

Report to: The Executive

Date: 2nd June 2008

Report of: Chief Executive

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Report Title: **Area Based Grant and Interim Allocations of Flexible Element and use of LPSA2 reward grant**

Purpose:

The purpose of this report is to set out for the Executive:

- 1.1 Details of the funding arrangements through the Area Based Grant and how this provides the opportunity to align resources to deliver the outcomes set out in the Community Strategy 3 Year Plan.
- 1.2 Proposals for the deployment of funding from the 2008/09 Area Based Grant (flexible element) allocation and proposed future decision making arrangements.

Summary:

The report provides details of the Area Based Grant Programme and in particular the flexible funding element: and the proposed allocation of funding from the 2008/09 Area Based Grant (flexible element) and LPSA2 reward grant.

Recommendations:

The Executive is requested to:

- a) Note the details regarding the Area Based Grant Programme and the future funding arrangements;
- b) Approve the indicative allocation of funding for each thematic area for 2008/9 from the Area Based grant (flexible element) and LPSA2 reward grant, as outlined in the report; with further details, challenge/ appraisal arrangements and delegation arrangements to be submitted to the Executive Member (Strategy and External Relationships) at his next meeting.

11. Background Information

- 1.1 The Executive will be aware that the national context around performance management for localities is changing significantly.
- From 2009, an annual Comprehensive Area Assessment, looking at all outcomes delivered by local partners, will replace the current Comprehensive Performance Assessment of the Council.
 - On 1 April this year, a new national indicator set (NIS) came into force ('the 198') to replace all previously existing national statutory indicators, including Best Value Performance and Performance Assessment Framework indicators.
 - New Local Area Agreements are being negotiated for 2008/11. Targets for up to 35 of the new national indicators (plus 16 mandatory indicators to measure outcomes for children and young people), reflecting local priorities, are to be agreed with Government Office by the end of May and signed off by ministers by the end of June.
 - Starting this financial year, a new, strengthened use of resources assessment will, amongst other things, increasingly focus on how Councils deliver value for money.
- 1.2 This is all part of the Government's direction of travel to streamline the arrangements between national and local government as part of the new performance management arrangements. Within this national framework, Bolton through the Vision Partnership has aligned our vision/outcomes/partnerships through the Bolton Vision 2007 – 17 (the Community Strategy). The Vision and aims are clear, together with the outcomes we plan to achieve over the 10 year period. The outcomes are set within the 6 themes (achieving, prosperous, safe, cleaner and greener, strong and confident, healthy), and the partnership arrangements have now also been aligned to these themes. In addition, the Community Strategy 3 Year Plan (considered by the Executive in April) has been developed to set out how we plan to move towards the 10 year outcomes/targets over the next 3 years. This incorporates the Local Area Agreement whereby the Council/Partnership agrees with the Government up to 35 local priority indicators selected from the 198 national indicators and 16 mandatory children's/ Education indicators. The performance of this plan will be managed on a regular basis by the Executive and the Vision Partnership. There is a separate report on the LAA on this agenda.
- 1.3 An additional component of the Government's streamlining of the national/local arrangements, is the change in the funding arrangements to provide more flexible resources to local areas. Up to March 2008, there has been a plethora of separate funding streams which have been made available to the Council or its partners to fund specific areas of work; other funding was available to support particular areas of deprivation (e.g. SRB, Neighbourhood Management etc), and Bolton has been the recipient of the Neighbourhood Renewal Fund to support neighbourhood renewal activity since 2001.
- 1.4 From April this year, the arrangements for the Area Based Grant (ABG), whereby funds previously paid to the Council as a number of funding streams have been merged into one single non-ringfenced grant pot and are now paid to the Council as part of the 3 year budget settlement; and these may now be used flexibly to support local priorities. (See **Appendix 1** for list of funding stream and amounts). The Neighbourhood Renewal Fund ceased in March 2008, and a new Working Neighbourhoods Fund has been introduced as part of the ABG from April 2008 (£5,691,582 2008/9; £6,733,000 – 2009/10; £6,988,000 – 2010/11). This is welcomed locally as this provides the opportunity to align resources to deliver the outcomes set out in the Community Strategy 3 year plan.

- 1.5 Many of these funding streams have been funding statutory activity and ongoing services over a period of years often to guidance required by Government departments. It was agreed by the Executive in January, therefore under these circumstances that activities funded through the previous funding streams (now forming part of ABG) should continue as previously for the 2008/9 financial year, but that no commitments should be made into future years.
- 1.6 The Council also agreed that a review of the funding streams within the ABG would be carried out, to determine how the resources were currently being used, the extent to which they were being used to deliver statutory requirements, how they were contributing to the delivery of the Community Strategy, whether there were any potential efficiencies and whether there was scope to use the funds more flexibly in the future.
- 1.7 The Working Neighbourhood Fund and the Children's Fund are effectively the only flexible funds within the area based grant at this stage, until the review has been completed when additional funds may become available. It has been agreed that the new Working Neighbourhoods Fund will be used flexibly as indicated by the Government in its ABG operational guidance. Children's Fund in 2008/9 has been used to support priority children's services projects, but it is expected that this Fund will be pooled with the WNF from 2009/10 and together any with other funds potentially released as a result of the ABG review, and they will form a 'flexible element' to support local priorities and targets/outcomes within the Community Strategy 3 year plan.
- 1.8 It should be noted that interim/continuation funds of £1,812,622 have already been approved from the ABG (flexible element) for projects previously supported through NRF and other funds which were discontinuing. These interim funds were approved in order to maintain momentum and support projects in danger of coming to a close, while the wider programme of support under the Area Based Grant was being developed.

2. Review Of Funding Streams Within The Area Based Grant

- 2.1 This review of the ABG funding streams is examining the nature of the expenditure for each of the individual funding streams, how the resources are currently being used, the extent to which they were being used to deliver statutory requirements, how they were contributing to the delivery of the Community Strategy, and whether there were any potential efficiencies and whether there was scope to use the funds more flexibly in the future.
- 2.2 This review is now underway and is expected to be concluded by the end of June. Initial findings suggest that a large number of the funding streams cover the costs of implementing statutory requirements (e.g. complying with the Mental Health Act). It will therefore be difficult to use these funds flexibly without finding a means of incorporating delivery of these statutory requirements within mainstream services.
- 2.3 It is unlikely that there will be significant resources released as a result of this initial review, since the process of decommissioning / re-designing services will take time. Work to develop flexibility in the ABG funding streams will therefore continue into Years 2 and 3.
- 2.4 The remainder of this report considers the resources likely to be required to support the Community Strategy 3 Year Plan and how the area based grant (flexible element) may be allocated across the themes to achieve outcomes.

3. 2008/9 Indicative Allocations From The Area Based Grant (Flexible Element)

- 3.1 Interim arrangements have been put in place to ensure effective deployment of the ABG flexible element for 2008/9, while work on developing an appropriate challenge/appraisal framework takes shape.
- 3.2 In order to develop the programme for 2008/9, all partnerships were invited to identify schemes which it would wish to continue, gaps in provision / other activities which would help them to deliver the targets and outcomes of the Community Strategy 3 Year Plan.
- 3.3 Initially, the requests were significantly higher than the available funding and thus partnerships were asked to prioritise their proposals. As a result, some proposed activities have been withdrawn, prioritised and /or reduced which has resulted in a more manageable programme.
- 3.4 The proposals are in excess of the available funding for this year. However, a reasonable amount of over-programming would normally be advisable (10-15%) on the basis that these activities will be reviewed in year, which is expected to result in some efficiencies within some services; not all projects are likely to meet spend targets; and the late start to the programme coupled with a large number of new projects will inevitably lead to delays in project start dates. The level of over-programming will be kept under review and particularly into Years 2 and 3 – where we are less likely to see delays.
- 3.5 There may be some additional resources in Years 2 and 3 through the Children's Fund, and as mentioned, the WNF allocations increase to £6,733,000 in Year 2 and £6,988,000 in Year 3, which provides the option to continue with these services where appropriate¹, as well as commissioning new activities. An assessment has been made of the likely recurring funding requirements of the proposals put forward, but any decisions will be based on a full review of the activity and success in achieving targets etc.
- 3.6 Furthermore, the review of the ABG as a whole is hoped to lead to a better prioritisation of activities to be funded in future as well as the ability to use the ABG more flexibly to support priorities.
- 3.7 Reward Grant of between £4 - £4.3m over 3 years, is also likely to be made available to the Council for the achievement of targets by the Council and its partners as part of the Local Public Service Agreement 2 (LPSA2) programme (2005/6 – 2007/8). It is proposed that LPSA2 Reward Grant is used to support some capital, pilot and one-off activity which help us to deliver the Community Strategy 3 Year Plan, specifically around Narrowing the Gap. This is of course one-off funding, whereas ABG is likely to be available over 3 years and following 3 year periods (essentially in a one-off grant sum rather than individual funding streams). There are currently proposals worth £1,177,920 which could be funded through LPSA2 Reward Grant, which would leave up to £2,822,000 for other capital/one off proposals during 2009/10 and 2010/11.
- 3.8 It should be noted that the flexibilities presented by ABG include the removal of annual spend targets to be substituted by a Year 3 cumulative spend target instead. However, although this flexibility may be used at a programme level – it is proposed that individual 'projects' are still set challenging but achievable spend targets, in order to prevent a build up of expenditure in later years. Furthermore, it is important to put an effective performance management framework in place to manage achievement of targets/outcomes and spend across the whole

ABG and not solely those projects which are to be funded through the ABG (flexible element) allocation.

- 3.9 The recommendations for 2008/9 are broken down into thematic areas, along with some costs associated with intensifying our neighbourhood activity and delivering the programme.
- 3.10 It should be noted that the proposed ABG for 2008/9 includes the £1,812,622 interim funding allocations already approved.
- 3.11 It is proposed that the Executive agree an indicative allocation for each theme, based on the projects put forward, from the Area Based Grant (flexible element) and the LPSA2 reward grant but that each project is subject to an individual challenge/appraisal process. A process is being prepared at the present time.
- 3.12 The recommendations for each thematic area are presented below:-

Summary - Thematic / Activity Area	LPSA2 2008/9	Proposed ABG (flexible element) 2008/9
Prosperous	385,875	1,052,250
Achieving	149,000	931,317
Cleaner & Greener	370,000	937,374
Safer	0	662,000
Stronger (includes a range of projects - cohesion, VCS, etc)	150,000	1,308,568
Healthier	50,000	65,000
Older People	0	40,000
Management & Admin	0	342,698
Neighbourhood Renewal	0	1,314,410
NRF Overspend 07/08	73,045	0
Total	1,177,920	6,653,617

ABG 08/09 Request	6,653,617
ABG Funding Available (WNF)	5,691,582
Overcommitment	-962,035
% Overprogramming	-14.46
LPSA2 / Potential Reward Grant Available *	4,000,000
LPSA2 / Potential Reward Grant Request	1,177,920
LPSA2 / Potential Reward Grant Balance	2,822,080

* between £4 - 4.3m is expected.

4. Appraisal & Approval Process

- 4.1 The LAA Agencies Group considered the draft programme at its meeting on 23rd May, and are recommending approval. The Executive is requested to approve the overall approach and in principle support for the funding allocations for 2008/9 from the Area Based Grant

(flexible element) and LPSA2 reward grant. Recurring funding has been considered in order to ensure that should these schemes be successful and the Council/Partnership wish to continue there would be sufficient resources to proceed.

- 4.2 Alongside this process, a challenge/appraisal process in order to secure additional information and assurances about the project proposals is being undertaken. This will provide scope for identifying cross-thematic activity and collaborative opportunities and provide greater transparency to the appraisal process.
- 4.3 Further details on specific schemes for full approval, and summary information on all proposals will be submitted to the Executive Member (Strategy and External Relationships) at his next meeting. Delegated approval arrangements will also be sought for approvals of individual schemes once the approval/challenge process has been completed. It is expected that projects will start from July onwards with contracts in place.

5. Recommendations

5.1 The Executive is requested to:

- a) Note the details regarding the Area Based Grant Programme and the future funding arrangements;
- b) Approve the indicative allocation of funding for each thematic area for 2008/9 from the Area Based grant (flexible element) and LPSA2 reward grant, as outlined in the report; with further details, challenge/ appraisal arrangements and delegation arrangements to be submitted to the Executive Member (Strategy and External Relationships) at his next meeting.

AREA BASED GRANT ANALYSIS
2008/09

Grant Item	2008/09 Allocation £	Additional Comments
14-19 Flexible Funding Pot	87,738	
Adult Social Care Workforce	776,000	Formerly HRDS & NTS
Care Matters (White Paper)	212,005	
Carers	1,305,000	
Child Death Review Process	41,888	DCSF (note Wigan & Salford)
Child & Adolescent Mental Health Service	540,000	
Children's Social Care Workforce	105,800	Formerly HRDS & NTS
Children's Fund	947,592	
Choice Advisers	36,603	
Cohesion	49,000	
Connexions	2,951,714	
Contact Point	-	Allocated in 2010/11
Crime Reduction, Drugs Strategy & ASB	378,000	
Education Health Partnership	86,688	
Extended Rights to Free Transports	28,619	
Extended School Start-Up Costs	536,920	
Learning Disability Development Fund	278,000	
Local Involvement Networks	166,000	
Mental Capacity Act & Independent Advocate Service	142,000	
Mental Health	888,000	
Positive Activities for Young People	427,161	
Preserved Rights	388,000	
Secondary National Strategy - Behaviour & Attendance	68,300	
Secondary National Strategy - Central Co-ordination	195,229	
Preventing Extremism	165,000	
Primary National Strategy - Central Co-ordination	173,538	
Respect / Youth Task Force	55,000	
School Development Grant	1,731,547	L.A. Element
School Improvement Partners	140,220	
School Intervention Grant	88,600	
School Travel Advisors	36,000	

Stronger Safer Communities Fund	459,800	
Supporting People Administration	190,000	
Sustainable Travel General Duty	23,352	
Teenage Pregnancy	199,000	
Working Neighbourhood Fund	5,691,582	
Disadvantaged Area Fund	235,473	
Young People Substance Misuse	149,899	Home Office
Young People Substance Misuse	40,566	DCSF
G.M. Road Safety Partnership - JM Post	47,541	
G.M. Road Safety Partnership - Treasury Support	16,000	

Total Area Based Grants Value Bolton Element	20,079,375
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