

CABINET

AREA BASED GRANT ALLOCATIONS 2008/09 22nd APRIL 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.			
Key Decision	<input checked="" type="checkbox"/>	Non-Key Decision	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 to a maximum of £677,000 be used as identified in Option 3. In addition, Cabinet approves the carry forward request to County Council of £49,600 from the LAA Grant 2007/08 and that it be allocated to the PCSO project in the West End of Morecambe.
- (2) That the General Fund Revenue Budget in 2008/09 be updated accordingly.
- (3) That allocation of future years' provisional allocation be considered further as part of the 2009/10 budget and planning process.

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 element, 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 (including project staff commitments) funded by Neighbourhood Management.
- 1.6 As on ABG this funding 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. In particular, this is the final year for funding for Poulton Neighbourhood Management. There is an additional year thereafter to run for West End Neighbourhood Management. 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. **Appendix B** indicates the proposed allocation of the funding for 2008/09.
- 1.8 At the meeting of Cabinet on 18 March 2008 it was resolved:
- (1) That for April 2008 Area Based Grant be used to continue existing arrangements for Neighbourhood Management in Poulton and the West End of Morecambe and a report on future options be brought back to Cabinet in April 2008.
 - (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 in 2008/09 be subject to a further report to Cabinet.
 - (4) That the General Fund Revenue Budget be updated accordingly.

This report is brought forward to satisfy resolutions (1) and (3) above.

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 in Poulton and the West End as outlined in Appendix B.

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 **Option 3:** To top slice the ABG sufficient to pay any redundancy costs at the end of the Poulton Neighbourhood Management project, to use the ABG to fund existing commitments to Poulton and West End Neighbourhood Management, and to identify the opportunities to use uncommitted ABG to develop options for Neighbourhood Management across the District.

3.4 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 3** 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 as part of the further report requested by Cabinet on 18 March 2008.

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 in 2008/09 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. Appendix B also includes details of a carry forward agreement with the County Council, to help fund additional PCSOs in the West End.

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 and a proposal for allocation of this funding is elsewhere on this agenda.

In essence, therefore, **Option 3** (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 at this stage.

LEGAL IMPLICATIONS

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

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

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Ref: reports/cabinet/08/04