

Cabinet – 13th February 2008

Report of the Director of Finance

Area Based Grant

Purpose of Report

1. To outline the Government's new Area Based Grant (ABG) and propose arrangements for the future management of this funding stream.

Background

2. For a number of years the Government has funded a range of council activities through specific grants. These have been earmarked for specific purposes and the Government has required councils to report and in some cases be audited on the use of these funds. A number of these grants, totalling £5.3m, have been pooled in the Local Area Agreement (LAA) during 2007/8, but they have in practice continued to be used for the purposes for which they were awarded.
3. In parallel with the introduction of next-generation LAA's from April 2008¹, the Government is introducing a number of changes it says will remove barriers to partnership working and allow greater flexibility in resource allocation. One of these changes is the transfer of a number of specific grants into a non-ringfenced Area Based Grant (ABG). The ABG is accompanied by a breakdown of the funding streams that make it up and those funding streams are allocated according to specific policy criteria rather than general formulae. However, there are no conditions attached to its use.
4. In Dudley, 36 separate funding streams are going into the ABG. A number of figures are provisional at this stage, but the expected three-year allocation is £14.5m in 2008/9, £14.6m in 2009/10 and £13.8m in 2010/11. The funding, together with an outline of the purposes for which it is currently being used, is set out in more detail in Appendix A.
5. In addition to the funding set out in Appendix A, the Government intends to include Supporting People (a grant to fund supported living for vulnerable people) in the ABG from 2009/10, subject to the experiences of a number of pilot councils during 2008/9. Dudley has a Supporting People allocation of £6.5m and has been asked to be one of those pilot councils. On behalf of the Supporting People Commissioning Body, I have accepted the invitation to be a pilot council and we await further government guidance as to what this will mean in practice.

¹ Reported to Cabinet by the Chief Executive in September 2007.

6. Further analysis of the ABG funding streams and on-going commitments shows the following:-

	£m
• Existing commitments to fund the salaries of council staff and associated operational costs	4.8
• The Connexions contract	3.0
• Support for specific social care clients through Preserved Rights	1.5
• Support for voluntary and community organisations and links to the funding of other partners	0.7
• Legislative and government policy requirements, e.g. the Care Matters White Paper	2.5
• Functions transferring from other organisations, e.g. the Children's Fund transferring from National Children's Homes	0.9
• Working Neighbourhoods Fund (see below)	1.1
	<u>14.5</u>

In practice, therefore, all of the ABG funding in 2008/09 is committed to existing programmes.

7. There are particular challenges around the management of the Working Neighbourhoods Fund (WNF). The Council currently receives Neighbourhood Renewal Funding (NRF) - £1.8m in 2007/8 – which is being used to fund neighbourhood management, support to the Dudley Community Partnership (DCP) and a range of projects carried out by the Council's partners, including voluntary and community organisations. With effect from 2008/9, the NRF is being replaced by the WNF. Under the new criteria for allocation, which focus on measures of worklessness, Dudley will only receive transitional funding of £1.1m in 2008/9 and £0.4m in 2009/10. Further work is, therefore, required to manage the impact on other activities previously funded from NRF.
8. Notwithstanding the issues outlined above, the new freedoms create an opportunity to review ABG programmes, in some cases, where appropriate, through improved partnership working. The quality of partnership working is expected to be a focus in the Government's Comprehensive Area Assessment (CAA) which replaces the Comprehensive Performance Assessment (CPA) in 2009.
9. 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. ABG is a Council grant and has, therefore, been incorporated into the proposed 2008/09 Revenue Budget and Financial Plans. Working effectively with partners and stakeholders remain a key Government and Council priority and it will, therefore, be necessary to continue to develop appropriate arrangements to ensure the views of the DCP are reflected in total future Council resource allocation and spending programmes, including the ABG.

Finance

10. This report is financial in nature and relevant information is incorporated in the body of the report. Due to the existing commitments and future fallout of funding outlined in this report, the ABG is currently unavailable for new spending plans. This will need to be reviewed as part of the 2009/10 Budget and Medium Term Financial Planning process.

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. The ABG will incorporate a number of grants that are currently funding services to children and young people. It is proposed that any future consideration of this funding be part of the Council's overall budget strategy. All members of the public, including children and young people, have the opportunity to take part in the Internet consultation on that strategy. It is also proposed that in future DCP should be consulted as part of the budget strategy. 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 ABG outlined in this report.



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List of Background Papers

Appendix A

Area Based Grant Allocations

Element of ABG	Directorate	2008/9 £'000	2009/10 £'000	2010/11 £'000	Details
Connexions	DCS	3031	3029	3023	Promoting engagement of vulnerable young people in education, employment and training.
Children's Fund	DCS	724	724	724	Empowerment of vulnerable children and young people – function transferred from National Children's Homes.
Extended Schools Start-up Costs	DCS	676	1077	443	Extended services to enable schools to be utilised as resources for their local communities.
School Development Grant	DCS	434	434	434	Early intervention for children with disabilities and specific conditions.
Positive Activities for Young People	DCS	201	345	447	Reducing the number of young people not in education, employment or training.
Care Matters White Paper	DCS	245	316	356	To enhance corporate parenting and prepare for the requirements of the Children and Young People's Bill.
Child and Adolescent Mental Health Services	DCS	507	532	555	Preventative work, treatment, support and specialist fostering for children and young people with mental health issues.
Other DCS	DCS	1255	1262	1272	A number of smaller funding streams supporting a range of services to children and young people.
Carers / Carers Respite	DCS and DACHS	1437	1539	1638	To support carers in their caring responsibilities.
Adult Social Care	DACHS	870	896	921	Social work training.

Element of ABG	Directorate	2008/9 £'000	2009/10 £'000	2010/11 £'000	Details
Workforce					
Learning Disability Development Fund	DACHS	266	264	263	To support the transition from residential to supported living. Previously paid to the Primary Care Trust.
Mental Health	DACHS	848	887	927	Assessment and case management of mentally ill clients.
Preserved Rights	DACHS	1549	1479	1415	Support of clients with preserved rights in relation to residential accommodation as required by the Health and Social Care Act 2001.
Other DACHS	DACHS	482	510	480	A number of smaller funding streams supporting a range of services to vulnerable adults.
Various DUE	DUE	302	302	302	A number of smaller funding streams related to transport and road maintenance.
Working Neighbourhoods Fund	Chief Executive's	1103	441	0	See main report paragraph 7.
Other Chief Executive's	Chief Executive's	566	589	615	A number of smaller funding streams related to safer, stronger communities, cohesion and the prevention of violent extremism.
Total		14496	14626	13815	