

Meeting: Enterprise Partnership Board

Date: 9 March 2009

Report Title: Local Area Agreement Refresh

Report of: Karen Galey (Head of Economic Regeneration)

Purpose

To inform the Enterprise Board about the process for agreeing Haringey's refreshed Local Area Agreement.

To get the Enterprise Board's endorsement of the targets that have been submitted to the Government Office for London (GOL)

Summary

The Local Area Agreement (LAA) refresh presents an opportunity to renegotiate existing National Indicator (NI) targets with the Government Office for London (GOL).

Communities and Local Government (CLG) has announced that targets relating to certain economic indicators will not be 'locked down' for the rest of the current LAA period and can be renegotiated at a later date. This affects two NIs that are relevant to the Enterprise Board: NI 153 (Working age people claiming out of work benefits in the worst performing neighbourhoods) and NI 171 (New business registration rate).

As NI 153 will not be 'locked down' the current target of a 4.7 percentage point reduction will remain in place. This will allow for more evidence to be collected to present a stronger target reduction case.

Due to the different publication timetables of benefits and population data, there has been a methodological change to NI 153. This will result in the data being subject to change throughout the current LAA period.

Data for NI 171 has been published and a target to achieve partial convergence towards the London average has been submitted.

A revised target to support 70 long-term Incapacity Benefit (IB) claimants into sustained employment will be submitted to GOL. After discussions with the Department for Work and Pensions (DWP) and Reed In Partnership (ReedIP), an additional request to remove the condition that prevents the Haringey Guarantee from engaging with people on a mainstream programme will be submitted.

<p>The Learning and Skills Council (LSC) has submitted baselines and targets (up to 2009/10) for the two local skills indicators.</p> <p>A local target to complete 400 Better Off Calculations (BOCs) for each of the three LAA years has been submitted</p> <p>It is anticipated that the refreshed LAA will get ministerial sign off on 26 March 2009 and be operational from April 2009.</p>
<p>Recommendations</p> <ol style="list-style-type: none"> 1. That the Enterprise Board notes this report 2. That the Enterprise Board endorses the revised targets that will be submitted to GOL.
<p>Financial/Legal Comments</p> <p>N/A</p>
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1. Introduction

1.1 Haringey's LAA covering the period 2008/09 to 2010/11 was formally signed off by Government in July despite it being operational from April 2008.

1.2 A number of NIs included in Haringey's LAA were deferred as data to set baselines and three year targets were unavailable; this includes NI 171. There were also a number of local indicators for which baselines and three year targets were not set; these include the two local skills indicators and the BOC indicator.

1.3 The LAA refresh process will require baselines and targets to be set for all the 35 NIs included in Haringey's LAA and the additional local indicators. These targets, in the main, will be locked down for the three year LAA period and will be the basis upon which performance calculations will be made to determine LAA reward grant.

2. Revising and setting LAA baselines/targets

2.1 CLG published '*Local Area Agreements reward guidance: 2009*' on 16 February 2009. Previously it was understood that the targets in place after the LAA refresh would be 'locked down' for the remainder of the current LAA period. However, this document announced that, as a result of current economic conditions, certain targets will not be 'locked down' and can be renegotiated at a later date; reward payments will still apply to any

renegotiated targets. This is of particular relevance to two NIs that the Enterprise Board are responsible for: NI 153 and NI 171.

NI 153

2.2 At the Enterprise Board meeting on 10 December 2008, it was agreed that a target to limit the increase in the out of work benefits claim rate to 3.9 percentage points should be submitted. However, after further discussions with Job Centre Plus (JCP) it was felt that as this target will not be 'locked down' more time should be dedicated to building a stronger case for the target to be reduced. The fact that the out of work benefits claim rate, at the last count (year to August 2008), continues to fall makes it more unlikely that a request to reduce that target will be granted at this time. Therefore, it has been decided to leave the current target (a 4.7 percentage point reduction) as it is for the time being.

2.3 It was reported to the Board on 10 December 2008 that data for NI 153 had been withdrawn due to issues with the methodology. These issues have now been resolved, which has resulted in changes to the way the indicator is measured. A summary of these changes is set out in the next paragraph.

2.4 NI 153 rates are calculated using: out of work benefit numbers as the numerator; and mid-year population estimates as the denominator. However, the different publication timetables for these data has proven to be problematic. For example, the original baseline data was based on benefits data for the period August 2006 to May 2007 and 2006 mid-year population data. The issue that the Government had to resolve was whether to leave the rates unchanged or update them based on the latest population data (2007). It has been decided to update the rates so that the most recent information is used, which means that data for this NI will be subject to changes throughout the LAA period. The effect of this on Haringey's baseline has been a slight reduction from 28.6 per cent to 28.4 per cent.

NI 171

2.5 Data for NI 171 have recently been published by the Department for Business, Enterprise and Regulatory Reform (BERR). Based on these targets baselines and targets to achieve partial convergence to the London average have been submitted. These are set out below:

	Baseline	2008	2009	2010
<i>Percentage difference between Haringey's average new business registration rate and the London average.</i>	19.5%	19%	18.5%	18%

IB stretch target

2.6 When the Enterprise Board last met on 10 December 2008 it was agreed that a revised target to support 70 long-term IB claimants into sustained employment should be submitted.

2.7 Officers from Economic Regeneration met with DWP on 9 February 2009 to discuss renegotiating this target. The DWP's view was that while a reduction in the target was unlikely to be agreed, they would take a sympathetic view to a request to remove the condition around the Haringey Guarantee engaging with people on a mainstream programme (in this case, Pathways to Work delivered in Haringey by ReedIP), as long as it can be demonstrated, with ReedIP, that added value would still be delivered. To this end, officers from Economic Regeneration met with ReedIP on 24 February to agree a partnership arrangement. Therefore, a revised proposal will be submitted to still reduce the target and remove the condition around engagement with people on a mainstream programme.

Local indicators

2.9 A target to achieve 400 BOCs for each of the three LAA years has been submitted.

2.10 The LSC have submitted baselines and targets up to 2009/10 for the two local skills indicators. Targets have not been set for 2010/11 as the LSC will, at this time, have been replaced by the Skills Funding Agency. The baselines and targets are set out below:

Adults achieving a Skills for Life qualification and entered employment and those gaining a qualification in the workplace

- **Baseline:** qualifications - 150; jobs - 0; qualifications in the workplace – 180.
- **2008/09 target:** qualifications – 350; jobs – 140; qualifications in the workplace – 600.
- **2009/10 target:** qualifications – 420; jobs – 140; qualifications in the workplace – 810.

Adults achieving a full level two qualification and entered employed and those gaining a qualification in the workplace

- **Baseline:** qualifications - 740; jobs - 0; qualifications in the workplace – 400.
- **2008/09 target:** qualifications – 740; jobs – TBC; qualifications in the workplace – 900.
- **2009/10 target:** qualifications – 740; jobs – TBC; qualifications in the workplace – 1,800.

Other relevant indicators

2.11 NI 116 (Proportion of children in poverty) is one of the NIs for which targets will not be 'locked down'. However, an interim measure is currently used for this NI based on the number of children living in a household

where key benefits are drawn down. There has been a delay in releasing the revised data for this NI, which will be based on the official child poverty indicator of children living in households (working or workless) with income 60 per cent below the median. Due to this delay the current benefits based target (reduction from 36.4 per cent to 30.5 per cent) will remain in place for the time being.

3. LAA refresh timetable

3.1 The final refreshed LAA (covering all the relevant NIs) will be submitted to GOL on 2 March. It is anticipated that this will be given ministerial sign off by 26 March (we will still be able to negotiate around the IB stretch target up to mid March) with the refreshed LAA being operational from April 2009.

