

**Cabinet – 11th June 2008**

**Report of the Chief Executive**

**Neighbourhood Renewal Fund Transitional Grant**

**Purpose of Report**

1. To outline the Government's allocation of Transitional Grant to succeed Neighbourhood Renewal Fund (NRF) and propose arrangements for the future management of this funding stream.

**Background**

2. Under the nationally administered NRF regime, Dudley was one of the 88 authorities eligible for support since 2001 as a result of its level of deprivation. However the Government have decided to replace NRF with a new funding stream, the Working Neighbourhoods Fund (WNF). The reasons they cite for this change being:
  - Progress in reducing the gap between deprived areas and the rest of the country
  - NRF has contributed to wider key outcomes including an increased focus on deprived areas, improved joint working between partners.
  - Indications that innovations had led to improvements being incorporated within mainstream services
3. However, the Government concluded that there was now a compelling case for a more focused approach because despite rising employment rates overall and in many deprived areas, pockets of concentrated worklessness remain. Getting people back to work is seen by Government as the key to improving lives and tackling poverty – WNF has been introduced as a successor scheme as a consequence of this review.
4. The allocation of WNF has been based on local authorities that:
  - have 20% or more of their Lower Super Output Areas in the most deprived 10% on the Employment domain;

- have 20% or more of their Lower Super Output Areas in the most deprived 10% on the overall Index of Multiple Deprivation; or
  - Are among the top 40 districts on an equally weighted measure of key benefit claim rate and employment rate.
5. As reported in February, Dudley was not one of the authorities included in this revised scheme. Instead, as Neighbourhood Renewal (NR) funding ceased in March 2008, Dudley received a reduced NRF Transition Fund amounting to £1.1m in 2008/09 and £400,000 in 2009/2010. NR Transition Funding is part of the Area Based Grant and is not ring-fenced, with no specific requirement from Government on its allocation.
6. The February Cabinet report reviewing the Area Based Grant highlighted the continuing financial commitments arising from NRF supported activity which will continue into this financial year, including funding required to sustain partnership working and delivering the New Generation LAA during 2008/09 and 2009/2010. The projected balance of funding for the next two years being:-

Total Allocation	2008/09 £'000	2009/10 £'000
NRF TG	- 1,103.40	- 400.00

Existing Commitments	2008/09 £'000	2009/10 £'000
DCP and LAA preparation	307	313.1
Home Security Initiative	61.9	
Neighbourhood Management	100	
Total planned spend	468.9	313.1

NRF TG - Unallocated Funding	2008/09 £'000	2009/10 £'000
	- 634.5	- 86.9

7. The total unallocated funding from Transition Funding is £634.5k for 2008/09 and £86.9k for 2009/10.
8. This proposal, reflects the agreement given during the review of Neighbourhood Management, whereby the Council undertook to continue to support the revised Neighbourhood Management operation at the end of the NRF period, subject to the proviso that should any additional Government funding be made available to the Borough that the Council can offset some of the costs of the initiative. The proposed £100,000 contribution reflects the additional costs to the Council of maintaining the initiative over and above the Authorities budgeted level during 2007/08.
9. As highlighted in the February Cabinet report, it has been the practice that some, but not all, of the funding now included in the ABG has been allocated and managed by the Dudley Community Partnership through the Local Area Agreement. In particular the Council has worked with partners throughout the period of NRF to ensure that joint commissioning of resources against shared priorities takes place. Working effectively with partners and stakeholders remain a key Government and Council priority and it will, therefore, be necessary to ensure the views of the DCP continue to be reflected on this issue. It is proposed that the unallocated funding arising from the Transition Grant is determined in conjunction with partners in the light of the priorities being adopted in the final NGLAA.

### **Finance**

10. This report is financial in nature and relevant information is incorporated in the body of the report.

### **Law**

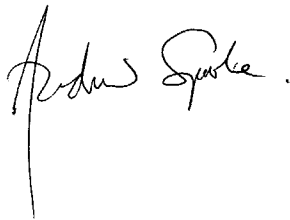
11. The Council's budget setting process is governed by the Local Government Finance Acts 1988 and 1992 and the Local Government Act 2003.

## **Equality Impact**

12. In line with the proposals of this report, existing commitments of key partnership based resources such as neighbourhood management are supported through NRF transition. These are focused on promoting the inclusion of all communities, and the development of the LAA to focus upon closing the gap between disadvantaged neighbourhoods and the borough average. It is also proposed that the residual element of the transition funding be considered by the DCP, the Dudley Youth Parliament is specifically represented on the Executive Board of DCP.

## **Recommendations**

13. It is recommended that Cabinet note the position in relation to the commitments arising from the former NRF regime which will be met by transition fund during 2008/09 and 2009/10 and the use of unallocated funding to support priorities arising from the NGLAA.



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**Andrew Sparke**

**Chief Executive**

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