

WIRRAL COUNCIL

CABINET - 6 NOVEMBER 2008

REPORT OF THE DIRECTOR OF FINANCE

AREA BASED GRANT

1. EXECUTIVE SUMMARY

- 1.1. This report updates Members on changes to the composition and value of the Area Based Grant for 2008/09. The report also recommends Members to approve the allocation of the 2009/10 and 2010/11 grant in accordance with the indicative allocations provided by the Department for Communities and Local Government (DCLG).

2. BACKGROUND TO THE AREA BASED GRANT

- 2.1 Government expressed a policy within the Comprehensive Spending Review (CSR) 2007 to wherever possible allocate local authority grant funding, via non-ringfenced general grant rather than specific grant. The use of non-ringfenced revenue grant provides the Authority with increased flexibility in the use of funds. The lack of 'ringfencing' means that the Authority can use the resources where it wishes without any of the conditions imposed by specific grants.
- 2.2. The Area Based Grant (ABG) was established as part of the above approach. ABG appears within the Authority accounts as a 'below the line' funding source similar to the Revenue Support Grant (RSG) and National Non-Domestic Rates, rather than as an individual grant payment within service budgets. There are no separate reporting or monitoring requirements for ABG. Any underspend of ABG can be transferred to general balances or used for any other purpose.
- 2.4 There is an intention to reduce the number of specific grants during the life of the CSR but some specific grants will still be required. These will involve services where it is felt that this is the most appropriate method due to the relationship of fluctuating demand pressures or outcomes to resources. For example, Housing and Council Tax Benefit Subsidy will remain as a specific grant, but the Supporting People Grant will transfer into the ABG in 2009/10.
- 2.5 In accordance with the three year funding approach within CSR07, the DCLG provided a three year ABG allocation covering the period from 1 April 2008 to 31 March 2011. The DCLG also provided indicative allocations which split the ABG in accordance with the previous specific grant allocation basis and Government priorities. These figures were reported to Cabinet on 10 January 2008 which approved the allocation of the 2008/09 ABG in accordance with the above indicative allocations.

3. CHANGES TO AREA BASED GRANT IN 2008/09

- 3.1. A number of changes to the ABG figures have taken place since the original ABG announcement reported to Cabinet on 10 January 2008. In accordance with its desire to minimise the number of separate specific grants the DCLG has incorporated the City Strategy Grant (also known as the Deprived Area Fund) and the Young Persons Substance Misuse Grant into the ABG. These grants were built into the 2008/09 Authority budget as separate specific grants. Therefore there will be no financial impact on the Authority of these changes.
- 3.2. Further alterations have also taken place to the indicative allocation for the Working Neighbourhoods Fund. The originally announced funding was withdrawn and a recalculated funding figure later provided. The revised funding has provided Wirral with an additional £33,000 of ABG funding in 2008/9 compared to the original allocation and a provisional increase of £112,000 and £160,000 for 2009/10 and 2010/11 respectively.
- 3.3. The ABG was announced on a three year basis with 2008/09 being the first year. The DCLG whilst intending to provide firm figures has however reserved the right to alter allocations should exceptional circumstances make this necessary.
- 3.4. The consequence of the above changes is that ABG for 2008/9 has increased from £28,357,000 to £28,984,000. Details of how this is allocated over the indicative areas provided by the DCLG are shown within Appendix 1.

4. AREA BASED GRANT 2009/10 and 2010/11

- 4.1. The inclusion of Supporting People Grant within ABG from 2009/10 as reported to Cabinet on 10 January 2008 results in a significant increase in the total ABG to be received. Supporting People is a specific grant for 2008/09 and therefore this is merely a switch between two grant sources resulting in a nil bottom line impact.
- 4.2. The total ABG figures for 2009/10 and 2010/11 have increased from those originally announced and reported on 10 January 2008. The 2009/10 ABG has increased by £216,000 due to the switch of Young Persons Substance Misuse Grant into ABG from specific grant (£104,000) and through the increase in Working Neighbourhoods Funding (£112,000). Similarly the 2010/11 ABG figure has increased on that reported in January by £264,000. This comprises £104,000 due to the Young Persons Substance Misuse Grant and an additional £160,000 of Working Neighbourhoods funding.

- 4.3 The total value of ABG for 2009/10 is £41,371,000 and for 2010/11 the figure is £41,006,000. The Government has provided indicative allocations on which specific areas this funding is derived from. These allocations reflect the funding of Government priorities. With the emphasis by the Government on areas such as worklessness there is likely to be a strong correlation between Government and Wirral priorities.
- 4.4 The indicative allocations for the three years 2008/09, 2009/10 and 2010/11 provided by the DCLG are contained within Appendix 1. Although some indicative allocations are frozen between the three years there are a number of areas where there are variations between the years. Full details are within the appendix but the most significant include:
- Preserved Rights. The indicative amount for this grant has reduced by £156,000 in 2009/10 and a further £133,000 in 2010/11.
 - Connexions: reduction of £187,000 in 2009/10 on 2008/9 figure and then by a further £203,000 in 2010/11. This grant was 'passported' to the Greater Merseyside Connexions Partnership in 2008/09.
 - Extended schools set up costs. Indicative funding increases by £620,000 in 2009/10 to £1,216,000 before reducing to £500,000 in 2010/11. The increase in 2009/10 reflects the programmed increase in the extended schools initiative.
 - Positive Activities for Younger People. Indicative funding increases by £243,000 in 2009/10 and then by a further £174,000 in 2010/11.
 - Supporting People. The programme grant is incorporated into ABG for the first time in 2009/10 leading to the large increase in ABG as discussed in paragraph 4.1. The Supporting People Administration Grant was included from 2008/09 and the indicative allocations show a reduction each year. The reduction in 2009/10 is £21,000 with a further reduction in 2010/11 of £36,000.
 - Working Neighbourhoods Fund (WNF). Indicative funding increases by £1,732,000 in 2009/10 and then by a further £445,000 in 2010/11. The WNF increase incorporates Deprived Areas Funding which was shown separately only in 2008/09 when the indicative allocation was £489,000.
 - Safer Stronger Communities DCLG allocation. This reduces by £155,000 in 2009/10 and by a further £258,000 in 2010/11. This allocation relates to the two neighbourhood schemes in Tranmere and Woodchurch and is in accordance with the original pre ABG grant announcement of £258,000 being provided to Woodchurch in 2009/10 with no indication for subsequent years and £350,000 being provided for Tranmere in 2009/10 and 2010/11.

5 ALLOCATION OF AREA BASED GRANT

- 5.1 As the ABG is a non-ringfenced general grant the Authority has full discretion as to how to use this grant. Under the Comprehensive Area Assessment (CAA), the use of all of the Authority resources and not just ABG will be judged against the new national performance indicator set, other statutory targets and the success of the Local Area Agreement. The CAA assessment will focus on the priorities for improvement that are agreed as part of Local Area Agreement.
- 5.2 The ABG funds a number of time limited projects and initiatives. An early decision as to whether funding will continue is desired to mitigate against operational staffing issues and to aid the continuation of activities between financial years on these initiatives.
- 5.3 The DCLG has previously indicated its intention not to provide indicative allocations across workstreams after 2010/11. Only a total ABG figure will be provided. The Authority will therefore have to consider the future methodology for allocating its ABG and other resources against its priorities. This could be by a business case methodology but such an approach would require additional development time and would not this year provide the certainty of funding required by a number of existing initiatives.
- 5.4 The current indicative allocations from the Government reflect its priorities and it could be argued that the areas shown within the indicative allocations correlate with the agreed Corporate Plan priorities. The allocation of ABG in accordance with Government indications may therefore be the most suitable option for 2009/10 and possibly for 2010/11. The allocation of ABG on this basis would support economic regeneration and job creation, assist the creation of a pleasant, safe and sustainable environment, assist and improve the participation of those needing support to participate in mainstream society and help raise the aspirations of young people.

6. FINANCIAL AND STAFFING IMPLICATIONS

- 6.1 The Authority will receive £28,984,000 of Area Based Grant in 2008/09, £41,371,000 in 2009/10 and £41,006,000 in 2010/11. The 2009/10 and 2010/11 figures are still subject to final confirmation although the DCLG should only alter the indicative figures in exceptional circumstances.

7. EQUAL OPPORTUNITIES IMPLICATIONS

- 7.1. The Working Neighbourhoods Fund is a significant driver in supporting the most deprived communities in Wirral.

8. COMMUNITY SAFETY IMPLICATIONS

- 8.1. There are none arising from this report.

9. HUMAN RIGHTS IMPLICATIONS

9.1. There are none arising from this report.

10. LOCAL AGENDA 21 IMPLICATIONS

10.1. There are none arising from this report.

11. PLANNING IMPLICATIONS

11.1. There are none arising from this report.

12. MEMBER SUPPORT IMPLICATIONS

12.1. There are none arising from this report.

13. BACKGROUND PAPERS

13.1. Department for Communities and Local Government – Local Government Finance Settlement January 2008. Area Based Grant Determination March 2008.

14. RECOMMENDATION

14.1. That the allocation of Area Based Grant for 2009-10 and 2010/11 be on the indicative basis identified by the Government.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/237/08

REVENUE SUPPORT GRANT 2008-11**Appendix 1****SPECIFIC GRANTS TO BE DELIVERED VIA AREA BASED GRANT**

Grant	Service	Govt. Dept	2008-09 Announcement	2009-10 Announcement	2010-11 Announcement
Adult Social Care Workforce (Formerly HRDS & NTS)	DASS	DH	1,048	1,076	1,104
Carers	DASS	DH	1,399	1,492	1,585
Learning Disability Development Fund	DASS	DH	360	359	358
Local Involvement Networks	DASS	DH	200	199	199
Mental Capacity Act & Independent Mental Capacity Advocate Service	DASS	DH	191	240	230
Mental Health	DASS	DH	1,150	1,206	1,261
Preserved Rights	DASS	DH	2,737	2,581	2,448
Sub-Total			7,085	7,153	7,185
14-19 Flexible Funding Pot	CYPD	DCSF	100	99	97
Care Matters White Paper	CYPD	DCSF	346	442	496
Carers	CYPD	DH	349	373	397
Child & Adolescent Mental Health Services	CYPD	DH	685	716	748
Child Death Review Process	CYPD	DCSF	53	54	56
Children's Social Care Workforce (Formerly HRDS & NTS)	CYPD	DCSF	134	133	133
Children's Fund	CYPD	DCSF	1,241	1,241	1,241
Choice Advisers	CYPD	DCSF	52	52	52
Connexions	CYPD	DCSF	3,689	3,502	3,299
Education Health Partnerships	CYPD	DCSF	108	108	108
Extended Rights to Free Transport	CYPD	DCSF	43	98	152
Extended Schools Start up Costs	CYPD	DCSF	596	1,216	500
Positive Activities for Young People	CYPD	DCSF	339	582	756
Secondary National Strategy – Behaviour & Attendance	CYPD	DCSF	68	68	68
Secondary National Strategy – Central Co-ordination	CYPD	DCSF	196	196	196
Primary National Strategy – Central Co-ordination	CYPD	DCSF	185	185	185
School Development Grant (LA Element)	CYPD	DCSF	2,716	2,716	2,716
School Improvement Partners	CYPD	DCSF	143	143	143

School Intervention Grant	CYPD	DCSF	90	90	90
School Travel Advisers	CYPD	DCSF	39	39	39
Sustainable Travel General Duty	CYPD	DCSF	25	25	25
Teenage Pregnancy	CYPD	DCSF	185	185	185
Young People Substance Misuse	CYPD	HO	104	104	104
Sub-Total			11,486	12,367	11,786
Youth Taskforce (Respect)	Regeneration	DCSF	40	40	40
Supporting People Administration	Regeneration	DCLG	273	252	216
Supporting People	Regeneration	DCLG	0	10,341	10,341
Working Neighbourhood Fund	Regeneration	DCLG	8,221	9,953	10,398
Stronger Safer Communities Fund	Regeneration	HO	318	318	318
Stronger Safer Communities Fund	Regeneration	DCLG	763	608	350
Sub-Total			9,615	21,512	21,663
Detrunking	Technical	DFT	283	290	297
Sub-Total			283	290	297
Cohesion	Corporate	DCLG	26	49	75
City Strategy Grant (Deprived Areas Fund)	Corporate	DWP	489	0	0
Sub-Total			515	49	75
Grand Total			28,984	41,371	41,006