



Leicester
City Council

WARDS AFFECTED
All Wards

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

**Cabinet
Council**

**15th February 2010
25th March 2010**

Local Area Agreement: Annual Refresh 2009/10

Report of the Director of Change and Programme Management

1. Purpose of Report

- 1.1 Following reports presented to the meetings of the Leicester Partnership Executive on 14th October, 25th November and 20th January, this report presents the outcome of the second annual refresh of our Local Area Agreement (2008/11).
- 1.2 Negotiations with Government Office for the East Midlands (GOEM) have been concluded and Members are asked to sign off two revisions to the LAA.

2. Summary

- 2.1 The annual refresh of the LAA provides an opportunity to negotiate amendments to the signed-off agreement in the light of exceptional changes. As the LAA is now on a statutory footing changes must be agreed by the Local Authority and formally approved by the Secretary of State for Communities and Local Government.
- 2.5 Members may recall that the first annual refresh of the new LAA was exceptional. This was primarily due to the large number of new national indicators included in LAAs where there was no baseline data available and as such, targets could not be negotiated prior to signing off LAAs. These indicators were referred to as 'Placeholders'. Other refresh issues that were exceptional last year were where targets were negotiated on provisional baselines or where baseline data has been

modified since the LAA was agreed. All these issues were successfully negotiated through the 2008/9 annual refresh process and signed off by the Secretary of State for Communities and Local Government.

- 2.6 The second annual refresh will revert to the original principles of the refresh, that being that any amendments will only be considered by exception. The presumption being that targets in the LAA are now 'locked down'. The main reason for this relates to the management of the reward grant associated with successful achievement of LAA targets.
- 2.7 Having said that, it was agreed last year that a small number of targets would not be 'locked down', and could be subject to renegotiation through the second annual refresh. The targets in question are those likely to be impacted upon by the collapse of the financial and housing markets and subsequent recession. Requests to renegotiate targets will come from the locality.

3. Recommendations

Members are recommended to:

- (i) Agree to the proposed revisions to NI 152 and NI 167 in Leicester's Local Area Agreement, as set out in section 4.12 and 4.14 of this report.

4. Report

- 4.1 At the Leicester partnership Executive meeting on 25th November it was agreed that the only target in our LAA that we would seek to renegotiate at the Annual Refresh was NI 152 (percentage of the working age population that claims out of work benefits). The renegotiation is required as a direct consequence of the impact of the recession.
- 4.2 The recession has impacted heavily on our ability to achieve the LAA targets for NI 152. Summarised below are the current and predicted performance for NI 152 along with proposals for a refreshed indicator target for year 3 of the LAA. Appendix 1 of this report shows some of the detailed analysis used to support this refresh negotiating process
- 4.3 NI 152 measures the percentage of the working age population that claims out of work benefits. The significant rise in unemployment as a result of the recession has been reflected in a large increase in the numbers of people claiming Job Seekers Allowance (JSA). In

May 2007 the JSA count was 7,890 and this represented 25.5% of all those claiming out of work benefits. By May 2009 the JSA figure had risen to 12,130 which represented 34.2% of the total. The most recent JSA figure for November 2009 is 12,808.

- 4.4 The NI 152 calculation is based on the total numbers of people claiming out of work benefits and this group includes amongst others those claiming incapacity benefit and lone parent benefit. These groups have remained relatively stable so the indicator has not shifted as much as might have been expected. The indicator is also calculated on a rolling average of the previous 4 quarters performance and the raw data is typically 6 – 9 months out of date. As a result the full impact of the recession has still not shown up in the figures.
- 4.8 The performance being reported for quarter 3 2009/10, following the technical definition for NI 152 determined by government, is actually based on data that relate to JSA figures for February 2009. We now know the JSA figures for May, August and November 2009 however, meaning we can predict with a high degree of accuracy both what the 4th quarter outturn figure will be for 2009/10 and also what the out-turn figure will be for the first reporting periods of 2010/11.
- 4.9 In effect therefore this refresh process is based on what we now think might happen in the next 6 months as that will be the basis of our position at the end point of Year 3 which is March 2011. The current LAA targets for NI 152 along with outturn performance and a proposed revised target for 2010/11 are shown below.

Table One: Summary LAA position

NI 152	2007	Yr 1 2008/09	Yr 2 2009/10	Yr 3 2010/11
Baseline	16.7%			
Targets		16.3%	15.8%	15.3%
Actual		16.2%		
Forecast			17.5%	
Initial proposed refresh target				17.8%
Final proposed refresh target as agreed with GOEM				17.6%

- 4.10 The claimant count has been relatively stable over the last few months following the period of very rapid increase between November 2008 and Feb 2009. However we know that JSA increases since February 2009 mean that by the end of quarter 2 in Year 3 the NI 152 measure will be more than 18%.

- 4.11 The slight reduction forecast by the year end is then based on the impact of a number of specific measures to tackle the recession such as the Future Jobs Fund and a modest upturn due to the overall economy returning to growth. Given that unemployment is a lagging indicator however we wouldn't expect the impact of growth to be significant in the short term.
- 4.12 On the basis of this analysis, Leicester sought to negotiate a revised LAA target of 17.8% for Year 3 in regard to NI 152. After discussions with GOEM it was agreed to work to a slightly more ambitious target of 17.6%.
- 4.13 This is a very ambitious and challenging target. Meeting this target will be dependant on the effective delivery of the sub-regional economic strategy and in particular the Working Neighbourhoods Fund and Future Jobs Fund programmes.
- 4.14 The only other change to a designated target we will need to reflect in the refreshed LAA will be the NI 167 target. This is the target for congestion, measuring the average journey time per mile during the morning peak. Data is collected centrally for the Department for Transport and is subject to periodic data revisions. The most recent revisions were published on 7th May 2009. These are confirmed as follows:

Current Targets:

08/09; 4.82 mins = 4 mins 49 secs,
09/10; 4.87 mins = 4 mins 52 secs,
10/11; 4.89 mins = 4 mins 53 secs.

Revised targets:

08/09; 4.557 mins = 4 mins 33 secs,
09/10; 4.601 mins = 4 mins 36 secs,
10/11; 4.622 mins = 4 mins 37 secs.

- 4.15 The previously negotiated trajectory is maintained in these revisions. As such it is recommended that the revisions are accepted.

5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

5.1. Financial Implications

There are no direct financial implications relating to this report (Alison Greenhill)

5.2 Legal Implications

There are no direct legal implications relating to this report
(Peter Nicholls)

6. Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph Within Supporting information	References
Equal Opportunities	No		
Policy	No		
Sustainable and Environmental	No		
Crime and Disorder	No		
Human Rights Act	No		
Elderly/People on Low Income	No		

7. Background Papers – Local Government Act 1972

Leicester's Local Area Agreement 2008/11 – Cabinet, 2.6.08
LAA Annual Refresh sign-off – Cabinet 9.3.09

8. Consultations

Leicester Partnership Executive – 14.10.09, 25.11.09 & 20.1.10

9. Report Author

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Key Decision	No
Reason	N/A
Appeared in Forward Plan	N/A
Executive or Council Decision	Executive (Cabinet)

Appendix 1

Supporting Data for NI 152

GOEM have issued guidance for the refresh process which includes a requirement that performance for the local area is calculated against the national picture. In particular that the size of the 'gap' between local and national performance can be seen. The table below summarises this position for the first two years of our LAA. As can be seen the gap has remained relatively constant throughout, worsening slightly over the most recent months.

Also attached is the forecast position for the first 2 reporting periods of 2010/11. As discussed above these figures can be predicted accurately based on the known JSA figures (which are produced monthly).

Table Two : Comparative Position : Leicester / England

Quarter	Leicester	England	Difference
Q1 Y1	16.32	11.53	4.79
Q2 Y1	16.41	11.42	4.99
Q3 Y1	16.4	11.32	5.08
Q4 Y1	16.13	11.27	4.86
Q1 Y2	16.14	11.28	4.86
Q2 Y2	16.37	11.45	4.92
Q3 Y2	16.88	11.85	5.03
Q4 Y2	17.46	12.33	5.13
Gain	1.14	0.8	0.34

Table Three : People on out of Work Benefits in Leicester

Month	JSA	JSA %	Incapacity Benefit	IB%	Lone Parent	Lone Parent %	Other	Other %	Total
May-07	7890	25.5%	15560	50.2%	6210	20.0%	1340	4.3%	31000
Aug-07	7790	25.1%	15730	50.6%	6260	20.1%	1300	4.2%	31080
Nov-07	7050	23.3%	15840	52.4%	6080	20.1%	1270	4.2%	30240
Feb-08	7400	24.2%	15820	51.8%	6100	20.0%	1250	4.1%	30570
May-08	7710	25.0%	15810	51.2%	6080	19.7%	1260	4.1%	30860
Aug-08	8310	26.3%	15900	50.3%	6090	19.3%	1310	4.1%	31610
Nov-08	8820	27.4%	16000	49.7%	6010	18.7%	1340	4.2%	32170
Feb-09	11280	32.6%	15940	46.0%	6070	17.5%	1340	3.9%	34630
May-09	12130	34.2%	16050	45.2%	5870	16.5%	1430	4.0%	35480
Change since May '07	4240		490		-340		90		4480

