

<b>Item No.</b>	<b>Classification:</b> Open	<b>Date:</b> 23 March 2010	<b>Meeting Name:</b> Executive
<b>Report title:</b>		Local Area Agreement Refresh	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Deputy Chief Executive	

## RECOMMENDATION(S)

1. To agree the proposed changes to the Local Area Agreement resulting from negotiations between officers and civil servants, as set out in paragraphs 10, 14, 16, 21, 24, 28 and 29.

## BACKGROUND INFORMATION

2. During the LAA refresh process, in 2009, a number of issues were left unresolved, namely:
  - **NI 40 - Drug Users in effective treatment:** Following a disagreement between the borough and the Government Office for London (GOL) over the baseline for this indicator, no target was agreed for this indicator for 2010-11, and it was agreed to return to it in the 2009-10 refresh process.
  - **NI 112 - Teenage conceptions:** The Government Office for London (GOL) originally proposed a target for 2010-11 of 34.9 per thousand, which would have represented a 60% reduction from the 1998 baseline. This was regarded by the borough as unrealistic but the original proposed target then became an imposed target, contrary to the guidelines for agreeing a LAA. Following further representations by the Council, GOL invited the borough to leave the target for 2010-11 blank, and to negotiate a target during the 2009-10 refresh process. The Executive agreed this proposal.
  - **NI 146 - Adults with learning disabilities in employment and NI 150 Adults in contact with secondary mental health services in employment -** These were new indicators for which no baseline data was available. The borough committed to a statistically significant improvement calculated in accordance with the Target Negotiation Brief on data for the year 2008-09 as the target for 2010/11.
3. In addition, four indicators within the LAA were deemed by the Government to be particularly affected by the recession. At the invitation of GOL, the Executive agreed not to revise these targets in the 2008-09 refresh, but to do so in 2010 when the effects of the recession were clearer. The affected indicators are as follows:
  - **NI 152 - Working age people on out of work benefits**
  - **Local Indicator - Working age people on out of work benefits – in the worst areas**
  - **NI 154 Net additional homes provided**
  - **NI 155 Number of affordable homes delivered (gross)**

4. The present report makes a number of recommendations on amendments to the LAA, following discussions with GOL.

**NI 40 - Drug Users in effective treatment**

5. The 2008-11 Local Area Agreement (LAA) originally adopted the PCT Vital Signs targets for growth in numbers in effective treatment for substance misuse as follows.

<b>Baseline (2006/07 unless otherwise stated)</b>	<b>08/09</b>	<b>09/10</b>	<b>10/11</b>
07/08 baseline data not available until Aug 08	12% increase on 07/08 outturn	24% increase on 07/08 outturn	30% increase on 07/08 outturn

6. Following an unresolved disagreement between the borough and the Government Office for London (GOL) over the appropriate baseline figure for this indicator, no target was agreed for 2010-11, and it was agreed to return to it in the 2009-10 refresh process.
7. It became evident that, whichever baseline is used, the current LAA targets are unachievable. Agreement in principle has been reached with GOL to cease to include NI 40 within the LAA and to replace it with a local indicator. This would have the dual advantage of allowing the borough to set a target that is meaningful and removing an unattainable target from the LAA performance grant calculation, thereby ultimately benefiting the borough financially.
8. It is therefore proposed to replace NI 40 with an indicator used by the PCT as one of its 10 priority outcomes under the World Class Commissioning (WCC) framework, namely: the percentage of users in effective treatment (as measured by duration in treatment exceeding 12 weeks).
9. The reasons for this change can be summarised as follows:
  - the percentage of service users in effective treatment is a better quality outcome measure than the absolute numbers in effective treatment .
  - the numbers in treatment measure is based on data that has proved to be highly volatile, and there have been difficulties obtaining stable baseline data from the NTA.
  - in the World Class Commissioning framework for 2009/10, the percentage of service users in effective treatment is a recognised national outcome measure, whereas the numbers in treatment is not.
10. The proposed targets, which align with the draft PCT Commissioning Strategy Plan as at January 2010, are as follows:

<i>Percentage of Drug Mis-Users Sustained in Effective Treatment (World Class Commissioning Outcome Ref. 43)</i>			
2008/09 (Baseline)	2010/11	2011/12	2012/13
87%	89%	89.5%	90%

11. Although the PCT will not be using the numbers in treatment as a WCC outcome, it will remain as a Vital Signs target. The PCT will be seeking to amend the numerical value of the target in the Vital Signs refresh process to reflect the data quality issue referred to above. Specifically the PCT will be adjusting the growth targets downwards to correspond to the changed baseline data so that the growth target remains consistent in proportional terms with initial intentions.

#### **NI 112 - Teenage conceptions**

12. The Government Office for London Target has advised the borough that:

“Areas which have not signed off Year 3 targets should be encouraged to agree to include their original Teenage Pregnancy Strategy 2010 target. If they do not agree Year 3 can remain blank. There should, however, be no agreement to lower targets.”

“Areas will be consulted on ambitious but realistic future three year targets beyond 2010/11. This consultation is likely to take place from the end of February 2010 when Ministers announce the next phase of the Teenage Pregnancy Strategy.”

13. The indicator will not be taken into account when setting Reward Grant in areas that do not set a target for year three.
14. The borough has consistently regarded the imposition of national teenage pregnancy strategy targets as an unrealistic imposition. Therefore, it is recommended that no target be set for 2010-11 within the LAA.

#### **NI 146 - Adults with learning disabilities in employment and NI 150 Adults in contact with secondary mental health services in employment**

15. These were new indicators for which no baseline data was available when the LAA was agreed. In the 2009 refresh, the borough committed to a 'statistically significant improvement' on data for the year 2008-09 as the target for 2010-11.
16. However, the data for 2008-09 is an estimate of the full year's data, based on Q2 to Q4 data only, as previous quarters' data has not been collected. GOL has agreed that the borough can set 2010-11 targets that are at least a statistically significant increase on 2009-10 data. However, this will not be available until later in 2010. The quality of 2009-10 data is likely to be considerably better than that for 2008-09. Therefore, it is recommended that target setting for these indicators be deferred until the 2009-10 data is available.

#### **NI 152 - Working age people on out of work benefits:**

17. The current May 2011 NI 152 target for the proportion of working age residents on out of work benefits in Southwark is 13.1%, indicating a need to move 2,786 working age residents into employment between May 2009 and May 2011.

18. NI 152 figures from quarter 4 of 2007-08 onwards have been recalculated to reflect the latest 2008 Office of National Statistics (ONS) population estimates<sup>1</sup>. The table below shows the overall reductions that Southwark and London have achieved between the May 2007 baseline and May 2009, the latest date for which figures are available. It can be seen that, over this period, Southwark achieved a reduction of 1.1% and London a reduction of 0.2%.

**Table 1: Working age people on out of work benefits**

	NI 152 Baseline (2007)	Latest NI 152 figure* (May 2009)	Actual May 2011 target
<b>Southwark</b>	<b>15.6%</b>	<b>14.5%</b>	<b>13.1%</b>
London	13.0%	12.8%	N/A

\*) These have been recalculated to reflect the latest population estimates

19. Jobseekers' Allowance (JSA) has been the main driver of increases in out-of-work benefits stocks, both for Southwark and London. However, in recent months, the position of Southwark relative to the rate for Greater London has worsened, as the recession deepened. (Between May and November 2009, for example, there was an increase of 4.8% in Southwark's JSA stock, while the London growth rate was 4.0%.) It is therefore difficult to predict how Southwark's economy will develop either absolutely or in relative terms over the final year of the LAA, which makes setting a target problematic.
20. To mitigate the effects of the uncertain state of the economy on target setting, GOL has proposed that the borough should set a comparative target, relative either to Greater London or England as a whole, rather than set an absolute target for the rate of worklessness. It is recommended that such a course of action be followed, and that Greater London be used as a comparator, as the London labour market is much more similar to that of Southwark than England's.
21. Table 2 shows how the gap between Southwark's worklessness rate and that of London has narrowed since the baseline year of 2007. In past recessions, Southwark is known to have performed worse than London as a whole. In view of this, it is not considered practicable to set a target for further narrowing of the Southwark/London gap. Instead, it is proposed to set a target for 2010-11 that would maintain the current gap (i.e. -1.7%). GOL has agreed this approach.

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<sup>1</sup> This has had the effect of lowering the borough's NI 152 figures.

**Table 2: The proposed refresh target**

	NI 152 Baseline gap	Current gap	Proposed 2010-11 refresh target
Southwark/London Gap	-2.6%	-1.7%	By May 2011 (Q2) to narrow the gap to the London average to a maximum of -1.7 percentage points.

**Local Indicator - Working age people on out of work benefits – in the worst areas**

22. This indicator is derived from NI152. It gives the aggregate rate for all of the Lower Layer Super Output Areas (LSOAs) in the local authority area that had an Out of Work Benefit claimant rate of 25% or more. In Southwark, the LSOAs identified belong to the following wards; East Walworth, Camberwell Green, Nunhead, Peckham, Cathedrals, Livesey & Brunswick Park. The current target is to reduce the Southwark rate for these areas from 26.88% in May 2007 to 22.72% in 2010-11.
23. As with NI 152, this indicator has been adversely affected by the recession. It is proposed that targets be set on the same basis as for NI 152 (i.e. to maintain the current gap between the borough's rate and that of Greater London), which is currently 3.3%.
24. The following target is therefore proposed: 'By May 2011, to achieve a gap between Southwark and the London average of no more than 3.3 percentage points'.

**NI 154 Net additional homes provided**

**NI 155 Number of affordable homes delivered (gross)**

25. The economic downturn has had a significant impact on both of these indicators in Southwark. Revised, lower targets have been negotiated with GOL, as set out below. It is recommended that these be agreed.

NI154

26. The existing targets for NI 154 are based on the council's current London Plan target of 16,300 net additional dwellings over the life of the plan. This equates to an average of 1,630 homes completed per annum over the course of the plan. These figures are mirrored in the existing LAA targets of 1,630 per annum over the 3 years of the LAA.
27. In the year 2007-08, the borough completed 2,200 new homes. In 2008-09, provisional outturn data showed that this fell by 811, to 1389 (241 below the target). Between 2005 and 2008 the borough's ability to meet its annual target of 1,630 was aided by a buoyant property market. Prior to this, completion figures were much lower. The improvement in housing development is expected to lag behind any

general economic recovery for at least the next two years and the 1,630 target is not expected to be met during this period.

28. The following table shows the current and recommended revised targets for this indicator. The new targets are based on the number of net additional homes completed in 2008-09. In the current economic climate, the revised targets are considered to be challenging but achievable.

<b>NI 154</b>	<b>2008/9</b>	<b>2009/10</b>	<b>2010/11</b>	<b>3 Year Total</b>
Current Targets	1,630	1,630	1,630	4,890
Proposed Revised Targets	1,389 (provisional outturn)	880	1,492	3,761

#### NI 155

29. The targets for NI155 have been revised, as set out in the table below, to reflect delays in a number of programmed developments as a direct result of the recession. The revised targets have been produced in consultation with the Southwark Housing Strategic Partnership and with reference to a comprehensive local evidence base, including a Southwark housing requirements study, a recently developed in-house supply and demand model, the sub-regional Strategic Housing Market Assessment and other Southwark Council internal housing data. The targets are also consistent with the council's revised Housing Strategy, its emerging Local Development Framework and the South East London Housing Partnership Housing Strategy.

<b>NI 155</b>	<b>2008/9</b>	<b>2009/10</b>	<b>2010/11</b>	<b>3 Year Total</b>
Current Targets	500	900	815	2,215
Proposed Revised Targets	479 (provisional outturn)	650	802	1,931

#### **Community Impact Statement**

30. The Local Area Agreement drew on extensive consultation that took place in the development of Southwark 2016, the Sustainable Community Strategy. As such, it reflects the priorities established during that process. Key among these is the commitment to closing the gap by improving the life chances of Southwark's most deprived communities. Southwark 2016 and the borough's other key strategies that will deliver against the LAA priorities have been subject to Equality Impact Assessments. The proposed changes do not fundamentally change the LAA.

#### **Resource implications**

31. The LAA needs to be delivered within the existing resources of the council and its partner organisations. Any financial implications of specific decisions taken by the council regarding the delivery of the LAA will be part of the Council's broader policy and resources strategy and budget process.

#### **Consultation**

32. The LAA Refresh draws on the previous consultations on Southwark 2016 and Southwark's first LAA. There has also been a series of meetings with lead officers from relevant departments and thematic partnerships. External partners have been consulted on, and are in accord with, any proposals for which they will be responsible. As noted above, the Southwark Alliance Board has also considered the LAA Refresh proposals. Negotiations will continue with council departments, partners and the government over the coming weeks.
33. Under Section 113 of the Local Government and Public Involvement in Health Act 2007, there is a duty to publish information about local area agreements, and, in particular, the responsible local authority must publish a memorandum whenever an LAA is modified. This will be posted on the council and Southwark Alliance web sites.

### **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

#### **Strategic Director of Communities Law & Governance**

34. Actions relating to the Local Area Agreement (LAA) are local choice functions, i.e. the Council can choose whether they are executive or non-executive functions. The Council Assembly has delegated the functions concerning the LSP and the formulation of the LAA to the executive.
35. Part V of the Local Government and Public Involvement in Health Act 2007 ("the 2007 Act") imposes new duties in connection with local improvement targets. Section 106 (2) of the 2007 Act requires the Council to do the following in preparing a Local Area Agreement (LAA):
  - Consult with partner authorities and other such persons as seem appropriate;
  - Cooperate with partner authorities in determining local improvement targets relating to the partner authority;
  - Have regard for the Sustainable Community Strategy prepared under Section 4 of the Local Government Act 2000 and any guidance issued by the Secretary of State
36. There is no statutory provision for resolving disputes. However, the CLG document 'Negotiating New local Area Agreement' dated September 2007 states 'Nevertheless appropriate mechanisms for resolving conflict, will need to be agreed between the GO and central departments on the one hand, and the GO and local partnerships on the other as part of the opening of negotiations. If these were agreed this should be carried out before writing to the Secretary of State.'

#### **Finance Director**

37. The council's contribution to the LAA partnerships will be subject to the Council's existing financial and commissioning arrangements. The delivery of targets must be achieved within the constraints of the Council's broader policy and resources strategy and budget process.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Development of the new LAA framework - Operational Guidance 2007, HM Government	PO Box 64529 London SE1P 5LX	Steve Tennison 020 7525 7557 <a href="mailto:Lsp.co-ordinator@southwar.gov.uk">Lsp.co-ordinator@southwar.gov.uk</a>
2009/2010 LAA Review, Advice Note for Government Offices, HM Government	As above	As above

## AUDIT TRAIL

<b>Lead Officer</b>	Eleanor Kelly, Deputy Chief Executive	
<b>Report Author</b>	Graeme Gordon & Steve Tennison	
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