



Leicester  
City Council

**WARDS AFFECTED**  
*Type in Ward*

**FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:**

Cabinet

21<sup>st</sup> June 2010

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**Area Based Grant 2010/11**

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**Report of the Director of Change and Programme Management**

**1. PURPOSE OF REPORT**

- 1.1 To present a proposal for the top-slicing of Area Based Grant (ABG) to support Leicester Partnership infrastructure and development, and proposals for initial 2010/11 ABG allocations to Leicester Partnership Strategic Theme Groups (STGs).

**2. SUMMARY**

- 2.1 The ABG is a single un-ringfenced grant made by central government to top-tier local authorities. It replaces over 50 previously ringfenced specific grants from government departments. It is designed to give localities greater flexibility in meeting local priorities and reduce the burden of accounting separately for each grant. Leicester's ABG allocation for 2010/11 is £42,486,215.
- 2.2 In determining how this grant will be allocated the first stage is to agree the level of top-slice that will be applied to support Partnership infrastructure and development costs. In recognition of capacity pressures the Partnership's Strategic Board and Executive agreed to allow a one off additional investment of c. £200,000, equating to a top slice of 2.4%. The Partnership's Executive recommends that Cabinet support this position.
- 2.3 Having agreed the level of top-slice required, and recognising the limited scope for significant changes to allocations across STGs, The Strategic Board and Executive agreed to recommend that STG allocations are initially calculated on the basis of historic patterns. This does not preclude the possibility of mid-year adjustments.

### **3. RECOMMENDATIONS (OR OPTIONS)**

- (i) Agree the level of top-slice to support Partnership infrastructure and development costs as proposed in by the Leicester Partnership Executive in section 4.2.6 of this report;
- (ii) Agree that initial ABG allocations to Strategic Theme Groups after the top slice are based on historic spend (Appendix 1)
- (iii) Advise Strategic Theme Groups that in-year reviews and/or funding reallocation may take place as deemed necessary and based on a further report to The Partnership Executive and Cabinet

### **4. REPORT**

#### **4.1 Background**

- 4.1.1 The ABG is a single un-ringfenced grant made by central government to top-tier local authorities. It replaces over 50 previously ringfenced specific grants from government departments. It is designed to give localities greater flexibility in meeting local priorities and reduce the burden of accounting separately for each grant.
- 4.1.2 Having said that, it is acknowledged by local authorities that many of the grants now included in ABG (e.g. Preserved Rights and Child Death Reviews) are meeting existing unavoidable commitments. Alternative mainstream resources would need to be found should the ABG be used differently.
- 4.1.3 Equally, many elements of the ABG are directly linked to the delivery of One Leicester / LAA priorities (e.g. Connexions – NI 117, Teenage Pregnancy – NI 112, Prevent – NI 35). Again, this has a bearing on the flexibility we have to move resources around.
- 4.1.4 Some local authorities have identified the WNF as an area in which there is scope for flexibility, approaching it in a similar way to its predecessor, the Neighbourhood Renewal Fund. In Leicester we have agreed to focus on employment, skills and enterprise priorities (NIs 152,153, 163, 165 and 172).

#### **4.2 Top-Slice**

- 4.2.1 Leicester's Area Based Grant allocation for 2010 is £42, 486,215. The significant increase from the 2009/10 allocation is largely accounted for by the introduction of Supporting People grant into ABG.
- 4.2.2 In determining how this grant will be allocated the first stage is to agree the level of top-slice that will be applied to support Partnership infrastructure and development costs.

- 4.2.3 In January 2009, the Partnership's Executive agreed the level of support required for the Partnership. The total cost being £811,499. This equated to a 2.85% top-slice of the ABG. Cabinet subsequently endorsed this
- 4.2.4 At the meeting of the Partnership's Strategic Board on 24<sup>th</sup> February significant capacity pressures around Partnership support (particularly communications, performance and programme management) were acknowledged and it was agreed that options around the top-slicing of ABG should be considered to see if there was scope to address these pressures.
- 4.2.5 Given that we have no formal notification of ABG allocation to the city beyond 2010/11, the Strategic Board are of the view that any changes to the amount of top-slice to address capacity pressures are viewed as a one-off transformational investment rather than recurring costs. Although, the flexibility in carry-forwards means this would investment could be spread beyond 2010/11.
- 4.2.6 The Strategic Board considered three broad options:
- Do not allow any additional investment in Partnership support (i.e. retain the 2009/10 cash allocation). This would have the consequence of reducing the percentage top-slice from 2.85% to 1.93%.
  - Provide an additional investment in Partnership support by keeping the 2009/10 percentage top-slice at 2.85%. This would make an additional investment of £389,000 available.
  - Allow for c. £200,000 of additional investment and consequently reduce the top slice percentage to 2.4%.

The Strategic Board agreed to recommend the third of these options i.e. a 2.4% top slice. The Executive supported this recommendation.

- 4.2.7 This was agreed on the basis that additional investment in infrastructure and development is conditional on the investment being used to work towards a sustainable model for resourcing the Partnership and its work in the city.
- 4.1.8 This might involve supporting the development of the STG virtual teams, establishing streamlined systems and process to reduce bureaucracy and duplication, supporting large public sector partners in developing and reconciling their inward and outward facing roles, and promoting 'total place' type initiatives and cultures.
- 4.2.9 A further report detailing proposals would be brought to the Strategic Board for approval.

### **4.3 Strategic Theme Group Allocations**

- 4.3.1 Having agreed the level of top-slice required, and recognising the limited scope for significant changes to allocations across STGs, The Strategic Board agreed to recommend that STG allocations are initially calculated on the basis of historic

patterns. The Executive endorsed this recommendation. Appendix 1 of this report sets out these calculations.

- 4.3.2 Subject to subsequent Cabinet approvals, STG allocations for 2010/11 will ensure compliance with the ABG Financial Framework and allow necessary accountancy controls to be established.
- 4.3.3 These initial allocations do not preclude mid year adjustments both between and within STG allocations informed by the outcome of the exercise detailed in the following paragraphs.
- 4.3.4 The Council's Chief Finance Officer has considered options for budgeting in 2010/11 (essentially, whether to continue to "passport" former specific grant sources through to the theme groups; or attempt some redistribution). It was accepted that significant redistribution for 2010/11 (particularly given the likely grant outlook for 2011/12) was unlikely to be viable.
- 4.3.5 In light of the above, an exercise was commissioned which looked at how grant is currently being spent by the theme groups, and the implications of moving individual pots of money (in effect, certain services would either cease or have to be funded from within mainstream budgets).

## **5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS**

### **5.1. Financial Implications**

The report is solely concerning the 2010/11 Area Based Grant allocation of £42.5m.

Alison Greenhill  
Interim Chief Accountant  
297421

### **5.2 Legal Implications**

There are no additional legal implications arising from this report.

Peter Nicholls, Divisional Director - Legal Services

## **6. Climate Change Implications**

- 6.1 Whilst this report in itself does not contain any significant climate change implications, the modest funding allocation to the Environment Partnership will impact upon the ability of the Environment Partnership to address city wide CO2 emissions and meet the NI186 target.

Helen Lansdown, Senior Environmental Consultant - Sustainable Procurement

**7. OTHER IMPLICATIONS**

OTHER IMPLICATIONS	YES/NO	Paragraph references within the report
Equal Opportunities		
Policy		
Sustainable and Environmental	Yes	Appendix 1
Crime and Disorder		
Human Rights Act		
Elderly/People on Low Income	Yes	Appendix 1
Corporate Parenting		
Health Inequalities Impact	Yes	Appendix 1

**8. BACKGROUND PAPERS – LOCAL GOVERNMENT ACT 1972**

Area Based Grant allocation 2009/10 – Cabinet 1<sup>st</sup> September 2009

**9. CONSULTATIONS**

Leicester Partnership Strategic Board - 24<sup>th</sup> February & 31<sup>st</sup> March 2010  
 Leicester Partnership Executive - 14<sup>th</sup> April 2010

**9. REPORT AUTHORS**

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