

Local Area Agreements - Changes to Certain Mandatory Outcomes.

Background

1. At the outset of the LAA process, the NRU issued the 6 mandatory outcomes for the delivery of PSA 1 which would need to be included in any LAA deciding to pool NRF.
2. The principle behind these mandatory outcomes, which were derived from the PSA 1 floor targets, was to challenge LAAs to place greater emphasis on “closing the gap” between the outcomes in the most deprived neighbourhoods and the district as a whole.
3. As the LAA process has developed, the NRU has been able to engage in useful dialogue with Government Offices about some of the difficulties in implementing a few of the outcomes and their related indicators.
4. As a result of what we have learnt from the process so far and what has emerged from a greater understanding of the data, it has been decided to make some changes to two of the mandatory outcomes which can then be used in the review and refresh of round 1 and 2 LAA's and the agreement of round 3 LAA's. Changes to the worklessness mandatory outcomes (and indicators) and the housing mandatory outcome are detailed below. (Additional changes to the health mandatory indicators have been suggested which GOs are being consulted on separately. Once those have been finalised, a note summarising all of the revised outcomes and indicators will be circulated).

Changes to Mandatory Outcome and Indicators on Worklessness

5. The original worklessness mandatory outcome and its associated indicators are set out below:

Outcome	Indicators
For those living in the wards with the worst labour market position that are also located within the districts in receipt of NRF, significantly improve their overall employment rate and reduce the difference between their employment rate and the overall employment rate for England	An improvement by 2007-8 of at least one percentage point in the overall employment rate for those living in the Local Authority wards that are also located within the Local Authority District in Receipt of NRF A reduction by 2007-8 of at least one percentage point of the difference between the overall employment rate for England and the local authority wards with the worst labour market position that are also located within the Local Authority District in Receipt of NRF.

6. We have decided to make some changes to this outcome and its indicators for the following reasons:
 - The data that underpins the outcome is the Labour Force Survey. It was not released by ONS until earlier this year and as we began to work with it and understand how robust it was, it became clear that whilst it was a useful data source for measurement of the target at a national level (which is DWPs requirement), it was unreliable and dangerous to use at a sub-district level.
 - ONS have warned that the sample sizes from the survey may be too small at individual ward level to be able to use in a meaningful way to support performance and delivery discussions and decisions.
 - In many instances a local authority may have only one or two of these worst wards, which would once again mean that even trying to generate an aggregate for the worst wards in a district would be unreliable.
7. Therefore we have decided that a much more reliable source of data which provides us with a reliable proxy, is the Working Age Client Group (WACG) benefits data produced by DWP.
8. This is better because of the following reasons:
 - WACG is a complete count of the numbers of people claiming benefits. Therefore it is not subject to the statistical errors associated with survey data such as the LFS.
 - Benefits data correlates strongly with employment rates over time and spatially.
 - Due to this complete coverage it is also possible to analyse the data at small area level (Lower layer Super Output Area (LSOA)) to allow more efficient targeting of resources.
 - A long time series is available with data backdated quarterly to August 1999.
9. We have made some changes and agreed the following revised worklessness outcome and indicators as detailed below:

Outcome	Indicators
Within each NRF district, for those living in the wards identified by DWP as having the worst labour market position (as at February 2004), significantly improve their overall employment rate and	Within that NRF district a reduction by 2007-8 of at least one percentage point in the overall benefits claim rate for those living in the Local Authority wards identified by DWP as having the

<p>reduce the difference between their employment rate and the overall employment rate for England</p>	<p>worst initial labour market position.</p> <p>Within that NRF district a reduction by 2007-8 of at least one percentage point in the difference between the overall benefits claimant rate for England and the overall rate for the local authority wards with the worst labour market position.</p>
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**Benefits claim rate will be calculated by using DWP Working Age Client Group (WACG) data as nominator and resident population data as denominator. Where resident population data is not available for a specific point in time, the most recent time point should be used.*

10. The list of the worst wards have been available on FTI from the middle of August 2006. LSP's are able to identify their worst wards from this list, which will remain unchanged for the life of the target.
11. As a supplement to this note, the NRU are producing a guidance document on how this benefits data can be accessed, interpreted, manipulated and mapped to offer very useful intelligence on where concentrations of worklessness(as illustrated by higher levels of benefits claimants) can be found at Super Output Area level.
12. There may be instances when NRF areas do not contain any of the wards identified as having the worst initial labour market position. We would strongly urge those NRF districts to carefully consider the available data to identify their priority neighbourhoods and wards, and to adopt appropriate worklessness targets within their LAA. The targets should include appropriate convergence targets to narrow any disparities identified within the area and to improve the area's overall employment rate when compared to the national rate.

Changes to Mandatory Outcome on Housing

13. The original mandatory outcome is set out below:

As part of an overall housing strategy for the district, improve housing conditions within the most deprived neighbourhoods/wards, with a particular focus on ensuring that all social housing is made decent by 2010.

14. From detailed discussions with GO and DCLG colleagues involved in both LAA agreements and housing policy, what has emerged is that it is not possible to effectively measure progress on decent homes using EHCS at sub-district level, and locally sourced data at sub-district level that covers both LA and non-LA social stock is variable in terms of collection, availability and reliability.

15. Some local authorities may have access to their own data on where their non-decent stock is located, but this is by no means consistent. RSL's are also inconsistent in their data collection.
16. It has also been agreed to revise the housing outcome taking into account the probability (as signalled in the DCLG letter to ALMOs of 18 August 2006) that longer timescales will be agreed in some areas for achieving the Decent Homes target.
17. Therefore we have opted for a simplification of the outcome:

As part of an overall housing strategy for the district ensure that all social housing is made decent by 2010, unless a later deadline is agreed by DCLG as part of the Decent Homes programme.

This allows scope for longer timescales, retains the focus on the decent homes target but in terms of overall performance at a district level, and also allows for the inclusion of other aspects of delivering housing beyond the straightforward capital intensive improvement of stock. We are clear that performance at a district level can be measured by the Regulatory and Statistical Returns Survey and also Business Plan Statistical Appendix.

18. It is quite possible that some LSPs do have systems in place that enable them to understand where their LA and RSL non-decent stock is in terms of neighbourhoods, and therefore could set specific targets for addressing their stock in deprived wards, as a sub-indicator underneath the mandatory outcome set out above. Where that is the case we would encourage GOs and LSPs to develop possible targets and indicators. Specifically where there is evidence of the 2010 target being at risk, we would expect to see a higher degree of analysis at ward level.