



AGENDA ITEM:

OVERVIEW AND SCRUTINY BOARD

1 March 2010

Middlesbrough Local Area Agreement 2008-2011 – 2010 Refresh

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PURPOSE OF THE REPORT

1. To present details of revised targets as part of the final refresh of the Middlesbrough Local Area Agreement (LAA) 2008-2011.

BACKGROUND

2. The Secretary of State, Hazel Blears, signed off Middlesbrough's LAA in July 2008. The LAA sets out the deal between central government and Middlesbrough Council and its partners to improve services and the quality of life for local people. The LAA is the result of detailed consultation with the Council and its partners.
3. Local Area Agreements are reviewed and refreshed annually by Government Office (GONE) on behalf of Government.
4. This report informs the Executive of the outcome of Middlesbrough's LAA refresh process for 2010.

THE 2009/10 REFRESH PROCESS

5. A fundamental review and refresh was concluded in March 2009 through Executive 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.
6. 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, in line with Government Office timescales. 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.
7. The process of review and refresh has been an inclusive one with full engagement of the LSP Action Group Lead Officers, drawing upon their practical experience to help set realistic

targets. Full consideration of the matter is due to take place with the LSP Executive Board at its meeting of the 1 March 2010.

8. 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.

Approach to the LAA refresh for economy targets

9. 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:
 - (i) cooperation and collaboration;
 - (ii) refine not replace; and
 - (iii) proportionality (proposals for change must be proportionate, well-evidenced and the counter party must respond in kind).
10. 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. Middlesbrough has provided such evidence in support of the refresh to Government Office where appropriate.

MIDDLESBROUGH'S APPROACH

11. Of the 35 designated targets which make up our LAA (shown at **Appendix 1**):
 - (i) 31 - remain unchanged;
 - (ii) 3 - have been the subject of technical updating; and
 - (iii) 1 - has been made the subject of 'refresh' re-negotiation of targets.

Technical updating

12. At the time of the 2009 LAA refresh accurate, baseline data was not available for:
 - NI 146 – adults with learning disabilities that are in paid employment; and
 - NI 150 - adults receiving secondary mental health services in paid employment.

Middlesbrough therefore agreed to commit to set a target for the final year that was demonstrated by a statistically significant improvement on 2008/09 performance.

13. 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.

Refreshed Targets

14. The 2009 LAA Refresh agreed to 'park' those targets that were directly impacted by the recession, namely:
 - **NI 153** - Working age people claiming out of work benefits in the worst performing neighbourhoods;
 - **NI 154** - Net additional homes provided; and
 - **NI 171** – Vat registrations.
15. It was anticipated that the impact of the recession may be fuller understood and more realistic targets could be negotiated.

16. There is still uncertainty about when Middlesbrough will see a turning point from the recession. Also the timing of the Corus closure and its impact is still unknown.
17. It is therefore not proposed to renegotiate NI 171 or NI 153.
18. This latest and final LAA refresh is therefore limited in scope to the re-negotiation of one target because of the economic down turn and recession. This is a net number of additional homes provided (NI 154) where revised targets are proposed to better reflect the latest available data and intelligence.
19. Set out below is the proposed target and rationale for refreshing NI 154.

	Baseline 2007/08	Target 2008/09	Target 2009/10	Target 2010/11
Original Targets (June 2008)	362	400	800 (cumulative)	1200 (cumulative)
Refresh Proposal (March 2010)	362	400	800 (cumulative)	132 (cumulative)

- (a) The economic downturn has had a significant detrimental impact on house building in Middlesbrough.
- (b) In 2008/09 net additional homes were minus 103 dwellings. Quarterly monitoring indicates that up to the end of Quarter 3 of 2009/10, there had only been + 10 net additional dwellings.
- (c) Middlesbrough has a number of challenging urban regeneration housing sites. As the housing market recovers, housebuilders are likely to maintain a risk averse approach to development and may favour less challenging sites. This may result in housebuilding rates in urban core locations such as Middlesbrough taking longer to recover than elsewhere.
- (d) The ongoing programme of demolitions as part of comprehensive housing market renewal proposals means that net additional dwellings will remain low in the short term, even when gross completions improve.
- (e) The revised target set out in the table above represents a challenging, yet realistic figure.

Local Targets

21. In addition to the 35 designated targets Middlesbrough has selected 17 local targets, although not part of the negotiation, local targets carry equal weight for local partners as the designated LAA targets.
22. The local authority and its partners have discretion to set additional targets for inclusion in the LAA as part of the suite of targets which drive improvements to local services and the local economy. This will ensure stronger local ownership of the LAA by local partners.
23. As part of the LAA refresh process. The Council and its Partners have considered areas where local targets would drive improvement and strengthen ownership of issues.
24. It is proposed that NI 70 - Reduce emergency hospital admissions caused by unintentional and deliberate injuries to children and young people – be included as a local target. Negotiations are currently taking place amongst partners locally to agree the local target.

RECOMMENDATIONS

25. That OSB notes and comments on the refreshed LAA for 2010.

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