



**NOTTINGHAM
CHILDREN'S
PARTNERSHIP**

PROUD OF NOTTINGHAM'S CHILDREN & YOUNG PEOPLE

Title of paper:	The Coalition Government Update	
Report to:	Children's Partnership Board	
Date:	26 th January 2011	
Accountable Officer:	Colin Monckton, Head of Insight and Improvement, Children and Families	Wards affected: All
Contact Officer(s) and contact details:	Geoff Jenkins, Policy and Planning Manager, Children and Families, Nottingham City Council	
Other officers who have provided input:		
Relevant Children and Young People's Plan (CYPP) objectives(s):		
Stronger safeguarding – With a key focus on ensuring that there are high standards of safeguarding across all agencies and that the Partnership takes a proactive approach to the elimination of domestic violence.		✓
Healthy living – With a key focus on increasing the proportion of children and young people who have a healthy weight.		✓
Reducing substance misuse – Partnership work to lessen the impact on children of parental drug and alcohol misuse and to reduce drug and alcohol misuse amongst children and young people.		✓
Raising attainment – Raising the attainment levels and increasing engagement in employment, education and training.		✓
Improving attendance – Improving rates of attendance at both Primary and Secondary as a key foundation of improving outcomes.		✓
Summary of issues (including benefits to customers/service users):		
<p>The pace of public sector reform has quickened through the last quarter of 2010 and the budget implications are becoming clearer. This report focuses on the emerging financial context and provides a commentary on how this may impact on delivery of the Children and Young People's Plan as it moves into year two of implementation</p>		
Recommendations:		
1	That the Children's Partnership notes the contents of this report.	

1. BACKGROUND - RESOURCES

1.1 The Local Authority Settlement

On 13 December 2010, Secretary of State for Communities and Local Government, Eric Pickles, announced the budgets for all Councils in the country, saying that Nottingham City Council will see a cut of 8.44% next year. In actual fact, the picture looks as though it could be much worse. Nottingham faces a 16.5% cut in Government funding for next year which, along with in-year cuts this year and other Government adjustments, equates to a real-term cut in the Council's budget of around £60m.

This means that Nottingham is among the worst-hit councils in the country.

The budget detail is still under discussion but service cutbacks are inevitable. The Chief Executive has stated that: "*Partnership working remains the bedrock of all our activities. Nottingham City Council has been working particularly closely with those in the voluntary sector and it will continue to support vulnerable citizens and communities through this time.*"

1.2 Early Intervention Grant

The Government has announced a single Early Intervention Grant, which will replace a number of former funding streams. The technical note (Appendix 1 to this report) details the funding streams being replaced.

Nottingham's provisional allocation of the new grant for 2011-12 is £17m. There is a high expectation that all of this non ring fenced allocation will be available for work with children and families. After taking into account 2010 -11 in-year cuts of £2.7m, and loss of other matching funding streams, it represents a loss of £5.3m from the resource available in April 2010.

Impact in Nottingham

Work is now underway to determine exactly what will be funded from the new single grant. It is inevitable that some services will need to be cut; a robust process of prioritisation and evaluation of value for money will be essential for the de-commissioning process.

1.3 The Public Health Grant

The Public Health White Paper informs us that Public Health services, together with a ring-fenced public health budget, will be transferred from NHS Nottingham to Nottingham City Council in 2013. The size of the grant, and the funding streams it will subsume are not currently known. The responsibilities transferring to local authorities have been set out in the recent Public Health White Paper and are summarised in Appendix 3 to this report.

Impact in Nottingham

The Government proposals mean that Nottingham City Council, under the guidance of the new Department of Public Health, will have responsibility for improving health and reducing health inequalities across our local population - a population with some of the highest health inequalities in the country. The DPH will require specific skill sets and support from a flexible workforce that has the skills and knowledge outlined in the forthcoming Public Health Workforce Strategy.

Improving health and wellbeing is a strong theme in the Nottingham Plan and is fully reflected in the Children and Young People’s Plan (CYPP) - maintaining a healthy weight and reducing the impact of substance misuse are two of the five CYPP Year One priorities. The Healthy Schools Programme ensures that healthy living is promoted and engages children and young people throughout their school career.

In the longer term, it remains unclear exactly where decisions on funding child public health programmes will be made. The current partnership governance structure gives the Children’s Partnership a role, but this may change with the establishment of Health and Well Being Boards with broad public health responsibilities.

1. 4 Further Education Funding – from the Education Maintenance Allowance to Hardship Allowance

The Education Maintenance Allowance (EMA) provided financial support for 16-18 year olds from low-income families to remain in full time education; the scheme was closed to new applicants on January 1st 2011. Young people currently in receipt of the EMA will continue to receive it for the rest of this academic year (2010/11), if they fulfil the terms of their EMA agreement. However, they will not receive it next academic year (2011/12). A replacement hardship allowance system for the EMA has been alluded to but no details of this have yet been announced. Funding for Further Education (FE) colleges is being sustained in cash terms, but notional amounts allocated to school sixth forms are being reduced to enable a convergence with FE funding rates.

Impact in Nottingham

Young Nottingham Select Committee investigated the impact of the withdrawal of EMA at its December meeting. It concluded that:

“The increase in the number of students accessing the EMA mirrors the significant increase in post-16 participation in education and training that has taken place over the last six years. How much of this is down to the EMA is difficult to assess but a strong correlation appears to exist. An early evaluation of the scheme ‘Education Maintenance Allowance: the first two years: a quantitative evaluation’ suggested that EMA had significantly raised post-16 full-time education participation among eligible young people in Year 12 by around 5.9 percentage points. This evaluation also concluded that the impact of EMA is only significant for those receiving the full amount.”

EMA in Nottingham						
Academic Year	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Number of students accessing EMA	3,011	3,357	3,861	4,170	4,187	4,608

The best estimate of the number of Nottingham City students per year studying because of EMA, based on this evaluation is 385. There are 5,600 16-18 year old students that are enrolled in Nottingham City based institutions that currently claim the EMA.”

Research by the Institute of Fiscal Studies found that the EMA significantly increased participation rates in post-16 education among young adults who were eligible to receive it. In particular, it increased the proportion of eligible 16-year-olds staying in education from 65% to 69%, and increased the proportion of eligible 17-year-olds in education from 54% to 61%. The study

concluded that the costs of providing EMA were likely to be exceeded in the long run by the higher wages that its recipients would go on to enjoy in future.

1.5 Voluntary Sector funding

Nottingham City Council has been in regular dialogue with Nottingham Community and Voluntary Service (NCVS) reps to explore ways to mitigate the impact of local authority cutbacks voluntary sector frontline services. The immediate front loaded loss of grant means that there is very limited scope to manage the impacts in the short term. Larger organisations may be able to access the £100m transition fund (as against the £4.5 billion of funding reduction expected over the next four years). But its impact in Nottingham will be modest.

The Department of Health has a Financial Assistance Fund for organisations providing front line services – but this is now closed and all funds must be committed by March 2011. Small groups working in deprived areas may be able to apply for assistance from the Community First Fund; details are still awaited.

Impact in Nottingham

Nottingham's large and diverse voluntary and community sector is being hard hit by both the scale and the immediacy of cuts in grant funding. As indicated above, the Government's Big Society initiative is providing some relief through alternative funding streams but there is a real risk that the basic infrastructure built up over the years will be seriously damaged by the discontinuity of funding.

1.6 From Total Place to Community Based Budgeting

Within the Comprehensive Spending Review, the announcement in October of 16 Community Based Budget pilots, provided a thread of continuity to the Total Place pilots trialed by the former Government (refer to Appendix 2).

The Government's intention is to give communities more power to target spending on key local priorities, despite the reductions in spending. Communities will be able to hold their councils to account by making sure that tighter funding is better focused on locally identified needs. This is being piloted from April 2011 with the intention of a general roll out in 2013-14. Authorities with elected mayors (which may include Nottingham may be prioritised).

Sixteen areas (not including Nottingham) have been given direct control over local spending in their area, free of centrally imposed conditions as part of the Spending Review. From April next year this first phase of 16 areas covering 28 councils and their partners will be put in charge of 'Community Budgets' that pool various strands of Whitehall funding into a single 'local bank account' for tackling social problems around families with complex needs. Though Nottingham is not a pilot for this, it has recently been funded by REIP to explore a 'Total Place' approach to the services used by families with complex needs. This is further explained below.

Impact in Nottingham

The Total Place project is attempting to improve our understanding of the services and cost of those services that are being delivered, particularly to complex families. It is believed that by delivering those services more effectively it would reduce pressure on frontline services, improve outcomes for families and bring cost savings across the partnership.

The project seeks to bring together and analyse data from across the partnership along with costing a variety of interventions in order to understand the scale and various levels of complexity. It will use this analysis along with research into the organizational culture and service delivery of the

partners, and research from families themselves, in order to build a deeper understanding of the issues and inform future service delivery.

The project is not due to end until April, so much of the data analysis has not yet been completed. However initial findings from work with frontline practitioners and managers highlight some important issues that will need to be worked through in order to improve services for complex families:-

- Organisational culture and leadership
- Partnership working and multi-agency confusion
- Quality and scope of assessments, plans and supervision
- The role of workers
- Services not building sustainable change
- Data and information sharing across organisations

2. 'LIFTING THE BURDEN' - Performance management in the new era

The abandonment of the National Indicator Set (NIS) as part of a redefinition of the Government's role in local affairs raises some serious challenges for the Partnership. Indeed the whole strategic planning framework has, in recent years, been developed with NIs at the heart of performance management. So planning at every level, both partnership and individual partners will need to be re-calibrated to take account of the new circumstances.

The Government has now released its 'single list' of data requirements from local government making it clear these will not be used to set targets for local communities. In fact this is not straightforward. For example, the Government will wish to see strong action on failing schools: It will also introduce a 'health premium,' which will apply to the part of the public health budget that is for health improvement, with councils receiving an incentive payment, building on the baseline allocation, which will depend on the progress made in improving the health of the local population and reducing health inequalities.

It is critical that the Children's Partnership maintains its focus on delivering improved outcomes for Nottingham families. The priorities identified previously through the CYPP continue to remain an important reference point for improvement. The integration of the CYPP into the Nottingham Plan also means that there is value in developing a city-wide approach to performance measurement. This approach will combine the development of new local indicators to measure performance and outcomes where these are critical to our priorities and selective use of Government data collections

3. RISKS

High level risks from the new financial climate may be summarised as:

- Increasing demand for services but with fewer resources to respond.
- Difficulties in maintaining a robust Partnership in the face of major transfer of functions, particularly in health.
- Challenges in maintaining partnership priorities as partners are forced to commit scarce resources to their core business and statutory obligations.
- Risks to preventative work as resources are focussed on managing children and families in crisis.
- Difficulties in responding to consultation and a threat to engagement of service users in design and delivery of services.
- The need to ensure strong reliable performance measures are developed and maintained. To fill the gap caused by the demise of the NIS.

4. FINANCIAL IMPLICATIONS

This report does not provide the detail but the implications are far reaching. They will reshape Partnership activity over the next year.

5. LEGAL IMPLICATIONS

Some of the proposals discussed in this report are set forth in White Papers and so are part of the Government's legislative programme. However, for the most part funding decisions will be subsumed in the normal budget process.

6. CLIENT GROUP

The financial context applies to all services – universal, targeted and specialist.

7. IMPACT ON EQUALITIES ISSUES

Reductions in public services which are inevitable in the new financial climate will impact disproportionately in the most disadvantaged. As policy and services are changed, it is vital that Equality Impact Assessments are embedded so that impacts are identified and where possible mitigated.

8. OUTCOMES AND PRIORITIES AFFECTED

All strategic and operational objectives in the CYPP will be affected including the five year one priorities.

9. CONTACT DETAILS

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**EARLY INTERVENTION GRANT:
TECHNICAL NOTE FOR 2011-12 AND 2012-13**

Introduction

1. This note sets out how local authority indicative allocations for the Early Intervention Grant (EIG) have been calculated for 2011-12 and 2012-13.
2. The new Early Intervention Grant replaces a number of former funding streams. Detail below;

	2011/12 Latest	2010/11 Nottm Allocation	2011/12 Nottm Allocation
Early Intervention Grant	2,212.4	19.588	17.063
Previously Formed From:			
<i>Sure Start Children's Centres</i>	0.0	9.643	
<i>Early Years Sustainability</i>	0.0	1.311	
<i>Early Years Workforce</i>	0.0	1.051	
<i>Two Year Old Offer - Early Learning and Childcare</i>	0.0	0.667	
<i>Disabled Children Short Breaks</i>	0.0	1.141	
<i>Connexions</i>	0.0	3.128	
<i>Think Family</i>	0.0	0.964	
<i>Youth Opportunity Fund</i>	0.0	0.466	
<i>Youth Crime Action Plan</i>	0.0	0.175	
<i>Challenge and Support</i>	0.0	0.075	
<i>Children's Fund</i>	0.0	1.355	
<i>Positive Activities for Young People Programme</i>	0.0	1.284	
<i>Youth Taskforce</i>	0.0	0.030	
<i>Young People Substance Misuse</i>	0.0	0.043	
<i>Teenage Pregnancy</i>	0.0	0.295	
<i>Key Stage 4 Foundation Learning</i>	0.0	0.107	
<i>Targeted Mental Health in Schools Grant</i>	0.0	0.150	
<i>Contact Point</i>	0.0	0.087	
<i>Children's Social Care Workforce</i>	0.0	0.143	
<i>Intensive Intervention Grant</i>	0.0	0.200	
<i>January Guarantee</i>	0.0	0.040	
<i>Child Trust Fund</i>	0.0	0.011	
<i>DfE Emergency Budget Reduction</i>	0.0	-2.778	
Child Death Review Processes	0.0	0.060	
Care Matters Grant	0.0	0.424	
LSC Staff Transfer	0.0	0.291	
LSC Staff Transfer: Top Up	0.0		
TOTAL	2,212.4	20.363	17.063

3. By ending these centrally-directed grants, the Government is freeing local authorities to focus on essential frontline services, and to invest in early intervention and prevention to produce long-term savings and better results for children, young people and families. The new EIG is a key element of this approach. It is worth £2212m in 2011-12 and £2297m in 2012-13.

4. The new grant will provide a substantial funding stream to enable local authorities to act more strategically and target investment early, where it will have the greatest impact, with greater flexibility to respond to local needs and drive reform. The grant is not ring-fenced, to enable authorities to target the resources at areas of most local need.
5. The aggregated 2010-11 funding through the predecessor grants was almost £2,483m. In a tight funding settlement, some reduction in central government support in these areas was inevitable. In 2011-12, the overall amount to be allocated through EIG is 10.9% lower than the aggregated funding that makes up the notional baseline in 2010-11. In 2012-13 it is 7.5% below 2010-11.
6. A spreadsheet with the full details of the indicative EIG allocations for 2011-12 and 2012-13 can be found on the Department for Education website. This sets out the notional baseline for each authority for 2010-11, their notional allocations for 2011-12 and 2012-13 before the damping is applied and their indicative allocations with damping.

Formulae

7. Funding within the Early Intervention Grant has been allocated so far as possible in a way that is objective, transparent and a good 'fit' with the principles of the grant (for example a focus on disadvantage, prevention, a premium on early years). Most of the EIG has been allocated using the existing early years formula. The formula is based on the under five population, weighted to reflect deprivation (based on Working Tax Credits data), rurality and the education area cost adjustment.
8. Some of the EIG has been allocated according to a youth formula. This is based on population numbers, educational attainment at Key Stage 2 and 3 and GCSE, numbers of young people not in education, employment or training, deprivation indicators and the Education area cost adjustment.
9. The population assumption for early years has been updated using ONS Population projections at local authority level in 2011 and 2012. For the youth formula we have used population data from the schools census. The area cost adjustment has been updated with revised figures from the Department of Communities and Local Government.
10. The level of EIG for indicative allocations is, with rounding, £2212m (in 2011-12), and £2297m (2012-13). Around 79 per cent of the total for allocation has been determined according to the early years formula, with the rest determined using the youth formula. The way in which allocations are calculated does not of course constrain the way in which local authorities may use their funding allocation: the Grant is not ring-fenced, nor subject to conditions, and local authorities are free to decide locally their priorities for its use.
11. The Department sees allocations for the first two years of the new Grant, as to some extent part of a transitional period. For the longer term, we propose to work with stakeholders, including local authorities, to consider the distribution approach further, and if appropriate to agree a new methodology.

Damping

12. The allocations from the two formulae have been added together to reach a total allocation for each authority for 2011-12 and 2012-13. Aggregated 2010-11 funding through the predecessor grants has been used to create a notional 10-11 baseline for each authority, against which floors and ceilings have been applied in the distribution of EIG.
13. In order to minimise turbulence during the transitional period, a floor has been applied to the 2011-12 allocations such that no authority loses more than 12.9% compared to their 2010-11 allocation (so a 2% floor below the average). A ceiling is then applied to 'pay' for this floor. In this

case, the ceiling is set at 8.4%, so no authority loses less than this amount compared to their 2010-11 notional allocation.

14. For 2012-13, the overall amount to be allocated is 3.8% higher than that for 2011-12 (largely owing to increased funding to reflect the need to increase capacity for 2 year olds as local authorities build towards an entitlement for disadvantaged two year olds from 2013). Therefore, the floor has been set at 1.8% so every authority receives at least 1.8% more in 2012-13 compared to their 2011-12 allocation. To pay for this, a ceiling of 6.2% has been set so no authority will see their allocation increase by more than 6.2% between 2011-12 and 2012-13.

15. Funding for district councils

During the previous Spending Review, district councils received separate funding for a small number of funding streams; Youth Taskforce, Challenge and Support Funding and the Think Family Grant. This funding has been added into the 10-11 baseline for the relevant top tier education and social services authorities and the floors and ceilings applied to this increased baseline.

16. Payment Arrangements

Details of the payment arrangements will be announced early next year.

17. Finalising the EIG allocations

The allocations are indicative at this stage. Final allocations will be announced in the New Year.

Department for Communities and Local Government Press release

16 areas get 'Community Budgets' to help the vulnerable

(Published 22 October 2010)

Sixteen areas were today given direct control over local spending in their area free of centrally imposed conditions as part of the Spending Review.

From April next year this first phase of 16 areas covering 28 councils and their partners will be put in charge of 'Community Budgets' that pool various strands of Whitehall funding into a single 'local bank account' for tackling social problems around families with complex needs.

Ministers are determined to give communities more power to target spending on key local priorities, despite the reductions in spending. Communities will be able to hold their councils to account in making sure tighter funding gets spent better.

Around £8 billion a year is spent on around 120,000 families that have multiple problems, with funding only getting to local areas via hundreds of separate schemes and agencies. Despite this investment, these families' problems continue. Services need to join up and intervene earlier so that families are given the chance to turn their lives around. This integrated, early intervention approach will also drive down costs.

Community Budgets, which the Government intends to roll out nationally by 2013-14, will put councils and their partners in the driving seat by pooling funds for tackling these families' needs into one budget so communities can develop local solutions to local problems.

Secretary of State for Communities and Local Government Eric Pickles said:

"Until now councils have never had the freedom to do things their own way. Whitehall funding has been funneled through hundreds of disparate funding programmes wrapped up in tight financial conditions that effectively strangled local choice. As a result the incentive to be innovative, efficient and responsive to voters instead of Whitehall was dramatically dulled.

"By uprooting the silos, unlocking and relinquishing the spending controls administered by Whitehall we can give towns and places the freedom to direct spending to best meets the needs of the citizens within their boundaries.

"We have already freed up billions of pounds of council funding but we're determined to do more to put councils in the spending driving seat. As part of the spending review, we've torn down those artificial barriers so that the funding for families with complex needs reaches areas as a single pot of money - a Community Budget - that will help better protect frontline services and help the most vulnerable."

Already the Government will be freeing up a further £7 billion of council funding from red tape and bureaucracy from 2011-12, but Ministers believe even more can be achieved with Community Budgets. By having one budget wrapping money and services around the needs of the vulnerable, councils and partners will be able to directly support those that need help with education, health, anti-social behaviour and housing - instead of maintaining the service organisations.

Ministers believe Community Budgets will also help drive down overhead costs by removing the bureaucratic financial restrictions that have created barriers, generated waste and duplication in public spending stifling local innovation. They will be able to redesign and integrate frontline services across organisations and share management functions to reduce running costs for the best local outcomes.

The Government believes all 16 areas have demonstrated that they have strong local relationships involving communities, voluntary sector and public sector players which put them in a strong position to operate the first Community Budgets from 2011-12. They are:

1. Birmingham
2. Blackburn with Darwen
3. Blackpool
4. Bradford
5. Essex
6. Greater Manchester (a group of 10 councils)
7. Hull
8. Kent
9. Leicestershire
10. Lincolnshire
11. London Borough of Barnet
12. London Borough of Croydon
13. London Borough of Islington
14. London Borough of Lewisham
15. The London Boroughs of Westminster, Hammersmith and Fulham, Royal Borough of Kensington and Chelsea and Wandsworth
16. Swindon

Public Health: Allocation of responsibilities

It is proposed that local authorities will be the primary commissioners for:

- Sexual health services - apart from contraceptive services commissioned via GP contract
- Physical activity - to address inactivity and other interventions to promote physical activity, such as improving the built environment and maximising physical activity opportunities offered by the natural environment
- Obesity - local programmes to prevent and address obesity, e.g. delivering the National Child Measurement Programme and commissioning of weight management services
- Seasonal mortality – local initiatives to reduce excess deaths
- Accidental injury prevention – local initiatives such as fall prevention
- Public mental health – mental health promotion, mental illness prevention and suicide prevention
- Drug misuse services – prevention and treatment
- Alcohol misuse services – prevention and treatment
- Tobacco control – local activity, including stop smoking services, prevention activity and enforcement
- NHS Check Programme – assessment and lifestyle interventions – local authorities will commission the NHS to provide the programme, and the NHS will commission any further testing or treatment that results.
- Health at work – local initiatives
- Children’s public health 5 -19 The Healthy Child Programme for school age children, including school nurses and health promotion and prevention interventions by the multiprofessional team. Immunisation, screening and public health for the under-fives will be commissioned by the NHS Commissioning Board.
- Community safety and violence prevention and response
- Social exclusion – support for families with multiple problems
- School immunisation programmes, such as teenage booster.
- Dental public health, epidemiology and oral health promotion – supported by PHE in terms of the coordination of surveys

Local authorities will provide a supporting role to Public Health England in relation to:

- Infectious diseases, including PHE taking over the current functions of the Health Protection Agency (HPA) in this area
- Emergency preparedness and response and pandemic influenza preparedness

Local authorities will provide some support for PHE for nutrition activity at the local level.

There will be joint PHE and local authority primary commissioning responsibilities for:

- Reducing and preventing birth defects
- Health intelligence and information – including data collection and management; analysing and interpreting, modeling, and communicating data. This includes many existing functions of the Public Health Observatories, Cancer Registries, and the HPA.