

CABINET

ITEM OF URGENT BUSINESS - AREA BASED GRANT ALLOCATIONS 2008/09 18th MARCH 2008

Report of Corporate Director (Community Services)

PURPOSE OF REPORT			
To seek approval for the allocation of the City Council's Area Based Grant (ABG) for 2008/09, in particular to provide continuing support for Neighbourhood Management commitments in Poulton and the West End of Morecambe into the new financial year.			
Key Decision	<input checked="" type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
			Referral from Cabinet Member
Date Included in Forward Plan	March 2008		
This report is public			

RECOMMENDATIONS OF CORPORATE DIRECTOR (COMMUNITY SERVICES)

- (1) That in 2008/09, Area Based Grant be used for Neighbourhood Management in Poulton and the West End of Morecambe to fund existing commitments.
- (2) That work on options to develop Neighbourhood Management arrangements for the District be considered and brought back to Cabinet
- (3) That allocation of the remaining Grant of £26,000 in 2008/09 for 'Community Cohesion' be subject to a further report to Cabinet.
- (4) That the General Fund Revenue Budget be updated accordingly.

1.0 Introduction

- 1.1 In previous meetings of Cabinet, namely 18 October 2005 and 21 February 2006, the background to Local Area Agreements (LAAs) has been considered. This included the transition from direct funding for Neighbourhood Management from Government Office North West, to funding via the LAA. LAAs were a way of pooling various funding streams coming into a district, with targets for reduced levels of deprivation.
- 1.2 More recently, the report to Budget Council on 27 February 2008, "2008/09 Budget and Policy Framework", identified the assumptions made regarding the new Local Area Agreement, and in particular the associated Area Based Grant (ABG) allocations and the future of Neighbourhood Management.

- 1.3 Members may recall that from 2008/09 onwards, a number of previously specific ring-fenced grants have been incorporated into the new Area Based Grant. This new grant is not ring-fenced nor paid solely to the County Council. Consequently, a formal decision is now required regarding the allocation of ABG paid directly to the City Council. Details of the 2008/09 ABG allocation, and how it compares with the previous specific ring-fenced grant allocations, are attached at **Appendix A**, together with information on provisional ABG allocations for future years.
- 1.4 In effect, the majority of the £703,000 allocation to Lancaster City Council in 2008/09 effectively replaces the previous LAA Safer, Stronger Communities Funding, which was ring-fenced to Neighbourhood Management. In addition, however, a new element for 'cohesion' has been introduced, and this continues in future years.
- 1.5 It should be noted that when the LAA was set up, funding for Neighbourhood Management was ring-fenced for the 3-year duration of the LAA. On that basis, there have been certain commitments made by and for Neighbourhood Management which have to be honoured. Specifically, these include salaries of personnel (who are on fixed term contracts at least until the end of 2008/09 financial year), office running costs, and agreed projects funded by Neighbourhood Management.
- 1.6 As this ABG is no longer ring-fenced, Cabinet does have a choice about how it would wish to apply this grant. However, any decision not to apply the grant to Neighbourhood Management would have financial implications in terms of the existing commitments within the LAA mentioned in the last point.
- 1.7 It should also be noted that the allocations of ABG paid direct to the City Council will reduce over the next two years and effectively disappear in 2010/11. It is proposed, therefore, that a further report be brought back to Cabinet regarding the sustainability of Neighbourhood Management and also in respect of the unallocated ABG monies not required to meet existing commitments. The allocation of ABG is crucial to determining whether it will be possible to use any of this to match fund activities included in the Cabinet report on the Sport and Physical Activity Strategy.

2.0 Details of Consultation

- 2.1 No formal consultation has been carried out on the application of this grant.

3.0 Options and Options Analysis (including risk assessment)

- 3.1 **Option 1:** Use the ABG allocation to continue to fund Neighbourhood Management commitments in Poulton and the West End, and put into place arrangements for allocating the remaining £26,000. The report back on the future of Neighbourhood Management would provide an opportunity to review the effective use of ABG not allocated to meet existing commitments.
- 3.2 **Option 2:** Allocate the ABG for other purposes, and develop an exit strategy for the existing Neighbourhood Management Project. Realistically, existing commitments could equate to the amount of ABG, but a full analysis would be needed to determine this.
- 3.3 The key risks and opportunities of not using the ABG for continuation of Neighbourhood Management are :

- Limited savings potential in 2008/09, as funds are already committed. This would mean that there may be little left for allocating to alternative initiatives for that year, although it would give greater choice and flexibility for 2009/10 onwards.
- Other works in Poulton and West End would be unfinished, and this could have an adverse impact on the perceived success of the projects to date. There may be reputational risks for the Council in this regard, although this will depend also on the perceived value of the works not completed.
- Work to roll out Neighbourhood Management to other parts of the district would not be finished and lessons learned/best practices may not be maximised.
- There could be an adverse effect on local communities in Poulton and West End which are now showing signs of cohesion (especially in Poulton). Funding (either in 2008/09 or future years) would be freed up, however, giving the opportunity to provide or safeguard other services, in either the same or alternative communities.

4.0 Officer Preferred Option (and comments)

- 4.1 **Option 1** is the preferred option. This ensures that existing commitments are met with further options for sustaining Neighbourhood Management and for determining the future use of ABG being brought back to Cabinet.

5.0 Conclusion

- 5.1 The two Neighbourhood Management projects in Poulton and West End have been successful in reducing levels of deprivation. The ABG allocation is the only available source of funding for these projects to continue in 2008/09. If the ABG is not allocated to the Neighbourhood Management projects existing commitments must still be met.

RELATIONSHIP TO POLICY FRAMEWORK

The Corporate Plan 2008/09 includes as a medium objective (7.1) to “*Develop Neighbourhood Management arrangements for the District*”. Agreeing the preferred option will enable this work to be taken forward.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

One of the main objectives of the Neighbourhood Management Project is to support communities in becoming more sustainable in the longer term.

FINANCIAL IMPLICATIONS

The Lancaster City Council allocation of ABG amounts to £703,000. Of this, the General Fund Revenue Budget currently assumes that expenditure to the value of £264,000 for Poulton Neighbourhood Management and £413,000 for the Neighbourhood West End element will be wholly offset by grant income.

The cohesion funding of £26,000 is a new community element, which is not specifically built into the Revenue Budget, and no spending plans are in place for it. One of the areas for improvement identified in our CPA is equality and diversity and options to take this forward could be funded from this budget.

In essence, therefore, **Option 1** (the preferred option) is in line with the Revenue Budget assumptions.

Option 2 may require some reallocation of funding within the budget, depending on the value of Neighbourhood Management commitments, but these could be contained within the overall total.

If any amounts of ABG remained unallocated, initially these would go towards supporting the revenue budget generally. (If there was an overall underspending at the end of the year, this would fall into revenue balances.)

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has been consulted and has no further comments to add.

LEGAL IMPLICATIONS

Legal Services have been consulted and have no comments to make.

MONITORING OFFICER'S COMMENTS

The Deputy Monitoring Officer has been consulted and has no comments to add.

BACKGROUND PAPERS

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Ref: reports/cabinet/08/03