

AREA BASED GRANT 2010/11 AND PRIORITIES FOR FUTURE YEARS

1.0 EXECUTIVE SUMMARY

- 1.1 This report sets out (1) the current position on area based grant across the Council, (2) recommends where the recently announced Government reductions in area based grant for 2010/11 should be made and the implications of these (3) seeks Members views on the allocation of the remaining area based grant for 2010/11 and (4) advises on the approach to be considered for future funding allocations.

2.0 BACKGROUND

- 2.1 The new Government has been reviewing its financial position over the past few months. It has already removed the ring fence from certain funding sources (which has given local Councils flexibility on how those financial resources are prioritised and allocated both for the present and future financial years) and announced a series of in-year budget reductions in funding areas including area based grant, as well as reducing certain other budgets. The Comprehensive Spending Review is currently progressing at national level and Councils will be advised of the outcome in October/November 2010.
- 2.2 The in-year reductions in ABG funding were reported to Cabinet in June 2010 and are summarised below. In considering these reductions to grant and funding streams, the Government has given priority to protecting the funding for schools, Surestart and 16-19 year olds, and has not reduced funding in the specific grants and/or funding streams for adult social care, housing benefit administration, main programme funding for Supporting People and for the fire service. In response to the Government's announcement, Cabinet at its meeting on 24 June 2010 considered a report from the Director of Finance on the Reduction of Specific Grants in 2010-11 and resolved amongst other things that "as a matter of priority, the Director of Corporate Services brings forward a report to Cabinet reviewing all spending which is financed through area based grant (ABG) funding and setting out where this funding impacts on staffing. The review shall assess the spending of ABG funding against criteria including its alignment with corporate plan priorities, the scale of impact and the record of effectiveness in achieving the desired outcomes from such spending. This review will form the basis on which spending decisions of ABG will be based both in the future and in the current financial year." (Minute 41(3) refers). Information has been collected and assessed by officers in the light of the Cabinet instruction and is summarised in section 4 of this report.
- 2.4 The Council provides many important services to the communities of Wirral and addresses issues, for example the economy, which are of critical importance to the future of the Borough. The approach taken in this report recognises these services and areas of activity which are identified within the corporate plan as priorities for improvement during 2010/11 (copy attached at appendix 1), and seeks to protect them for the benefit of the people of Wirral, as far as it is possible to do. However, where it is sensible and will not be detrimental to the service, efficiency measures have been proposed within this report including the deletion of vacant posts.

The following service areas will be protected where possible to ensure the Council continues to deliver the 2010/11 priorities for improvement:

2010/11 Priority for Improvement	Council Services
Mitigate the impact of the recession and plan for recovery particularly focusing in reducing worklessness and increasing enterprise	Services to tackle worklessness and skills issues, and to support enterprise and business growth. Activity within Wirral's economic recovery plan in response to the recession.
Reduce Wirral's carbon footprint by working with our partners and the community to reduce the carbon footprint across the local authority area	Activity to reduce Wirral's carbon footprint including the implementation of the Council's climate change action plan.
Reduce number of people killed or seriously injured in road accidents	Services and initiatives to improve road safety and reduce the number of people killed or seriously injured on Wirral's roads.
Review and implement an affordable housing policy to reflect current market conditions	Services and programmes to deliver new affordable homes in Wirral to ensure that Wirral's housing market thrives.
Reduce health inequalities within Wirral	Services and activities to address the health inequalities that exist within Wirral.
Promote independence and choice	Adult social care services including mental health and learning disabilities services.
Tackle alcohol harm	Services and activity to tackle alcohol harm including the implementation of the alcohol harm reduction strategy.
Reduce numbers not in employment, education or training	Services to support 14 to 19 year olds to access education, training and employment.
Safely reduce the number of looked after children	Children's social care services.
Reduce teenage conceptions	Services to reduce teenage conception including health and relationship advice for young people.

3.0 ANALYSIS OF WIRRAL'S AREA BASED GRANT

3.1 The headline figures for 2010/11 are as follows;

Total amount of ABG	£41,497,000
Total amount of ABG committed	£34,417,000
Total amount of ABG uncommitted	£7,080,000

3.2 The uncommitted amount increases to £15,397,000 when monies from previous years Working Neighbourhood Fund allocations earmarked but not committed against the next generation broadband project and uncommitted monies identified by the Director of Children's Services from non ABG grant sources are included.

3.3 The total ABG Grant Reduction required in 2010/11 is £3,927,000. Government has advised that the fact that certain grants have been chosen for reduction over others does not mean that the Government expects there to be a direct correlation between grant

reductions and local authority budget changes. It is therefore at the Council's discretion as to where these reductions are actually made within area based grant.

4.0 PERFORMANCE AND FINANCIAL IMPLICATIONS

4.1 A detailed analysis has been undertaken by officers to assess the effectiveness of both the spend of ABG to achieve the desired outcomes and the scale of impact to inform the current financial year reductions and future spending. The following criteria has been used for reviewing each area based grant funding stream, based on the Cabinet resolution:

1. Is the activity a priority for improvement within the Corporate Plan for 2010/11?
2. What is the impact of each activity on frontline services? The following guidelines have been used:
 - Low – No or low impact to service (not frontline)
 - Medium – Impact to service (not frontline)
 - High – Impact to frontline service
3. How effective is the funding on achieving the desired outcomes? The following guidelines have been used:
 - Green – Performance of related projects / performance measures (including national indicators) performing as planned and compare in line or above national and regional comparator groups
 - Amber – There is minor slippage in related projects / and minor underperformance in performance measures. National indicators generally perform in line or above national and regional comparator groups.
 - Red – There is significant slippage in related projects / and significant underperformance in performance measures. National indicators perform lower than national and regional comparator groups.

4.3 The result of the assessment produced a series of important findings. There are a number of areas assessed as amber or red in terms of effectiveness which would result in high impact to frontline services if reductions were to be made from committed funding. Departments have advised that it would be very difficult to reduce expenditure that is already committed in 2010/11 due to the impact to service and staffing implications. Whilst it is not possible to reduce expenditure which is committed in this financial year, it is proposed that a detailed review of the funding streams assessed as amber or red is undertaken this financial year to inform future spending decisions from 2011/12. This includes the following areas:

- Adult Social Care
- Mental Health Services
- Learning Disability Services
- Children's Social Care
- Education, training, employment services for 14-19 year olds
- Activities for young people
- Young people with substance misuse problems
- Housing services for vulnerable people
- Worklessness, skills, enterprise and business growth

4.4 It is recommended that Cabinet make the reductions required for 2010/11 from uncommitted funding as outlined in section 4.4 and 4.5 of this report. The following

funding streams have been identified as low impact, meaning there are no implications to existing staff contracts and no or low impact to services.

Funding stream	Uncommitted grant	Effectiveness	Comments / Implications
Mental Capacity Act & Independent Mental Capacity Advocate Service	£50,000	Amber	The uncommitted funding was identified to recruit a Mental Capacity Act Coordinator post. This post will now not be recruited and existing arrangements will continue.
LSC Staff Transfer	£50,000	Amber	No implications for the service. Savings identified follow transfer and integration of LSC staff into the department.
14-19 Flexible Funding Pot	£48,000	Amber	No implications for the service. Savings identified follow transfer and integration of LSC staff into the department.
Children's Trust Fund	£17,000	Green	Funding is uncommitted following the Government's announcement that the Children's Trust Fund scheme will cease in 2010/11.
Connexions	£75,000	Amber	No implications for the service. This funding was identified for a Service Manager post that has now been funded by the Youth Offending Service.
Young People Substance Abuse Partnership	£32,000	Amber	Uncommitted funding resulting from a vacant post. This post will now not be recruited.
Teenage Pregnancy	£35,000	Green	Uncommitted funding contributes to a vacant healthy schools post. This post will now not be recruited, however other activity will continue.
0-19 Parenting and Prevention (Children's Fund)	£30,000	Amber	Uncommitted funding contributes to two family support workers post. These posts will now not be recruited.
Education Health Partnerships	£14,000	Green	100% of Wirral Schools have already achieved healthy school status in the National Healthy School Programme in 2009/10.
Extended Rights to Free Transport	£60,000 (subject to confirmation in September)	Green	This funding stream provides eligible pupils with free school bus passes. The uncommitted spend results from an estimated £60,000 saving based on eligible pupil figures. Exact pupil figures and grant spend will be known in September and an updated position will be reported to Cabinet to ensure that

Funding stream	Uncommitted grant	Effectiveness	Comments / Implications
			sufficient resources are available. Any potential saving within this funding stream will not impact on the service and all eligible pupils will receive a free school bus pass.
Supporting People	£441,000	Amber	The uncommitted funding of £441,000 is as a direct result of re-tendering and re-negotiating contracts.
Community Cohesion	£135,000 (including £75,000 underspend from 2009/10)	Green	The uncommitted funding was identified to recruit an Equality and Cohesion Coordinator post and to support community based activities. This post will now not be recruited.
Economic Assessment Duty	£65,000	Not applicable as no spending has been contracted	The uncommitted funding of £65,000 was allocated by the Government to assist in preparing a full Economic Assessment of the area in order to comply with a statutory duty introduced in the Local Economy, Economic Development and Construction Bill. The Secretary of State for Communities and Local Government has indicated that he is likely to withdraw such a duty and if he does, these funds will not be required.
School Improvement Partners	£16,000	Green	Reduction in funding will reduce level of support provided to schools. National requirements will still be met.
Community Call for Action	£2,000	Not applicable as no spending has been contracted	No implications identified for reducing funding.
Working Neighbourhood Fund	£600,000	Amber	The uncommitted spend is available as a result of underspend in the management budget for this funding stream.
Think Family and Youth Opportunity (non ABG funding stream)	£167,000	Not applicable as no spending has been contracted	Children's Services has advised that there is a £167,000 savings available from the Think Family and Youth Opportunity funds, following Government's removal of the ringfencing of both of these non ABG funding streams.
Total	£1,837,000		

- 4.5 A review of the uncommitted spend of area based grant has identified that the following funding streams have been classified as medium impact, meaning they can be reduced with no implications to existing staff contracts and no impact to existing frontline services:

Funding stream	Uncommitted grant	Effectiveness	Comments / Implications
Primary National Strategy Central Coordination	£22,000	Green	Reduced funding could impact on support services to schools. National strategies due to end in 2011.
Secondary National Strategy Central Coordination	£25,000	Green	Reduced funding could impact on support services to schools. National strategies due to end in 2011.
Extended Schools Start Up Costs	£375,000	Green	Most is a planned reduction in funding as Extended Services are now well established in many schools across the borough. There is therefore reduced demand for start up support and funding. Whilst this additional funding would provide additional support for schools, it is anticipated that the existing provision will be maintained.
School Development Grant	£585,000	Green	The total reduction of £585,000 is from a total budget of £2.716m. This grant is given to support authorities in raising the standards of teaching and learning in schools through leadership and curriculum programmes on the following areas of activity; IT, special educational needs, behaviour and narrowing the gap. 80% of this budget remains in place and will continue to fund all of these aspects.
De-trunking	£66,000	Green	Reduced funding will require a re-prioritisation of the programme. It is anticipated that the service area will be able to accommodate this reduction in funding.
Total	£1,073,000		

- 4.6 The reduction in uncommitted funding would result in savings of £2,910,000. It is then proposed that the working neighbourhood fund is reduced by a further £1,017,000 in line with the reduction indicated by government. This funding is currently uncommitted and therefore available to support the ABG reduction. The areas of work that working neighbourhood fund support is a vital objective of the Council and there will be a potential impact on outcomes. However, given the challenge to reduce ABG using uncommitted funds at this stage, it is recommended that the reduction outlined is applied but that the review of ABG for future financial years reflects this area as a priority.

5.0 FUTURE AREA BASED GRANT FUNDING DECISIONS

5.1 Area based grant is a funding source that makes a financial contribution to various council services and activities. Many of these require a wider review than just ABG and therefore in setting future priorities for all ABG it is proposed that the following factors also be taken into account:

- the Council reviewing its priorities for 2011/12
- the budget consultation and budget making process for 2011/12
- review of the Council's change programme
- development of the Wirral: Combating Anti-Social Behaviour Commission

5.2 It is therefore proposed that information on ABG should be incorporated into the consultation process and future priority and budget setting of the Council, and future funding decisions made within this context.

6.0 FINANCIAL IMPLICATIONS

6.1 These are as set out in the report.

7.0 STAFFING IMPLICATIONS

7.1 In 2010/11 all the occupied posts within the Council and partner organisations which are funded by ABG (215.45 Full Time Equivalents – a mixture of fulltime and part time posts) are in the committed category. There are six vacant posts identified within uncommitted ABG and it is recommended that these are deleted and the savings from these posts used to meet the ABG reductions required. It should be noted that in 2011/12, with further budget reductions envisaged the impact on posts could be significant.

8.0 EQUAL OPPORTUNITIES/EQUALITY IMPACT IMPLICATIONS

8.1 This report recommends that all committed funds are expended as planned and therefore there will be no equal opportunities implications on planned activity for 2010/11.

8.2 The budget reductions that have been proposed are a directive from Government and in determining the Council's response Departments have taken full account of the impact of not committing 'uncommitted funding'.

9.0 COMMUNITY SAFETY IMPLICATIONS

9.1 None arising directly from this report.

10.0 LOCAL AGENDA 21 IMPLICATIONS

10.1 These are as set out in the report.

11.0 PLANNING IMPLICATIONS

11.1 None arising directly from this report.

12.0 ANTI-POVERTY IMPLICATIONS

12.1 These are as set out in the report.

13.0 SOCIAL INCLUSION IMPLICATIONS

13.1 These are as set out in the report.

14.0 LOCAL MEMBER SUPPORT IMPLICATIONS

14.1 This report will be of interest to all Members of the Council

15.0 BACKGROUND PAPERS

15.1 Wirral Council's Corporate Plan for 2010/11

15.2 Reduction in Grants to Local Government – letter from the Department for Communities and Local Government dated 10 June 2010.

15.3 Cabinet 24 June 2010 - Reductions in Specific Grants 2010-11

15.4 Coalition Partnership Document May 2010

16.0 RECOMMENDATIONS

16.1 It is recommended that:

(i) Cabinet agrees the ABG reductions in 2010/11 of £3,927,000 as set out below:

Source	Amount
Uncommitted ABG with no or low impact to services (not frontline)	£1,837,000
Uncommitted ABG with medium impact to services (not frontline)	£1,073,000
Working Neighbourhood Fund	£1,017,000
Total	£3,927,000

(ii) A review of all future ABG funding is undertaken as set out in paragraph 5.2 of this report.

Jim Wilkie
Deputy Chief Executive/Director of Corporate Services