

**AGENDA MANAGEMENT SHEET**

**Name of Committee**

**Cabinet**

**Date of Committee**

**10 January 2008**

**Report Title**

**Area Based Grant**

**Summary**

To inform members of the details of the Area Based Grant settlement and to seek members approval for the process of agreeing the 2008/09 allocation of Area Based Grant.

**For further information please contact:**

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**Would the recommended decision be contrary to the Budget and Policy Framework?**

No.

**Background papers**

"Development of the new LAA Framework - Operational Guidance 2007" issued by the Government in November 2007 and the 2008/09 to 2010/11 Area Based Grant Settlement issued by the Government on 10 December 2007.

**CONSULTATION ALREADY UNDERTAKEN:**

Details to be specified

Other Committees

.....

Local Member(s)

.....

Other Elected Members

Cllr Tandy, Cllr Roodhouse, Cllr Booth *"This is an opportunity to show our trust in our LAA partners and from that build and strengthen the partnership process"*, Cllr Haynes, Cllr Atkinson

Cabinet Member

Cllr Farnell, Cllr Cockburn - for clearance

Chief Executive

.....

Legal

David Carter – reporting officer

Finance

David Clarke – reporting officer

Other Chief Officers

.....

- District Councils  .....
- Health Authority  .....
- Police  .....
- Other Bodies/Individuals  .....

**FINAL DECISION NO**

**SUGGESTED NEXT STEPS:**

Details to be specified

Further consideration by this Committee  .....

To Council  The 2008/09 allocation of Area Based Grant will be made by full Council at their meeting on 18 March 2008.

To Cabinet  Cabinet will receive further reports on the allocation of Area Based Grant at their meetings in February and March.

To an O & S Committee  .....

To an Area Committee  .....

Further Consultation  .....

## Cabinet - 10 January 2008

### Area Based Grant

#### Joint Report of the Strategic Director, Resources and the Strategic Director, Performance and Development

##### Recommendation

Cabinet is recommended to:

- 1) Note the purpose and role of the new Area Based Grant in the funding of local services and in particular the relationship with the emerging new Local Area Agreement.
- 2) Note the details of the 2008/09 to 2010/11 Area Based Grant settlement for Warwickshire and
- 3) Agree the process outlined in paragraph 6.6 for the allocation of Area Based Grant in 2008/09.

## 1 Introduction

- 1.1 In November 2007 the Government issued "Development of the new LAA Framework - Operational Guidance 2007". On 10 December 2007 this was followed up with a detailed announcement on the 2008/09 to 2010/11 Area Based Grant Settlement. This report aims to bring these two strands together outlining for members the role of Area Based Grant in relation to developing the new LAA and the relevant decision-making roles of the County Council and other partners. The report then goes on to seek members' approval for a process by which the decisions on the allocation of Area Based Grant for 2008/09 can be made.

## 2 Local Area Agreements

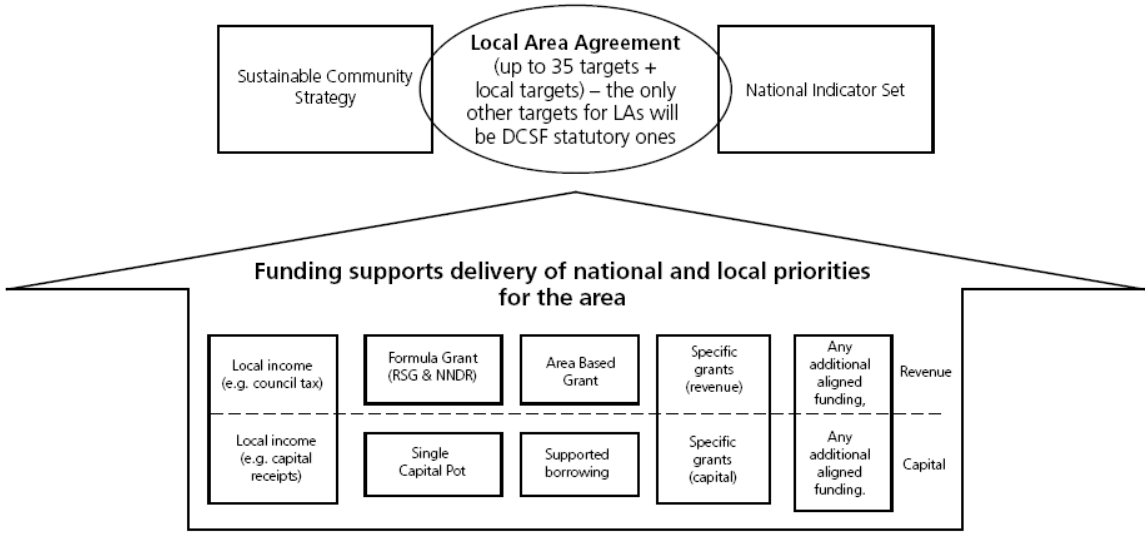
- 2.1 The Local Area Agreement (LAA) is an agreement between Central Government and the local authority and its partners about the priorities for the local area. The draft statutory guidance "Creating Strong and Prosperous Communities" outlines the new statutory duty on the local authority to prepare an LAA and the duty on partners, named in the Local Government and Public Involvement in Health Act 2007, to co-operate in the setting of targets. In two-tier areas the duty to prepare the LAA rests with the County Council.
- 2.2 There is also a new duty to involve which comes into force in April 2009. This is intended to give local people more opportunities to have their say and get involved in the issues that affect their local area.

- 2.3 The priorities the government has set out for the next three years cover issues such as improving education and skills, strengthening local economies, improving health and housing, reducing crime and the fear of crime. The government recognises these issues are also of fundamental importance to elected councillors and therefore sees LAAs as providing a framework which relates these priorities to specific local circumstances and identifies which are most important locally.
- 2.4 Once there has been agreement on the priorities of an area these will need to be translated into a set of targets for the LAA. Local authorities and partners will need to consider which indicators from the 198 in the National Indicator Set will best help deliver the agreed priorities.

**3 Funding of the LAA**

- 3.1 In agreeing targets for inclusion in LAAs, it is also recognised that partnerships will also want to consider how they will resource the delivery of those priorities. The Local Government White Paper set out a new approach to allocating funding. This is shown in Diagram 1.

**Diagram 1: Sources of Funding for the LAA**



- 3.2 In practice what the diagram reflects is that local authorities are able to use all elements of their available funding to support the delivery of the LAA. However, using all elements of funding to deliver the LAA targets does not translate into transferring responsibility for allocating the funding to the governance structures of the LAA. This will only happen where a local authority and its partners agree that the governance structures of the LAA (in Warwickshire’s case the Public Service Board (PSB)) are the most appropriate decision-making body.

## **4 Area Based Grant**

- 4.1 Cabinet will be familiar with most of the funding sources shown in Diagram 1 above. The new source of funding is Area Based Grant.
- 4.2 In 2005/06 the Government introduced LAA Grant into which a number of specific grant funding streams were pooled and allocated as a single grant for the purposes of supporting the achievement of LAA targets. LAA grant primarily acted as a means of capturing the wide range of area based funding streams, allowing for rationalisation of the administration and monitoring that surrounds those funding streams and increasing local flexibility over the use of funding.
- 4.3 Area Based Grant builds on this by further increasing local flexibility over the use of resources, and further reducing reporting requirements. Unlike LAA grant, which was allocated for the purposes of supporting the achievement of LAA targets, Area Based Grant is a non-ringfenced general grant. This means there are no conditions attached to the way funding can be used. Even a broad definition of use e.g. “for LAA purposes” would count as ringfencing.
- 4.4 As a result local authorities are free to use the Area Based Grant, alongside the totality of their funding, as they see fit to support the delivery of local, regional and national priorities in their areas, including the achievement of LAA targets.
- 4.5 In two-tier areas the County Council as well as having the duty to develop the LAA is also responsible for the decisions on the allocation of Area Based Grant. The decision on allocating Area Based Grant will be a Warwickshire County Council full Council decision.
- 4.6 In practice, the allocation of Area Based Grant must go hand in hand with developing and agreeing the LAA. There will no longer be a requirement to include finance information in the LAA. But local authorities and partners will need to ensure they have plans showing how they will work towards the attainment of targets and the resources deployed to underpin the LAA and manage any risks. Therefore, in operational terms the PSB and other partners will have considerable influence over the allocation of Area Based Grant.
- 4.7 Local authorities and their partners will still be responsible for working to deliver the National Indicator Set and their LAA targets. The Audit Commission will, through the work of its appointed auditors, assess whether authorities have used their resources effectively, with a strong focus on value for money and efficiency as part of the use of resources element of the Comprehensive Area Assessment.

## **5 Warwickshire's Area Based Grant**

- 5.1 The Area Based Grant for Warwickshire is £22.112 million for 2008/09. Future indicative levels of Area Based Grant are £33.232 million for 2009/10 and £32.659 million for 2010/11. The significant increase in grant in later years is due to the inclusion of Supporting People funding as part of the LAA.
- 5.2 Area Based Grant is a revenue grant and does not include any capital funding. The total Area Based Grant for Warwickshire is made up of a number smaller revenue grants that have been allocated across authorities according to specific policy criteria. A full breakdown of the Area Based Grant for Warwickshire for 2008/09 to 2009/10 is attached at Appendix A. The level of grant received in 2007/08 for each individual grant, where available, has also been included for comparative purposes. The Appendix also shows the lead partner for each of the grants, including those that were pooled as part of the current LAA.

## **6 Allocating Area Based Grant in Warwickshire**

- 6.1 The County Council's considerations about the allocation of Area Based Grant need to take account of the following:
- The on-going commitments in terms of staffing and contracts flowing from the current use of grants, by partner organisations, that are now included in Area Based Grant.
  - The views of the PSB and partner organisations as to the local priorities in Warwickshire, and
  - Resourcing the priorities and targets included in the emerging new LAA.
- 6.2 The timing of the announcement of Area Based Grant for 2008/09 does not fit easily with the County Council's budget process or that of partner organisations. Indeed on 13 December 2007 Cabinet made provisional recommendations to the County Council on the budget for 2008/09. The announcement, in December, of the grants to be incorporated within Area Based Grant, has not left sufficient time to fully identify the on-going commitments and work has only just begun on identifying the priorities for the new Warwickshire LAA.
- 6.3 It is therefore recommended that, for 2008/09, decisions on the allocation of Area Based Grant are made at full Council on 18 March 2008 following the setting of the County Council's budget on 5 February 2008. Whilst this is not entirely satisfactory, now it has been confirmed that the allocation of Area Based Grant is a decision for the County Council, this has mitigated concerns that the County Council's budget would need to pick up any commitments not funded through the LAA mechanisms.
- 6.4 These concerns were raised by Cabinet at its meeting on 6 December 2007 when it considered a report on the local transport plan funding of safety cameras. It is now clear that the full Area Based Grant will be available to the County Council for allocation, taking into account the views of the PSB and other key partners and stakeholders. This means that allocations for road safety and safety camera work could be made in line with the Cabinet resolution provided full Council agrees their inclusion as part of the Area Based Grant allocations which full council will consider on 18 March 2008.

- 6.5 From 2009/10 onwards it should be possible to combine the decisions on the allocation of Area Based Grant within the County Council's overall budget process.
- 6.6 In agreeing the allocation of Area Based Grant for 2008/09 there is a need to ensure there is a strong, documented audit trail and assurance framework that is compelling to partners, the PSB, central government and local people. It is therefore proposed that the following timetable set out below is adopted for deciding the allocation of Area Based Grant for 2008/09.

<b>Table 1: Timetable for Agreeing the Allocation of 2008/09 Area Based Grant</b>		
<b>Date</b>	<b>Consideration by:</b>	<b>Consideration of:</b>
Week beginning 21 January 2008	PSB	The initial priorities for the new LAA and any resource requirements to deliver these.
31 January 2008	Block Leads	Refinement of the initial considerations of the PSB into a working draft LAA for submission to GOWM
5 February 2008	Full Council	2008/09 WCC Budget agreed
19 February 2008	Full Council	Initial views of the PSB on the indicators for the new LAA and the allocation of resources.
20 February 2008	PSB	Finalise the priorities for the new LAA and any resource requirements.
21 February 2008	Cabinet	Details of: <ul style="list-style-type: none"> <li>• The on-going commitments in terms of staffing and contracts flowing from the current use of grants.</li> <li>• The priorities and resourcing requirements identified by the PSB for the new LAA.</li> </ul>
13 March 2008	Cabinet	Recommendation to Council on the allocation of Area Based Grant for 2008/09.
18 March 2008	Full Council	Agree the allocation of Area Based Grant for 2008/09 and the new LAA

DAVID CLARKE  
Strategic Director, Resources

DAVID CARTER  
Strategic Director, Performance  
and Development

## Warwickshire Area Based Grant 2008/09 to 2010/11

The table below shows the breakdown of the Area Based Grant for Warwickshire for 2008/09 to 2010/11. The 2007/08 grants received directly by partner organisations in 2007/08 are also shown for comparative purposes. The grants where the partner is shown as "LAA" indicates these grants are already pooled within the existing Warwickshire LAA.

Area Based Grant	Partner	2007/08 Final £ million	2008/09 Provisional £ million	2009/10 Provisional £ million	2010/11 Provisional £ million
14-19 Flexible Funding Pot	WCC	0.224	0.153	0.154	0.155
Adults Social Care Workforce	WCC	1.222	1.222	1.269	1.316
Care Matters White Paper	WCC	0.020	0.234	0.319	0.369
Carers	WCC	1.602	1.968	2.125	2.283
Child & Adolescent Mental Health Services	WCC	0.547	0.606	0.639	0.672
Child Death Review Processes	WCC	-	0.047	0.048	0.050
Children's Fund	WCC	0.940	0.940	0.940	0.940
Children's Social Care Workforce	WCC	-	0.119	0.119	0.119
Choice Advisors	WCC	0.034	0.035	0.035	0.035
Cohesion	N&B	-	0.049	0.091	0.140
Connexions	LAA	4.220	4.220	4.106	4.099
Detrunking	WCC	0.380	0.389	0.399	0.409
Education Health Partnerships	WCC	0.105	0.105	0.105	0.105
Extended Rights to Free Transport	WCC	0.064	0.167	0.275	0.383
Extended Schools Start Up Costs	WCC	0.818	1.036	1.656	0.681
Learning and Disability Development Fund	WCC	-	0.373	0.372	0.372
Local Involvement Networks	WCC	-	0.212	0.213	0.214
Mental Capacity Act & Independent Mental Capacity Advocate Service	WCC	0.134	0.217	0.276	0.267
Mental Health	WCC	1.057	1.189	1.249	1.310
Positive Activities for Young People	LAA	0.159	0.159	0.274	0.355
Preserved Rights	WCC	2.800	2.572	2.454	2.347
Primary National Strategy Central Coordination	LAA	0.260	0.273	0.274	0.274
Road Safety Grant	WCC	1.841	1.770	1.633	1.572
Rural Bus Subsidy	WCC	1.017	1.043	1.071	1.098
School Development grant	WCC	1.063	1.013	1.013	1.013
School Improvement Partners	WCC	0.167	0.252	0.252	0.252
School Intervention Grant	WCC	0.163	0.163	0.163	0.163
School Travel Advisors	LAA	0.071	0.071	0.071	0.071
Secondary National Strategy-Behaviour & Attendance	LAA	0.126	0.126	0.126	0.126
Secondary National Strategy-Central Coordination	LAA	0.259	0.253	0.254	0.254
Stronger Safer Communities Fund	LAA	0.584	0.584	0.584	0.584
Supporting People	WCC	-	-	10.147	10.147
Supporting People Administration	WCC	0.340	0.323	0.297	0.255
Sustainable Travel General Duty	WCC	0.042	0.042	0.042	0.042
Teenage Pregnancy	WCC	0.187	0.187	0.187	0.187
<b>Total</b>		<b>20.446</b>	<b>22.112</b>	<b>33.232</b>	<b>32.659</b>