



Leicester
City Council

WARDS AFFECTED
All Wards

Cabinet

1st September 2009

Area Based Grant allocation 2009/10

1. Purpose of Report

- 1.1 This report presents a summary of recommended Area Based Grant (ABG) allocations for 2009/10 and establishes the financial framework under which the ABG will operate.
- 1.2 Strategic Theme Group allocations are based upon historical allocations, although work is taking place to consider the extent to which redirection within and between themes might better support the delivery of priority outcomes for the city. This approach is complementary to the piloting of Priority Based Budgeting currently underway within the Council.

2. Recommendations

- 2.1 Cabinet is asked to:
- (i) Approve the initial allocation of ABG funding to Partnership Strategic Theme Groups as set out in section 3.4 of this report ;
 - (ii) Approve the financial framework previously approved at the meeting of the Leicester Partnership Executive held on 11th March 2009, (subject to minor modifications) as set out in Appendix B;
 - (iii) Agree that the Leicester Partnership Strategic Board, chaired by the Chief Executive, undertake an analysis of ABG allocations to identify any potential for redirection during 2009/10 and make recommendations for 2010/11 allocations.

- (iv) Agree that the Strategic Board also pull together a programme of activities (informed by proposals from Strategic Theme Groups) to be commissioned through LPSA Reward Grant that maximises impact on the key priorities for the city.

3. Area Based Grant 2009/10

- 3.1 The grant determination letter from Communities & Local Government (1 April 2009) confirmed Leicester's ABG allocation for 2009/10 as £28,497,699.
- 3.2 The LP Executive meeting on 28th January adopted recommendations made in the 'Partnership Options' paper for the amount to be used for administration.
- 3.3 Furthermore, the LP Executive meeting of 11th March agreed that initial ABG allocations for 2009/10 be based on historic patterns of spend.
- 3.4 As a consequence the calculation and allocation of funding are as follows:

	£
Administration	811,499
Leicester CYP Strategic Partnership	11,884,348
Safer Leicester Partnership	982,314
Stronger Communities Partnership	250,653
Health & Wellbeing Partnership	5,965,634
Economic Development Partnership	8,581,391
Environmental Partnership	21,859
Talking-Up Leicester	0
	28,497,699

- 3.5 In addition are the balances brought forward by Strategic Theme Groups from 2008/9, totalling £5,618,051 and £628,641 in respect of the Disadvantaged Area Fund (DAF).
- 3.6 A detailed list of 'historical grants', contained within the figure advised by CLG, plus the funding brought forward from 2008/9 is shown in Appendix A.
- 3.7 In agreeing these initial allocations, the Executive re-affirmed it's commitment to ensuring that allocations of ABG were made strategically to ensure maximum impact on the most pressing issues in the city could be achieved. However, it was acknowledged that significant amounts of ABG are used to support the delivery of statutory functions and that the de-commissioning of non-priority activities would take some time.

- 3.8 The Executive asked the Strategic Board to report back with an overview of current activity supported through ABG; identify significant challenges; and highlight gaps and/ or areas of significant under performance.
- 3.9 In a similar vein, the Strategic Board has been asked to assess the commissioning proposals put forward by Strategic Theme Groups using LPSA reward grant to ensure that these proposals deliver maximum impact on current priorities.

4. Roles and Responsibilities

- 4.1 The Leicester Partnership Executive approved a financial framework at its' March 2009 meeting. Since that time, minor changes have been made to the framework, which sets out roles and responsibilities, to be more closely aligned with the more recently revised Partnerships' constitution and to adhere to the Council's Finance Procedure Rules (being the Council's own financial framework).
- 4.2 In summary, there are three key roles. These are:
- Chief Executive – is responsible for the Area Based Grant in its totality;
 - Strategic Director – is responsible for the performance of the Strategic Theme Group and the allocation of budget to individual projects, tasks or workstreams, up to the total sum allocated to the Group;
 - Designated Service Budget Holder (or Cost Centre Manager) – is responsible for managing delegated budgets.

More detailed guidance can be found at Appendix B.

5. Headline Financial and Legal Implications

- 5.1 This report is solely concerned with approving the allocation of 09/10 ABG funds and balances brought forward from 08/09. These monies will be accounted for in accordance with the existing approved and established financial framework.
- 5.2 There are no additional legal implications – Peter Nicholls, Head of Legal Services

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Key Decision	No
Reason	N/A
Appeared in Forward Plan	N/A
Executive or Council Decision	Executive (Cabinet)

Allocation of Area Based Grant:2009/10

	Net allocation
Stronger Safer Communities	250,653
Supporting People Administration	164,967
Working Neighbourhood Fund	8,581,391
Preventing Violent Extremism	242,881
Climate Change (Planning policy statement)	21,859

DCLG Total 9,261,752

School Development Grant	1,924,401
Extended Schools Start-Up Grants	1,095,339
Primary National Strategy - Central	219,436
Secondary National Strategy - Central	198,715
Secondary National Strategy	66,355
School Improvement Partners	115,913
Education Health Partnerships	85,814
School Travel Advisors	33,032
Choice Advisors	47,892
School Intervention Grant	74,419
14 - 19 Flexible Funding Pot	83,358
Sustainable Travel - General Duty	21,654
Extended Rights to Free Transport	37,776
Connexions	4,021,959

APPENDIX A					
Children & Young People Strategic Partnership	Health & Wellbeing Partnership	Leicester & Leicestershire Coordination group	Safer Leicester Partnership	Stronger Communities Partnership	Environment Partnership
				250,653	
	164,967				
		8,581,391			
			242,881		
					21,859
0	164,967	8,581,391	242,881	250,653	21,859
1,924,401					
1,095,339					
219,436					
198,715					
66,355					
115,913					
85,814					
33,032					
47,892					
74,419					
83,358					
21,654					
37,776					
4,021,959					

Childrens Fund	1,263,782	1,263,782						
Child Trust Fund	11,383	11,383						
Positive Activities for Young Children	550,358	550,358						
Teenage Pregnancy	155,444	155,444						
Childrens's Social Care Workforce	147,975	147,975						
Youth Taskforce	24,288	24,288						
Care Matters - White Paper	383,479	383,479						
Children Death Review Process	60,216	60,216						
Young people Substance Misuse	39,757	39,757						
Preventing Violent Extremism Toolkit	0	0						
Designated Teacher Fund	15,489	15,489						
DCSF Total	10,678,232	10,678,232	0	0	0	0	0	0
DEFRA Total	0	0	0	0	0	0	0	0
DWP								
DWP Total	0	0	0	0	0	0	0	0
Adult Social Care Workforce	834,956	834,956						
Carers (80% H&W ~ 20% CYPS)	1,549,526	309,905	1,239,621					
Child & Adolescent Mental Health	795,420	795,420						
Learning & Disability Development	308,148	308,148						
Local Involvement Networks.	179,493	179,493						
Mental Capacity Act	190,215	190,215						
Mental Health	1,034,303	1,034,303						
Preserved Rights	2,013,931	2,013,931						
DH Total	6,905,992	1,105,325	5,800,667	0	0	0	0	0

Stronger Safer Communities	379,026				379,026			
Young People Substance Misuse	100,792	100,792						
HO Total	479,817	100,792	0	0	379,026	0	0	0
Road Safety Grant	360,407				360,407			
DfT Total	360,407	0	0	0	360,407	0	0	0
ABG gross Total	27,686,200	11,884,348	5,965,634	8,581,391	982,314	250,653	21,859	21,859
Plus 2008/9 underspend brought forward:								
	5,618,017	0	107,142	5,256,244	254,631	0	0	0
DWP/DAF underspend brought forward	628,641			628,641				
Balance available in 2009/10 (subject to approval)	33,932,858	11,884,348	6,072,776	14,466,277	1,236,945	250,653	21,859	21,859

Area Based Grant – Financial framework 2009/10

1. Background

- 1.1 The Council first received Area Based Grant (ABG) in 2008/09. In that year, to facilitate an easier transition, the operational arrangements followed similar procedures as had been applied to the Local Area Agreement (LAA) grant.
- 1.2 The grant conditions applying to the ABG are, however, significantly different from the Local Area Agreement grant and the financial framework and governance arrangements have therefore been reviewed.

2. Report

- 2.1 The most significant feature of the ABG is that it is a non-ringfenced general grant. This is the same status as the Revenue Support Grant (RSG) and means that the Authority may use the grant as it sees fit and does not have to account for its use separately from the Council's main financial statements. The formal purpose of the grant, as set out in the formal "determination letter" from the DCLG is "to provide support to local authorities towards expenditure lawfully incurred or to be incurred by them."
- 2.2 The guidance supporting the ABG framework also states that, unlike the LAA grant which was allocated specifically for the purpose of supporting the achievement of LAA targets, the use of the ABG does not have to be specifically targeted in that way. The guidance goes on to say that the "Local Authorities and their partners will, of course, still be responsible for working towards delivering the National Indicator Set and their LAA targets.....ensuring that the new ABG is a non ring-fenced grant simply maximises local flexibility over the use of resources to deliver local priorities effectively and efficiently."
- 2.3 The total amount of ABG allocated to a local authority was based on the sums previously received as Specific grants. These specific grants have been rolled up into the ABG for the purpose of calculating the ABG due, but there is no requirement that local authorities will use the funding to support the objectives of the former specific grants, and Government Departments contributing funding to the ABG may not place any restrictions on how local authorities spend the money.

- 2.4 It is clear from the above that our previous arrangements for accounting for ABG needed to be reviewed. In 2008/09 cost centres were created within the relevant Service Department to mirror each of the (former) specific grant areas, and reporting was based on this structure. The focus, as agreed with the Leicester Partnership Executive, needs to be re-directed towards monitoring and reporting the expenditure and performance of each of the strategic theme groups.
- 2.5 The financial framework for the management of the Local Area Agreement depends upon certain key roles being undertaken. These roles emphasise the importance of the strategic theme groups in directing expenditure and being accountable for performance. The roles and the responsibilities which attach to these key roles are set out in section 3.
- 2.6 The level of responsibility delegated to the strategic theme groups means that there is less direct responsibility for the Council's Divisional Directors in the allocation of ABG money. In the light of this, it is proposed to remove the ABG from Service budgets and to record and report ABG separately. This will apply to the Council's internal budget monitoring arrangements, and will facilitate better reporting to the Leicester Partnership Executive. This approach will reinforce the non-departmental aspect of ABG, and strengthen the role of the strategic theme groups in allocating budget to priorities. It would, however, require the strategic theme groups to be strong and effective, with the capacity to fulfil their role properly.
- 2.7 The Council's finance procedure rules require all budgets to be allocated to a specific individual, to ensure the completeness of the budgetary control framework. If the ABG budgets are to be held outside the Council's Services, the responsibility for those budgets must also lie elsewhere and it is proposed that the Area Based Grant is treated as a single "Controllable Budget Line" with the responsible officer being the Chief Executive. Each strategic theme group is allocated budgets in accordance with the recommendation of the Leicester Partnership Executive, subject to Cabinet approval. Strategic Directors will be responsible to the Chief Executive for the budgets allocated to them. Strategic Directors on behalf of the theme group can then approve expenditure, subject to consultation with the relevant strategic theme group and Cabinet Lead.
- 2.8 The ABG constitutes one controllable budget line in accordance with Finance Procedure Rules. However due to the size of the programme and the nature of the allocation process, it is proposed that for monitoring purposes, financial information will be aggregated and reported at strategic theme group level. This will also facilitate an overview of the programme and enable redirection of resources where appropriate.

2.9 There is no restriction on the carry-forward of unspent ABG. The Leicester Partnership has recommended that, for 2008/09, any ABG underspend should be ringfenced for LAA purposes and that each delivery group should retain, as a matter of right, any underspend which has arisen from its own budgets. Overspending is not permitted. For the future, if budgets and expenditure are removed from divisional structures, any overspend will have to be treated differently. The following principles should be applied:

- Budget monitoring must be timely and effective, enabling early identification of any potential budget pressures.
- Strategic Directors should aim to consume any problems within their overall strategic theme group budget by redirecting budget to avoid an overspend
- Persistent budget problems should be raised with the Chief Executive and Leicester Partnership Executive and, if appropriate, budget should be re-directed across the strategic theme groups to ensure there is no net overspend against the ABG allocation in total.
- If, despite these measures, it appears that ABG will still be overspent the options are:
 - Carry the overspend forward and meet it as a first call on the following years budget allocation, thereby reducing the budget available for new year projects and spend.
 - Identify the overspend to a specific City Council Service Division and require that Service Division to meet the overspend from its divisional resources.

3. Roles and Responsibilities

3.1 The specific roles identified within the financial framework are:

- Strategic Director
- Designated Service budget holder
- Strategic Theme Group Finance Officer

These roles are considered in more detail below:

3.2 Strategic Director

Responsible for :

- (i) The overall performance of the theme group.
- (ii) The allocation of budget to individual projects, tasks or workstreams, up to the total sum allocated to the theme group
- (iii) Consulting with LAA Delivery Group sub-partnerships, where appropriate, in developing budget plans for the use of LAA pooled funds.
- (iv) Incorporating ABG allocations into their wider budget planning, within their own and partner organisations.

- (v) Submitting LAA pooled funding service budget proposals to the Leicester Partnership via Leicester City Council Partnership Executive Team (PET). Proposals can include indications on preferred suppliers / agencies as part of the process, especially where a continuance of funding previously agreed is being sought, subject to the provisions of relevant legislation and rules regarding public service procurement.
- (vi) Designating service budget holders.
- (vii) Spending ABG allocations in line with identified budgets and in accordance with the prevailing finance and contract procedure rules.
- (viii) Notifying the PET, City Council CFO and Leicester Partnership Executive Board of requests for virement and carry forward of budget.
- (ix) Making sure that recipients of ABG are fully aware of their responsibilities in managing these funds effectively and agree to the prevailing conditions on procedures, grant or service level agreements and contract, or other terms and conditions, as applicable.
- (x) Making sure that internal and external reporting deadlines are adhered to and that returns represent a true and accurate record.
- (xi) Advising the PET of any breach to the terms or conditions of funding within their theme Group responsibilities.

3.3 Designated Service Budget holders

Responsible for:

- (i) Managing expenditure in line with delegated budgets, terms and conditions of receiving ABG funds and in accordance with the prevailing finance and contract procedure rules in procuring services.
- (ii) Providing their designated finance / accountancy manager with an annual profile of spend in advance of receipt of ABG.
- (iii) Accurately recording / allocating expenditure, within the applicable financial management information system, as it is incurred, or commitments entered into.
- (iv) Maintaining adequate records on performance and expenditure, including a register of assets purchased with ABG funding.
- (v) Providing prompt and accurate performance monitoring information and reports in line with internal and external
- (vi) Advising their designated finance manager and the Strategic Director of any need to seek virement of budget.
- (vii) Advising their designated finance manager, or Strategic Director of any breach to the terms or conditions of ABG funding they

control. For example, breach of safeguards against fraud or theft of ABG funds and, or, assets acquired with ABG funding.

3.4 Strategic Theme Group Finance Officers / Accountants (appointments to be agreed by the council's Chief Finance Officer)

Responsible for:

- (i) Advising the Strategic Director on operating the financial protocol effectively.
- (ii) Co-ordinating the annual ABG budget processes for the theme group.
- (iii) Agreeing the accounting structure against which ABG budgets are allocated, and where expenditure and commitments will be recorded.
- (iv) Assisting in scheme appraisal and costing.
- (v) Co-ordinating theme group budget monitoring information and performance reports to the PET in line with internal and external requirements.
- (vi) Maintaining adequate records on ABG expenditure, including a register of assets purchased with ABG funding, and reporting changes to the PET on a scheduled basis, or as required.
- (vii) Advising the Strategic Director and the PET of any breach to the terms or conditions of ABG funding in their designated area. For example breach of safeguards against fraud or theft of ABG funds and, or, assets acquired with ABG money.