

	<p>Meeting of the Budget Panel</p> <p>2 October 2008</p> <p>Report from the Director of Finance and Corporate Resources</p>
For Action	Wards Affected: ALL
<p>Proposed Approach Towards Priority Growth in 2010/11 Budget</p>	

1.0 SUMMARY

- 1.1 This report sets out the approach to funding of priority growth agreed by the Executive in July and the process for agreeing the priorities which will be funded.

2.0 RECOMMENDATIONS

- 2.1 The Budget Panel is asked to comment on the proposed approach to funding priority growth and discuss how they may wish to scrutinise this as part of the 2009/10 budget scrutiny process.

3.0 THE APPROACH TO FUNDING PRIORITY GROWTH

- 3.1 The budget strategy agreed by the Executive in July included the removal of mainstream funding within the budget for priority growth and agreed the following alternative sources of funding:

- i. *Area Based Grant (including Supporting People)*. This is set to grow from £28.915m¹ in 2008/09 to £30.502m in 2009/10, and £30.581m in 2010/11 (details are in Appendix A). This is not ring-fenced and it is for the council to decide how this growth is allocated taking account of priorities within the Local Area Agreement. 2008/09 allocations have already been added to service area budgets. The use of the funds is currently subject to review and there is no guarantee that amounts added to cash limits in 2008/09 will be maintained at current levels in future years.

Pending completion of the review:

- the amounts currently within budgets have been frozen in cash terms (except where the grant finishes or is reduced during the

¹ Supporting People funding is a specific grant in 2008/09 but becomes part of Area Based Grant in 2009/10. ABG in 2008/09 without Supporting People funding is £16.108m.

three year period in which case a reduction has been made to the service area budget);

- service areas have been told to avoid any new commitments against these budgets in future years.

The balance of ABG has been held back to allocate to priorities identified through the Local Area Agreement process. Members should note that the principal purpose of the move to Area Based Grant was to allow local authorities, who are better aware of local needs, to determine the allocation of ABG funds to local priorities.

- ii. *LAA Performance Reward Grant.* The council expects to receive a total of c. £8m of Performance Reward Grant in 2009/10 and 2010/11 subject to achievement of stretch targets in the 2006/07 to 2008/09 LAA.² It is proposed that the revenue element of this is allocated through the LAA prioritisation process and that the capital element is held back for potential use as 'invest to save' funds. Because Performance Reward Grant is one-off money, any allocation to LAA priorities should only be used for spending where there is a clear exit route.
 - iii. *Other grants not in Area Based Grant.* Details of these are included in Appendix B. They include significant growth in particular areas including early years, extended schools, disabled children, and social care reform. Unlike Area Based Grant, this funding is allocated for specific purposes and therefore it is not proposed to hold any of the funding back. However, it does represent additional funding which contributes to the achievement of the council's improvement priorities.
 - iv. *Supporting People funding* becomes part of Area Based Grant in 2009/10. It will remain fixed at its current level of £12.807m each year but will no longer be ring-fenced. It is proposed that a review is carried out of use of Supporting People funds to establish the extent to which any of the funding can be released to fund other priorities within the Local Area Agreement.
- 3.2 A three stage approach to identifying priorities for allocating the resources has been developed as follows:

Stage 1 – Data Gathering

This is to establish what the ABGs are being used for in 2008/09. It includes how the money is being spent, and crucially, what outputs are being delivered. This stage has been completed.

Stage 2 – Critical Challenge

This is to understand and verify the information provided. The questions posed are as follows:

- How far is the current spending contractually, and/or statutorily committed?
- Can the outputs be provided in a different way that provides better

² 50% of the Performance Reward Grant will be capital grant and 50% revenue.

value for money?

- What are the implications if the funding is reduced?
- How does the current use of the grant contribute to delivering the priorities in the LAA?
- What if any, are central government's expectations on what an ABG might deliver?
- What are the exit plans if the grant were to end, or be reduced after 2010/2011?

This has been started as part of the star chamber process in September. The early indications are that it will be very difficult to redirect ABG resources that are in base budgets (ie those allocated in 2008/09) and that there is considerable pressure from government departments and other stakeholders to allocate new resources in line with indicative allocations from government.

Stage 3 – Re-allocation of ABG

On the assumption that Members agree to re-direct some resources from ABGs into other priorities contained in the LAA, we need to agree a framework where information is available to make informed decisions. This will include the following:

- What stretch target will be delivered?
- Why the target cannot be delivered from current resources?
- What will any extra resources buy?
- How might partners be involved in the project?
- Can other funding be accessed, either internally, or from outside the Council
- Is the funding only a one-off?

This will be completed to feed into the budget process, when the level of potential re-direction has been established. This is likely to be in December/January.

- 3.3 Members should note that there is a clear expectation from CLG that partners on the Local Strategic Partnership have some input to the allocation of ABG and performance reward grant. Members of the LSP are acutely aware of this and officers are discussing with them at the LSP away-day on 1st October how this might happen.

Duncan McLeod

Director of Finance and Corporate Resources

APPENDIX A

AREA BASED GRANT 2008/09 TO 2010/11

	2008/09 Grant £'000	2009/10 Grant £'000	2010/11 Grant £'000	Change 2009/10 £'000	Change 2010/11 £'000
Children & Families					
Carers	303	323	343	20	20
Care Matters White Paper	275	408	485	133	77
Child and Adolescent Mental Health Services	941	992	1,044	51	52
Child Death Review Processes	73	75	78	2	3
Children's Social Care Workforce (formerly HRDS and NTS)	184	185	185	0	1
Children's Fund	1,038	1,038	1,038	0	0
Connexions	2,601	2,484	2,470	-117	-14
Positive Activities for Young People	513	513	513	0	0
Positive Activities for Young People - additional investment	0	369	632	369	263
Teenage Pregnancy	134	134	134	0	0
Young People's Substance Misuse	137	137	137	0	0
Total Children and Families	6,200	6,658	7,059	458	401
Schools					
14-19 Flexible Funding Pot	69	71	72	1	1
Choice Advisers	46	46	46	0	0
Education Health Partnerships	74	74	74	0	0
Extended Rights to Free Transport	2	7	11	4	4
Extended Schools Start Up Costs	450	922	379	472	-543
Secondary National Strategy – Behaviour and Attendance	68	68	68	0	0
Secondary National Strategy – Central Coordination	162	162	162	0	0
Primary National Strategy – Central Coordination	155	155	155	0	0
School Development Grant (Local Authority element)	845	845	845	0	0
School Improvement Partners	91	91	91	0	0
School Intervention Grant	54	54	54	0	0
School Travel Advisers	25	25	25	0	0
Sustainable Travel General Duty	18	18	18	0	0
Total Schools	2,061	2,540	2,003	479	-537
Housing					
Supporting People Programme	12,807	12,807	12,807	0	0
Supporting People Administration	216	199	171	-17	-28
Total Housing	13,023	13,006	12,978	-17	-28
Adult Social Care					
Adult Social Care Workforce	740	757	774	17	17
Mental Capacity Act and Independent Mental Capacity	138	173	165	35	-8
Mental Health	895	939	983	44	44
Preserved Rights	1,302	1,254	1,206	-48	-95
Carers	1,140	1,215	1,289	74	74
Learning Disability Development Fund	281	280	279	-1	-1
	0	0	0	0	0
Total Adult Social Care	4,496	4,617	4,696	121	80
Corporate					
Local Involvement Networks	185	185	184	-1	-1
Working Neighbourhoods Fund (replaces Neighbourhood Renewal Fund)	2,403	2,905	3,033	502	129
Stronger Safer Communities Fund	342	342	342	0	0
Preventing Violent Extremism	205	250	286	45	36
Total Corporate	3,135	3,681	3,845	546	164
Grand Total	28,915	30,502	30,581	1,587	79

Note 1: Supporting People Programme is a specific grant in 2008/09 but becomes part of ABG in 2009/10 - it is shown as part of ABG for all 3 years.

Note 2: Figures are rounded to the nearest £'000 which means there are some rounding errors

Appendix B

SPECIFIC GRANTS 2008/09 TO 2010/11

	2008/09 Grant	2009/10 Grant	2010/11 Grant	Change 2009/10	Change 2010/11
	£'000	£'000	£'000	£'000	£'000
Children & Families					
Contact Point	160	0	0	-160	0
Early Years: Increasing flexibility of entitlement for 3-4 year olds	1,498	2,699	2,612	1,201	-87
Sure Start, Early Years and Childcare	7,792	8,758	9,915	966	1,157
Youth Opportunity Fund	178	178	178	0	0
Aim Higher	40	277	894	237	617
Total Children and Families	9,668	11,913	13,599	2,244	1,687
Schools					
School Lunch Grant	440	440	440	0	0
Ethnic Minorities Achievement Grant	4,785	5,110	5,414	325	304
Music Services	378	378	378	0	0
Playing for success	75	0	0	-75	0
Extended Schools - Sustainability	389	711	1,002	323	291
School Development Grant	12,472	12,472	12,472	0	0
Targeted Support for Primary and Secondary Strategy	1,578	1,578	1,578	0	0
Total Schools	20,116	20,689	21,283	573	595
Housing					
Homelessness	805	805	805	0	0
Total Housing	805	805	805	0	0
Adult Social Care					
Social Care Reform	460	1,069	1,309	609	241
Total Adult Social Care	460	1,069	1,309	609	241
Corporate					
Housing and council tax benefit administration subsidy grant	3,881	3,786	3,786	-95	0
PFI grant	2,847	2,847	2,847	0	0
Growth Areas - Revenue	70	0	0	-70	0
Community Cohesion	200	200	200	0	0
Total Corporate	6,998	6,833	6,833	-165	0
Grand Total	38,047	41,309	43,831	3,262	2,522

Note 1: Supporting People Programme is a specific grant in 2008/09 but becomes part of ABG in 2009/10 - it is included with ABG (App A) for all 3 years.

Note 2: Targeted Support for Primary and Secondary Strategy is to be confirmed for 2009/10 and 2010/11

Note 3: Housing and council tax benefit administration subsidy grant is to be confirmed for 2010/11

Note 4: Figures are rounded to the nearest £'000 which means there are some rounding errors