular (annual) review of the designated targets as to whether these still reflect changing circumstances. The significance of maintaining stretching yet attainable targets for the third and final year is that a small Performance Reward Grant is attached to the final outcome.
4. This latest and final LAA refresh is limited in scope by Government to a small number of economic indicators. For Darlington this has meant the re-negotiation of two targets on account of the effects of economic down turn and recession. These are the proportion of children in poverty (NI 116) and net additional homes provided (NI 154) where revised targets are offered to better reflect the latest available data and intelligence.
5. The revisions made to other economic indicators last year remain valid and are not proposed for alteration this time around. The only other changes being a technical correction to the mid year target for social care clients receiving self directed support (NI 130) and the under 18 conception rate (NI 112) target being removed from any Performance Reward Grant calculation in recognition nationally that the goals set were too demanding.

Recommendations

6. It is recommended that Cabinet:-
 - (a) note the rationale for proposed target revisions;
 - (b) approve the revised Local Area Agreement targets as attached at **Appendix 1**;

Reasons

7. The recommendations are supported by the following reasons:
 - (a) to meet the refresh process timetable as set by the Department for Communities and Local Government and agreed with Government Office North East;

- (b) to comply with the relevant statutory guidance;
- (c) To ensure designated targets continue to reflect local changing circumstances.

Chris Sivers
Assistant Chief Executive

Background Papers

CLG/LGA – LAA Annual Review 2009/10 Guidance (December 2009)

John Bosson: Ext 2016
JB/jb

S17 Crime and Disorder	A number of LAA targets have a direct impact upon crime and disorder, anti-social behaviour and youth justice.
Health and Well Being	A number of LAA targets have a direct impact upon the health and well being of the community.
Sustainability	A number of LAA targets have a direct impact upon the sustainability agenda.
Diversity	The proposals arising from this process will be implemented in accordance with our diversity duties and objectives.
Wards Affected	The LAA targets and process affect all wards.
Groups Affected	All people are affected by this process equally.
Budget and Policy Framework	The issues contained within this report do not represent a change in the Council's policy framework.
Key Decision	This is classed as a key decision and has been included in the forward plan.
Urgent Decision	This is not an urgent decision.
One Darlington: Perfectly Placed	The delivery of the LAA targets will contribute directly to the implementation of the Sustainable Community Strategy.
Efficiency	Co-ordination of departmental and inter-agency working around this topic will ensure the most efficient use of resources.

MAIN REPORT

Information and Analysis

8. The establishment of Local Area Agreements in 2008 was an important milestone in the implementation of the new performance framework for local government. All parts of England now have priorities agreed between central government, councils and partners, which identify the most important challenges faced by their area.
9. LAAs are a joint agreement between Government and local partnerships, based on shared priorities for each local area. The challenges and opportunities that arise during their delivery are shared between both sides and if they are to be successful, LAAs must remain ambitious, realistic, credible and consistent over the period.
10. LAAs are designed to allow for a reasonable level of flexibility whilst binding Government and all local partners to a medium-term set of targets. This balance is a key strength of LAAs above previous performance regimes. It is not the intention that they will be frequently renegotiated as this would not provide the stability required for effective delivery based on clear goals. An element of Performance Reward Grant is attached to successfully meeting the stretch targets as agreed and which is calculated against the final year outcome. The potential sums involved have however been significantly scaled down nationally and are considerably less than in previous rounds. For Darlington the maximum reward grant has been confirmed as up to £646,330 for this current round.

The 2009/10 Refresh Process

11. Negotiations to amend the LAA (this includes any changes to previously agreed targets or the selection of new indicators by exception) will need to be concluded in early March in order to achieve agreement by the start of the new financial year. However, it is anticipated that the majority of targets will not be renegotiated during the lifetime of the LAA unless there are compelling reasons for this.
12. The process of review and refresh has been an inclusive one with full engagement of the LSP Themed Group Lead Officers, their respective chairs and wider groups. Operational members of staff (accountable officers) were initially consulted over the technicalities of any definition changes and to draw upon their practical experience to help set realistic targets. Lead officers have assisted in collating these into themed group areas for challenge with chairs and their business groups, entering into direct negotiation with Government policy leads as appropriate. Full consideration of the matter is due to take place with the LSP Board at its meeting of the 10 March 2010.

Approach to the LAA refresh for economy targets

13. The general approach to LAA refresh with regard to economic targets is fully in line with the principles set out in the LAA Annual Review Guidance. These principles, which were agreed with the local government sector revolve around:
 - (a) Cooperation and collaboration;
 - (b) Refine not replace;
 - (c) Proportionality (proposals for change must be proportionate and well-evidenced and the counter party must respond in kind).

14. Where local partnerships request to adjust the levels of LAA targets due to changing economic conditions, these need to be weighed against robust local evidence provided by the local partnership, which demonstrates a severe impact of changing economic conditions on the local economy. Darlington has provided such evidence in support of the refresh to Government Office where appropriate.

Darlington's Approach

15. Of the 35 national indicators which make up our LAA (shown at **Appendix 1**):
 - (a) 31 - remain unchanged;
 - (b) 2 - have been the subject of technical updating;
 - (c) 2 - have been made the subject of 'refresh' re-negotiation of targets

Technical updating

16. The interim target for Social Care clients receiving Self Directed Support (NI 130) has been re-profiled nationally at 10% for 2009/10, leading to the agreed target of 30% for 2010/11, as locked down last year. This minor correction is in accordance with the guidance from the Association of Directors of Adult Social Services and adopted locally (shown lightly shaded at Appendix 1 for reference).
17. It has been acknowledged nationally that the aspirational targets set for teenage pregnancy (NI 112) are now too stretching and have therefore become inoperable at the current rates. Accordingly Government has agreed for results for this indicator to be excluded from the calculation of any Performance Reward Grant payable at the conclusion of this LAA (shown lightly shaded at Appendix 1 for reference).

Economic Indicators

18. Darlington like all other areas has seen marked changes in economic conditions since initial agreement. Six key economic indicators included within our LAA warranted an assessment of the ongoing feasibility of the targets set and the merits of refresh. Having undertaken reviews of each, officers believe that actions put in place to mitigate the worst effects of the economic downturn and the benefits of wider programmes such as Darlington Gateway, the Skills Pledge and the Tees Valley Housing Growth Point allow us to retain existing targets for average wages (NI 166) and numbers of affordable homes provided (NI 155). Revisions last year to (NI 151) measuring the overall employment rate and (NI 153) working age people claiming out of work benefits in the worst performing neighbourhoods reset reasonable targets which remain valid and again are to be retained.
19. The Council and its partners remain committed to the principles of the LAA and the stretch targets it contains to make a meaningful difference to outcomes in the community, the more so in difficult times. Despite this commitment, certain factors are beyond the control of the Council and local partners. As a result only two indicators have been identified for refresh in this final round. The rationale for each is summarised below.

20. NI 116 – Proportion of children in poverty

	Baseline	2008/09	2009/10	2010/11
Original Targets (June 2008)	20.7%	18.8%	17.7%	16.6%
Revised Targets (March 2009) [No changes]	20.7%	18.8%	17.7%	16.6%
Refresh Proposal (March 2010)	Eng 19.8% D/ton 21.4% Gap 1.6%	19.2% 20.8% 1.6%	Maintain Gap at 1.6% (or less)	Maintain Gap at 1.6% (or less)

- (a) Targets will continue to apply to the original indicator definition but all areas are now asked to reset targets as the percentage point difference between the proportion of children in ‘poverty’ in the LSP area and the England average.
- (b) The proportion of children in ‘poverty’ is defined as children (aged 0-15) living in families in receipt of out of work benefits as a percentage of all children.
- (c) The very latest data for this indicator has only just become available (Jan 2010) and is reflected above.
- (d) The reset baseline for 2007 shows a gap of 1.6% percentage points between Darlington and the England average. Whilst a downward trajectory is established nationally and locally in data for 2008 the actual gap has remained the same.
- (e) Whilst we aspire as part of the overall One Darlington priority of the SCS to narrow this gap, realistically given the reduction in overall employment and the growth in the numbers claiming out of work benefits a stand still target in the short term is the best that we can realistically aim for and this will remain stretching to partners.
- (f) Based on the best available evidence and analysis it is proposed to set a final year target of maintaining the gap at 1.6 percentage points. A fundamental review and revision for this indicator is planned to be introduced from 2011 nationally.

21. NI 154 – Net additional homes provided

	Baseline	2008/09	2009/10	2010/11
Original Targets (June 2008)	448	475	500	550
Revised Targets (March 2009)	448	215	275	300
Refresh Proposal (March 2010)	448	215	275	265

- (a) Quarterly monitoring indicates that up to the end of Quarter 3 of 2009/10, there had only been 179 net additional dwellings. Previous year’s data indicated that the cumulative figure at the end of Quarter 3 was about 80% of the total net additional dwellings for the year. However, even anticipating a slight rise in completions in Quarter 4, arising primarily from Registered Social Landlords (RSLs) completing dwellings to meet their HCA grant requirements, the net additional dwellings completed in 2009/10 is likely to fall about 10% to 15% short of the target of 275. This has arisen because private market housing completions over the year have been even more sluggish than was forecast by house builders in their responses to a questionnaire circulated by the Council in January 2009.

- (b) Comments made at the latest consultation event of 26th January 2010 indicate a continuing gloomy outlook for market housing activity in Darlington in 2010/11. Activity in 2009/10 has fallen short of the upward trend in completions that many house builders were predicting less than a year ago. Several house builders indicated that their business plans continue to be reactive rather than proactive, with house building activity on individual sites reflecting very closely actual demand on a month by month basis.
- (c) Taking the feedback and factors outlined above into account, it is considered that a target of 265 net additional dwellings would be a realistic target for 2010/11. This target would be below the target that was agreed in the LAA refresh last year but reflects a honest assessment of the latest market conditions and will require sustained public sector intervention and involvement throughout the year to be delivered.

Conclusions

- 22. A fundamental review and refresh was concluded in March 2009 through Cabinet and the LSP. The amendments made at that time and for the majority of targets remain valid. In a limited number of instances however, there is a need to revisit certain targets on account of the down turn in the economy and its impact for example on house-building completion rates. Detailed negotiations have been taking place with Government Office North East in order to deliver a final year refresh by the end of March 2010, a Government Office timescale.
- 23. Where local economic circumstances change and where there is uncertainty about future economic conditions, Government's priority for local delivery is that local partnerships respond flexibly to support local communities and businesses. Local partners need to remain focussed on delivery of positive outcomes locally. There is a risk that protracted discussions about the levels of targets at this stage would detract from timely, effective action on the ground.
- 24. In the spirit of this approach the Council and its partners have selected only two indicators (as above) which warrant target revisions as part of this last refresh process. The latest position for all is shown at Appendix 1 for approval.

Outcome of consultation

- 25. Partners from across the LSP have been consulted over the contents of this report and are supportive of the approach agreed and underway with Government Office North East.