

Council – 14th January 2008

Neighbourhood Renewal Fund programmes in Walsall 2001/02 – 2007/8

From: Regeneration Services Scrutiny and Performance Panel

Wards: All

Summary of report

Following a Notice of Motion from Council in September 2007 the Regeneration Services Scrutiny and Performance Panel has considered a report from the Executive on the use of Neighbourhood Renewal Fund (past and present) within Walsall Council.

The Panel considered the Executive comprehensive report at a meeting on 18 December 2007. A number of witnesses were called to present evidence to the Panel and answer questions.

The report covered the following areas for each year that Neighbourhood Renewal Fund was being spent:

1. Grant Determination
2. Prioritisation Process Applied
3. Projects Funded
4. Statement of Grant Usage
5. Key Performance Measures
6. Audit Recommendations

A copy of the Executive's report is attached at Appendix 1 to this report.

At the conclusion of the meeting a majority of Members present supported the following recommendation:

a) Following consideration of the Executive report on the use (past and present) of Neighbourhood Renewal Fund (NRF) the Regeneration Scrutiny and Performance Panel find that NRF has been clearly spent and accounted for. The Panel accepts that the administration of NRF was flawed in its early years and that these problems have been addressed and there are no missing millions;

and;

b) the report be considered by Council on 14 January 2008.

As proposed by the original Council resolution it is now Council's opportunity to consider the Executive report along with the outcome from the Regeneration Services Scrutiny and Performance Panel which is set out in more detail below.

Recommendations

That:

- a) the recommendations of the Regeneration Scrutiny and Performance Panel are noted;

and;

- b) subject to any comments Members may wish to make, the Executive report be considered and noted.

Report

Purpose

To inform Council on the outcome of the Regeneration Services Scrutiny and Performance Panels considerations of the Executive report on the use (past and present) of Neighbourhood Renewal Fund within Walsall Council.

Background

At its meeting on 27 September 2007 full Council made the following resolution:

'That Council calls upon the Executive for a report on the use (past and present) of Neighbourhood Renewal Fund within Walsall MBC to be presented in the first instance to the Regeneration Scrutiny Committee and subsequently to full Council.'

Cabinet considered and approved the Executive report at its meeting on 21 November 2007 and referred it to the Regeneration Scrutiny and Performance Panel (SPP) for their consideration. A copy of the Executive report is attached at Appendix 1 to the report.

Regeneration Scrutiny and Performance Panel – 18 December 2007

Following receipt of the Executive report the Regeneration SPP held a meeting on 18 December 2007 in the Council House.

To aid its consideration of the Executive report the Panel called three witnesses to assist them. They were:

- Clive Wright – Director, Walsall Borough Strategic Partnership
- Chief Superintendent Bruce Gilbert – Chair of Walsall Borough Strategic Partnership
- Peter Francis

All three witnesses gave presentations to the Panel at the Chairman's invitation. All Members of the Panel were given the opportunity to ask questions of all three invited witnesses.

Following consideration of the evidence contained within the Executive report and the evidence heard from the invited witnesses the Panel made the following recommendations by a majority vote:

a) *Following consideration of the Executive report on the use (past and present) of Neighbourhood Renewal Fund (NRF) the Regeneration Scrutiny and Performance Panel find that NRF has been clearly spent and accounted for. The Panel accepts that the administration of NRF was flawed in its early years and that these problems have been addressed and there are no missing millions;*

and;

c) *the report be considered by Council on 14 January 2008.*

Councillors: D. Anson, S. Coughlan, E. Pitt and G. Wilkes asked for it to be recorded that they voted against the resolution.



Councillor Des Pitt
Chair, Regeneration Scrutiny and Performance Panel

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Cabinet – 21 November 2007

Neighbourhood Renewal Fund (NRF) Programmes in Walsall – 2001 / 02 to 2007 / 08

Portfolio:	Councillor J O'Hare, Leader of the Council
Service:	Regeneration Directorate
Wards:	All
Key Decisions:	No
Forward Plan:	No

Summary of Report:

The attached report was produced following the resolution at full Council on 27 September 2007. The report addresses the questions of whether NRF could be used to support mainstream activities, whether it had to be allocated to disadvantaged neighbourhoods and provides a view on whether the NRF funding allocated to projects can be fully accounted for.

The report provides a year by year breakdown of NRF usage in Walsall between 2001/02 and 2007/08. The report also provides all relevant documents in full which detailed how NRF could be applied together with a full analysis of any resulting audit and enquiries.

Recommendations:

That Cabinet approve the report and forward it to the Regeneration Scrutiny Panel on 18 December 2007 for their consideration.

Resource and Legal Considerations:

None arising directly from this report.

Citizen Impact:

None

Community Safety:

None

Environmental Impact:

None

Performance and Risk Management Issues:

None

Equality Implications:

None

Consultation:

None

Vision 2008:

None

Background Papers:

Neighbourhood Renewal Fund (NRF) Programmes in Walsall – 2001 / 02 to 2007 / 08 Report – Attached

A New Commitment to Neighbourhood Renewal; National Strategy Action Plan: Annex D (January 2001), Social Exclusion Unit, Cabinet Office

ERDF Geographical Constraints Map – Attached

Spending Review 2000 – Government Interventions in Deprived Areas (GIDA) – Cross-Cutting Review (April 200), HM Treasury Review – Attached

NRF Grant Determinations 2001 / 02, 2002 / 03, 2003 / 04, 2004 / 05, 2005 / 06 and 2006 / 07, Office of the Deputy Prime Minister (ODPM) – Attached

Local Area Agreement Grant Determination 2007 / 08, Department for Communities and Local Government (DCLG) – Attached

NRF Projects per financial year 2001 / 02 to 2007 / 08 - Attached

NRF Audit Reports 2003 / 04, 2004 / 05, 2005 / 06 and NRF Follow Up Report October 2006 – Attached

PSA Floor Target Profiles: Walsall, August 200



Tim Johnson
Executive Director
12 November 2007



Councillor John O'Hare
Leader of the Council
12 November 2007

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Neighbourhood Renewal Fund (NRF) Programmes In Walsall 2001 / 02 to 2007 / 08

1. Purpose of the Report

- 1.1 The Cabinet has commissioned this report, as an outcome of the full Council meeting held on Thursday, 27 September 2007, following discussion concerning how NRF has been used in Walsall.
- 1.2 The purpose of the report is to provide Cabinet with the necessary information to enable conclusions to be drawn over whether NRF was allocated within the rules applying at the time. Specifically, the report aims to address questions of whether NRF can be used to support mainstream activities and also if NRF must be allocated directly to disadvantaged neighbourhoods.
- 1.3 The report also aims to establish whether funding allocated to projects can be accounted for in each of the financial years 2001 / 02 to 2007 / 08.

2. Summary

- 2.1 Analysis of the grant determinations, for each of the years in question, demonstrates NRF can be used to support mainstream activities. Similarly, it is apparent that the test for appropriate use of NRF is whether the funding was used towards achieving the floor targets of the National Strategy for Neighbourhood Renewal (NSNR), rather than whether funding was allocated geographically to disadvantaged neighbourhoods. In short, NRF must be used to create increased employment, improved economic performance, reduced crime, better educational attainment, improved health and better housing.
- 2.2 A measurement of Walsall's impact on the national floor targets is available (appendix 21) and a positive impact overall is evident, thus justifying the use and results of NRF in Walsall.
- 2.3 The difference between NRF and other grants, such as Single Regeneration Budget (SRB) or European Regional Development Fund (ERDF), for example, is that more flexibility has been allowed in how and where NRF can be used, to enable the neighbourhood renewal outcomes to be achieved. The reason for this greater flexibility was criticism, at national level, over the limited impact and lack of 'joining up' of more tightly controlled grants.
- 2.4 Based on accounts held on the Councils finance system operating at the time (LAFIS or ORACLE) it can be concluded that all NRF expenditure can be accounted for. There is no missing or unaccounted funding.
- 2.5 A survey of other borough's in the Black Country reveals all have used NRF to support mainstream activity and all have allocated a proportion of NRF, such that it did not go directly to disadvantaged neighbourhoods. In no instance has this raised concern either from Government Office West Midlands (GOWM) or elsewhere. The use of NRF in Walsall is broadly similar to that of all Black Country boroughs.

- 2.6 This report has been prepared on the basis of the information available, with every attempt made to ensure accuracy. Some parts of the report describe the processes or procedures operated, or use information from some years ago. As such, best endeavours have been employed to describe what took place at the time.

3. Background to the Commissioning of this Report

- 3.1 On 27 September 2007, Council considered two independent reports relating to an Employment Tribunal matter. Amongst other things, Council resolved to call upon the Executive to prepare a report on the use (past and present) of Neighbourhood Renewal Fund (NRF) within Walsall MBC and requested this be presented, in the first instance, to the Regeneration Scrutiny Committee and subsequently to the Council.
- 3.2 As a result of this resolution, this report has been prepared and has been presented to Cabinet for its consideration.

4. Key Information about NRF and Comparison with Other Grants

- 4.1 The rules of how NRF can be used are set out in a grant determination for each financial year in which the grant operated. A summary of each financial year's grant determination has been set out in later sections of this report. The full grant determination for each year is provided at appendices 4, 6, 8, 10, 12, 14, 16 and 17.
- 4.2 The grant determination in all years refers to 'A New Commitment to Neighbourhood Renewal: National Strategy Action Plan – Annex D: The Neighbourhood Renewal Fund: Published Draft Guidance'. This is provided, in full, at appendix 1. However, the relevant sections are set out below.
- 3 “The purpose of these additional non-ring fenced resources will be to help local authorities in the most deprived areas focus their main programme expenditures in order to deliver better outcomes for deprived communities. The Government will expect to see evidence that funding from the Neighbourhood Renewal Fund is being used to improve the delivery of services to the most deprived wards and neighbourhoods within the eligible areas.....”
- 6 “The Special Grant will be a non-ring fenced grant that the local authority can use to improve the outcomes in their more deprived areas in whatever way is considered suitable for local circumstances....”
- 19 “In all of the eligible areas, it may be equally desirable for the receiving authority to share some of their grant with police and other authorities, for example, with the police dealing with crime targets.....”
- 4.4 NRF is unlike other grants received by Walsall at that time, for example Single Regeneration Budget (SRB) or European Regional Development Fund (ERDF), in that it was not ring-fenced. These other grants required expenditure to be contained within specific geographical boundaries or for a specific approved purpose.

- 4.5 The audit requirement, therefore, for these other grants was much more demanding to ensure funding was applied in accordance with the approved purpose and no funding 'leaked out'. For example, grant beneficiaries usually had to be identified by postcode or a project had to be located within a defined geographical boundary. An example of the geographical constraints on the use of ERDF in Walsall is provided at appendix 2. Following national criticism of the effectiveness of 'Area Based Initiatives' including grant programmes, such as SRB, at addressing long term disadvantage, these constraints were not applied to NRF and, as a result, greater flexibility was given to local authorities to determine locally how the national floor targets were to be tackled to suit local circumstances.
- 4.6 The following is an extract from a HM Treasury document, 'SR2000 Government Interventions in Deprived Areas (GIDA) Cross-Cutting Review April 2000':

“Why does it happen? C: Problems with targeted interventions:

The Government has launched many initiatives to tackle the problems of deprived areas. Individual projects have made a real impact. However, research (including PIU report on the Role of Government at regional and local level, and the interim report of the DETR research into the co-ordination of area-based initiatives (ABIs) confirms that there are several consistent criticisms of ABIs:

- Shoring up rather than being additional - Targeted initiatives are largely supposed to be additional to main services. In reality, they often take over the role of failing programmes;
- Not fitting in to the strategic picture - ABIs often do not fit in to a clear local or regional strategic framework for achieving national aims;
- Co-ordination - ABIs are regularly co-located, and engage the same actors in partnerships, but they frequently have conflicting objectives, relate poorly to main programmes in process terms and have varying monitoring and accounting requirements; and
- Rigidity - Practitioners argue that both the process and outcomes of ABIs are too tightly defined, allowing little flexibility for local innovation, adaptation and prioritisation
- Being time limited and often withdrawn before the task is complete”

The full document is attached at appendix 3.

5. NRF in Walsall 2001 / 02

a) Grant Determination 2001 / 02

The full grant determination for 2001 / 02 is provided at appendix 4. In summary, NRF could be used to support mainstream delivery of local authority (and Partners') services, as long as this contributed to achievement of the nationally set “floor targets”, relating to improvement of mainstream services to produce better outcomes in terms of increased employment, improved economic performance, reduced crime, better educational attainment, improved health and better housing. It is acceptable that, where service quality is at risk (or requires improvement), NRF should be devoted to mainstream services, such as schools, provided funding benefits the most deprived areas. (Special Grant Report (No 78))

In 2001 / 02, local authorities were required to consult LSPs, where they existed, or where an LSP did not exist, an emerging LSP or other local partners were required to develop a Local Neighbourhood Renewal Strategy (LNRS), including decisions on allocating resources in mainstream programmes and allocating the NRF grant.

b) Prioritisation Process Applied 2001 / 02

Consultation on establishing an LSP for Walsall began in January 2001. The first meeting of the WBSPP took place in October 2001. In order for the NRF to be allocated for the 2001 / 02 financial year, the Chief Executive of the Council met with partners to discuss how to best utilise the funding. A range of programmes were agreed (appendix 5), some of which supported partner activity, eg, CCTV, which was managed through the predecessor of the Safer Walsall Borough Partnership (SWBP); school breakfast clubs were managed through Walsall Health Authority.

The majority of the programmes were agreed for the whole of the three year NRF allocation.

c) Projects Funded 2001 / 02

The total NRF allocation for 2001 / 02 was £3,560,975. Overall, 35 projects were funded. The amount of funding allocated to each project and any variance between this and final expenditure is set out at appendix 5. The figures in this account are taken from LAFIS, the Council's finance system in operation at the time.

d) Statement of Grant Usage 2001 / 02

In October 2001, the WBSPP submitted a Statement of Grant usage to GOWM, which set out projects identified at the time (note: this was submitted to GOWM mid-financial year), the amount of funding allocated to each project and the predicted expenditure by the year end for financial year 2001 / 02.

No issues of concern were raised as a result of submitting this Statement of Grant Usage to GOWM.

e) Key Performance Measures 2001 / 02

As previously stated, NRF was to be used towards achieving National Floor Targets. There were no other performance measures applied to the grant. The National Floor Targets in operation during 2001 / 02 were as follows:

- In education, the Government will increase the percentage of pupils obtaining 5 or more GCSEs at grades A* to C (or equivalent) to at least 38% in every LEA by 2004. A target to reduce the attainment gap at Key Stage 2 (age 11) in English and Maths will be announced later in 2001
- Over the three years to 2004, taking account of the economic cycle, the Government will ensure an increase in the employment rates of the 30 local authority districts with the poorest initial labour market position. It will ensure a reduction in the difference between employment rates in these areas and the overall rate

- The Government will reduce the level of crime in deprived areas, so that by 2005, no local authority has a domestic burglary rate more than three times the national average – while at the same time, reducing the national rate by 25%
- By 2010, the Government will reduce by at least 10% the gap between the 20% of areas with the lowest life expectancy at birth and the population as a whole. The Government will also reduce, by at least 60% by 2010, the conception rate among under 18s in the worst 20% of wards, thereby reducing the level of inequality between these areas and the average by at least 26% by 2010
- The Government will ensure that all social housing is of a decent standard by 2010, with the number of families living in non-decent social housing falling by 33% by 2004, with most of the improvement taking place in the most deprived local authority areas

6. NRF in Walsall 2002 / 03

a) Grant Determination 2002 / 03

The full grant determination for 2002 / 03 is provided at appendix 6. In summary, NRF was an additional resource for local authorities to improve mainstream services in deprived areas, intended to contribute to national floor targets and narrow the gap between deprived areas and the rest of the country. Local authorities, each working with an LSP, were to use this money to help secure improved services in the most deprived areas.

NRF, as a targeted grant, could be spent in any way to tackle deprivation in the most deprived neighbourhoods, including improving mainstream services particularly in relation to floor / local targets, set out in the LNRS, agreed by the LSP, where service quality is at risk or requires improvement. The NRF can support services provided by other statutory partners.

As LSPs continued establishing themselves, LSP Partners will be assumed to be collaborating with the local authority to agree NRF spending plans for 2002 / 03 and 2003 / 04. There was an additional requirement for LSPs to be accredited, to remain in receipt of NRF. (Note: The WBSP received accreditation at the start of July 2002.) (Special Grant Report (No 93))

b) Prioritisation Process Applied 2002 / 03

As stated in 5 (b) above, a number of the projects funded in 2001 / 2002 financial year were continued in this financial year, eg, CCTV and Youth Initiatives.

The WBSP received accreditation in July 2002, which meant a delay in the Office of the Deputy Prime Minister (ODPM) releasing the additional NRF (difference between grant received in 2001 / 02 and 2002 / 03), which in turn meant a delay for the WBSP to begin to approve projects.

However, this delay allowed the WBSP to consider how it would allocate funding, based on an extensive needs analysis of 39 natural neighbourhoods. The WBSP agreed to concentrate funding on nine neighbourhoods which had the highest levels of deprivation and two which were on the 'cusp' of deprivation.

An application pro forma was designed, which asked which areas (neighbourhoods) and beneficiaries the project would focus on and which national floor targets would be delivered.

The WBSP Board (Joint Strategy Board) began considering 'applications' from October 2002 and approving allocations of funding. The Board considered these applications after the projects had been approved by the WBSP thematic groups (Housing and Environment, Community Safety, Health, Economic, Education) and consideration by a multi-agency Programme Board, who recommended projects for approval to the Joint Strategy Board.

c) Projects Funded 2002 / 03

The total NRF allocation for 2002 / 03 was £5,341,463. Overall, 79 projects were funded, the amount of funding allocated to each project and any variance between this and final expenditure are set out at appendix 7. The figures in this account are taken from LAFIS, the Council's finance system in operation at the time.

d) Statement of Grant Usage 2002 / 03

In October 2002, the WBSP submitted a Statement of Grant usage to GOWM, which set out which projects had been identified at that time (note: this was submitted to GOWM mid-financial year), the amount of funding allocated to each project and the predicted expenditure by the year end for financial year 2002 / 03. The Statement of Grant Usage also reported actual year end spend on projects funded in financial year 2001 / 02.

No issues of concern were raised as a result of submitting this Statement of Grant Usage to GOWM.

e) Key Performance Measures 2002 / 03

As previously stated, NRF was to be used towards achieving the National Floor Targets. There were no other performance measures applied to this grant. The National Floor Targets in operation during 2002/03 were as follows:

- In education, the Government will increase the percentage of pupils obtaining 5 or more GCSEs at grades A* to C (or equivalent) to at least 25% in every school by 2006 (20% by 2004) and 38% in every LEA by 2004
- Over the three years to 2004, taking account of the economic cycle, the Government will ensure an increase in the employment rates of the 30 local authority districts with the poorest initial labour market position. It will ensure a reduction in the difference between employment rates in these areas and the overall rate
- The Government will reduce the level of crime in deprived areas, so that by 2005, no local authority has a domestic burglary rate more than three times the national average – while at the same time, reducing the national rate by 25%
- By 2010, the Government will reduce by at least 10% the gap between the 20% of areas with the lowest life expectancy at birth and the population as a whole. The Government will also reduce, by at least 60% by 2010, the conception rate among under 18s in the worst 20% of wards, thereby reducing the level of inequality between these areas and the average by at least 26% by 2010

- The Government will ensure that all social housing is of a decent standard by 2010, with the number of families living in non-decent social housing falling by 33% by 2004, with most of the improvement taking place in the most deprived local authority areas

f) Audit Recommendations 2002 / 03

An audit was undertaken relating to financial year 2002 / 03, following concerns raised by a council employee, regarding the management of NRF. A number of interviews were held with staff involved with NRF and guidance from the Department of Transport, Local Government and the Regions (DTLR) was referred to. Recommendations made are set out in appendix 19 (Audit Committee report, 16 October 2007, appendix 4).

In summary, it was recommended that a performance management approach should be adopted for NRF, including setting clear strategies and milestones; controls surrounding the use of NRF, including the allocation of 'new' monies, should be reviewed; new projects should be presented for approval at the WBSP; reviewing the arrangements for the management and administration of NRF; training to be offered on the Council's finance and budgetary control systems (as the accountable body); assessment of impact of mainstream projects, funded by NRF, at the end of the three-year grant.

As a result of the audit, managers responsible for NRF, at that time, developed the application form process that enabled identification of project milestones / outcomes, which were then presented to the WBSP Joint Strategy Board for approval; management arrangements were strengthened, with a secondment from GOWM, to assist Walsall in developing its processes and ensuring the administration of the fund was improved; the executive arm of the WBSP received presentations regarding the Council's budget arrangements.

7. NRF in Walsall 2003 / 04

a) Grant Determination 2003 / 04

The full grant determination for 2003 / 04 is provided at appendix 8. The grant determination for this financial year mirrored that of financial year 2002 / 03. LNRS targets were to be agreed by each LSP (as part of a broader Community Strategy or as a separate document).

"It is for each local authority to work with their fellow LSP members to agree exactly how to use NRF in support of priorities in their area. In 2003 / 04, local authorities and LSPs would not be expected to alter unnecessarily the ongoing local spending priorities they have established during 2001 / 02 and 2002 / 03. However, they may want to examine the balance of their priorities to strengthen their focus on mainstream change and anticipate the amended and new PSA targets that will gain in importance as they take effect in April 2003." (Special Grant Report (No 111))

“NRF is intended as time-limited funding to ‘kick-start’ more effective, long-term targeting of mainstream resources to tackle deprivation in the most deprived areas. It is therefore strongly encouraged, where service quality should be improved, that NRF should be devoted to sustainable improvement of mainstream services, provided the funding benefits the most deprived areas.” (Special Grant Report (No 111))

The Chancellor made provision in the Spending Review 2002 for a further allocation of NRF in 2004 / 05 and 2005 / 06, with a further Special Grant report to be received later in the year.

The LSP had to remain accredited, which the WBSP did and able to receive its full 2003 / 04 NRF allocation.

b) Prioritisation Process Applied 2003 / 04

As described in section 5 and 6 (b) above, a number of projects were now in their third year, eg CCTV. The application process for NRF continued, with the Board approving allocations of funding.

During the summer of 2003, the Board and the Performance and Review Group (Executive) of the WBSP were consulted on the establishment of a commissioning process and a restructure of the Board / Executive (membership and terms of reference). A sub group was established to consider this and made proposals to the Board for approval.

In December 2003, the Board agreed to establish a Commissioning Executive who would approve NRF commissions / programmes. The Chair of the Commissioning Executive would be from the accountable body (Executive Director for Finance and Resources). A ‘lead in’ commission was approved to test developing processes – this was the ‘mini summer reloaded’ project, lead by the Community Safety theme group. This was the start of funding being approved through a commissioning process. March 2004 was the final meeting of the WBSP Joint Strategy Board, before becoming the WBSP Board. The Commissioning Executive met for the first time in January 2004.

Two workshops were held with the Board / executive to identify the commissioning priorities. These were agreed as:

- Supporting a thriving Economic Community through supporting existing business, encouraging new business and raising the skill base of people in Walsall
- Environment and Improving the image of Walsall, through raising aspirations, improving liveability and regenerating the fabric of neighbourhoods
- Opportunities for children through a variety of formal and informal activities
- Community Safety and Reclaiming Neighbourhoods, and addressing the impact of substance misuse through education and awareness raising, particularly on young people through diversionary and health promotion activities

Commissions also had to indicate which of the national floor targets were being delivered.

c) Projects Funded 2003 / 04

The total NRF allocation for 2003 / 04 was £7,121,950. Overall, 84 projects were funded, the amount of funding allocated to each project and any variance between this and final expenditure are set out at appendix 9. The figures in this account are taken from LAFIS, the Council's finance system in operation at the time.

d) Statement of Grant Usage 2003 / 04

In October 2003, the WBSP submitted a Statement of Grant usage to GOWM, which set out which projects had been identified at that time (note: that the financial year was not complete), the amount of funding allocated to each project and the predicted expenditure by the year end for financial year 2003 / 04. The Statement of Grant Usage also reported actual year end spend on projects funded in financial year 2002 / 03.

No issues of concern were raised as a result of submitting this Statement of Grant Usage to GOWM.

e) Key Performance Measures 2003 / 04

As previously stated, NRF was to be used towards achieving the National Floor Targets. There were no other performance measures applied to this grant. The National Floor Targets in operation during 2003/04 were as follows:

- In education, the Government will increase the percentage of pupils obtaining 5 or more GCSEs at grades A* to C (or equivalent) to at least 25% in every school by 2006 (20% by 2004) and 38% in every LEA by 2004
- Over the three years to 2004, taking account of the economic cycle, the Government will ensure an increase in the employment rates of the 30 local authority districts with the poorest initial labour market position. It will ensure a reduction in the difference between employment rates in these areas and the overall rate
- The Government will reduce the level of crime in deprived areas, so that by 2005, no local authority has a domestic burglary rate more than three times the national average – while at the same time, reducing the national rate by 25%
- By 2010, the Government will reduce by at least 10% the gap between the 20% of areas with the lowest life expectancy at birth and the population as a whole. The Government will also reduce, by at least 60% by 2010, the conception rate among under 18s in the worst 20% of wards, thereby reducing the level of inequality between these areas and the average by at least 26% by 2010
- The Government will ensure that all social housing is of a decent standard by 2010, with the number of families living in non-decent social housing falling by 33% by 2004, with most of the improvement taking place in the most deprived local authority areas

f) Audit Recommendations 2003 / 04

Three investigations were undertaken by internal audit (under a joint arrangement, with the Audit Commission), following a number of concerns received from another council employee regarding the management and administration of NRF:

- NRF Administrative Costs – November 2004
- NRF Approvals and Spend – June 2005
- NRF Internal Audit Report – February 2006

NRF Administrative Costs (appendix 19, Audit Committee report, appendix 1) – the main concerns which had been raised with audit were that NRF had been used to fund the administrative costs of the WBSP, without any approval from GOWM and these costs had risen sharply.

The audit concluded that concerns were partially substantiated, in that approval from GOWM had not been sought by the Council in 2003 / 04, although approval had been obtained in 2001 / 02 and 2002 / 03. It was noted, however, that GOWM guidance required the Council to **consult** with GOWM, as opposed to seek approval for administrative costs in 2003 / 04. The audit noted a number of control weaknesses and recommendations were made to address these. Managers responsible for NRF at that time, undertook to implement the recommendations made.

NRF Approvals and Spend (appendix 19, Audit Committee report, appendix 2) – this audit reviewed concern that in 2003 / 04, NRF monies had been spent for which there was no evidence of spend. . All projects over £40,000 were tested as part of the investigation. The audit concluded there were control weaknesses in the approval of projects and payments made from NRF, in the sample reviewed. A number of recommendations were made to address the weaknesses identified. The audit did, however, note that positive steps have been taken by the Council to address such issues and to improve the control environment with regard to NRF, including the introduction of an innovative commissioning model and the establishment of a commissioning executive to consider and approve NRF commissions.

As a result of the audit, the WBSP now ensure that evidence of approval is always obtained prior to funds being committed and will only make payments once full and eligible evidence of expenditure incurred has been received.

NRF internal audit report (appendix 19, Audit Committee report, appendix 3) – this investigation focused on a number of concerns which had been raised with audit relating to, for example, governance, commissioning, project monitoring / financial management, contracting and issues individual to certain identified projects.

The review concluded that a number of controls required significant attention, in particular general administration; project management and monitoring; and an overall review of governance arrangements. A number of recommendations were made in relation to these areas and agreed actions to move towards implementation, where possible.

8. NRF in Walsall 2004 / 05

a) Grant Determination 2004 / 05

The full grant determination for 2004/05 is provided at appendix 10.

The LSP had to remain accredited in order to continue to receive the full NRF allocation for the financial year. Accreditation was maintained through successful assessment of the WBSP.

The main features of the grant remained the same, further stating that “NRF has always been intended to support recipient authorities and their partners in the establishment and ongoing development of effective, strategic and inclusive LSPs in England’s most deprived areas, the identification of their key priorities to tackle deprivation in their most deprived neighbourhoods and the delivery of sustainable service improvements for the communities in these disadvantaged areas”. (The Neighbourhood Renewal Fund Grant Determination (2004)) (31/19)

LSPs were also required to establish performance management frameworks, agreed with GOWM.

b) Prioritisation Process Applied 2004 / 05

Commissions were now being received from thematic groups, to the Commissioning Executive for approval of activity / funding allocations, eg, Learning Commission – approval was given for a two year commission, using £3million NRF per year to deliver a range of activity, including Children’s Centres, working with specific cohorts of children in specific schools, increasing learning support in targeted schools. This additional funding has enabled levels of achievement to be raised across the borough and assisted with schools being removed from special measures. Activity was delivered through partnership arrangements and planned activity over the two years.

However, there were some projects approved to ensure funding was fully utilised within the financial year and the WBSP was not subjected to any claw back from GOWM, eg, SAM learning, which enhanced the Learning Commission.

c) Projects Funded 2004 / 05

The total NRF allocation for 2004 / 05 was £7,121,950. Overall, 75 projects / commissions were funded, the amount of funding allocated to each project and any variance between this and final expenditure are set out at Appendix 11. The figures in this account are taken from ORACLE, the Council’s finance system in operation at the time.

d) Statement of Grant Usage 2004 / 05

For this financial year (and for 2005 / 06), there was not a requirement to submit a Statement of Grant Usage. GOWM required a quarterly return to be completed. This reporting method had been introduced in the last half of the previous financial year. The reports set out, on a thematic basis, the levels of allocated funds, level of expenditure and projected expenditure at the year end. The reports were submitted through the Council’s Finance Department.

In September 2005, a report was prepared, for GOWM, setting out how funding had been utilised in the previous financial year (2004 / 05), which targets were being met through activity and what activity was expected over the next financial year (2005 / 06).

There were no issues raised by GOWM in relation to these quarterly returns or the report provided detailing activity being funded and which targets were being addressed.

e) Key Performance Measures 2004 / 05

As previously stated, NRF was to be used towards achieving the National Floor Targets. There were no other performance measures applied to this grant. The National Floor Targets in operation during 2004/05 were as follows:

- To tackle social exclusion and deliver neighbourhood renewal, working with Departments to help them meet their PSA floor targets, in particular narrowing the gap in health, education, crime, worklessness, housing and liveability outcomes between the most deprived areas and the rest of England, with measurable improvement by 2010
- By 2010, bring all social housing into a decent condition with most of this improvement taking place in deprived areas, and for vulnerable households in the private sector, including families with children, increase the proportion who live in homes that are in decent condition
- Lead the delivery of cleaner, safer and greener public spaces and improvement of the quality of the built environment in deprived areas and across the country, with measurable improvement by 2008
- By 2008, 60% of those aged 16 to achieve the equivalent of 5 GCSEs at grades A* to C; and in all schools at least 20% of pupils to achieve this standard by 2004, rising to 25% by 2006 and 30% by 2008
- Reduce the under-18 conception rate by 50% by 2010 as part of a broader strategy to improve sexual health
- Reduce health inequalities by 10% by 2010 as measured by infant mortality and life expectancy at birth
- Reduce crime by 15%, and further in high crime areas, by 2007-08
- As part of the wider objective of full employment in every region, over the three years to Spring 2008, and taking account of the economic cycle: demonstrate progress on increasing the employment rate; increase the employment rates of disadvantaged groups; and significantly reduce the difference between the employment rates of the disadvantaged groups and the overall rate

f) Audit Recommendations 2004 / 05

See section 7 (f).

9. NRF in Walsall 2005 / 06

a) Grant Determination 2005 / 06

The full grant determination for 2005 / 06 is provided at appendix 12. The basis of the grant remained the same as the previous year (see section 8 (a) of this report).

b) Prioritisation Process Applied 2005 / 06

For this financial year, the majority of the commissions were continued from 2004 / 2005. Additional commissions were approved using the process set out in section 8 (b).

c) Projects Funded 2005 / 06

The total NRF allocation for 2005 / 06 was £7,121,950. Overall, 47 projects were funded, the amount of funding allocated to each project and any variance between this and final expenditure are set out at appendix 13. The figures in this account are taken from ORACLE, the Council's finance system in operation at the time.

d) Statement of Grant Usage 2005 / 06

As for the previous financial year, the WBSP were required to submit quarterly returns to GOWM and an annual report in July 2006 on the previous year's activity (2005 / 06).

There were no issues raised by GOWM in relation to these quarterly returns or the report provided detailing activity being funded and which targets were being addressed.

e) Key Performance Measures 2005 / 06

Please see section 8 (e) above.

f) Audit Recommendations 2005 / 06

A follow up of the status of implementation of recommendations contained within the NRF administrative costs (November 2004), NRF approvals and spend (June 2005) and NRF (February 2006) audit reports was undertaken by internal audit and the audit commission. The resultant follow up report, dated October 2006 (appendix 20) concluded that satisfactory progress had been made in implementing the agreed recommendations.

The audit noted that structures and frameworks for improvement had been put in place, including a constitution and accountable body agreement (finalised and approved by Council and the WBSP), procedures for LAA programme and performance management had been drafted and issued to relevant staff; and roles and responsibilities for the management and administration of NRF had been clearly defined. The audit acknowledged the new arrangements were still in the process of being fully embedded and officers needed to continue to work towards these arrangements becoming fully implemented and evidenced as such.

10. NRF in Walsall 2006 / 07

a) Grant Determination 2006 / 07

The full grant determination for 2006 / 07 is provided at appendix 14. NRF allocated to Walsall during 2006 / 07 was included in the grant determination for the Local Area Agreement (LAA). A Statement of Grant Usage was required (see Section 10 (d) below) as well as a grant audit where the local authority's chief internal auditor is required to prepare and submit an annual audit report, setting out the auditor's opinion as to "whether sufficient and appropriate evidence had been obtained, that the end-year Statement of Grant Usage, in all material respects, fairly presents the eligible expenditure in the specified period".

“The purpose of the grant is to provide support to certain local authorities in England, to enable them, in collaboration with their LSP, to improve services in their most deprived areas”. (The Neighbourhood Renewal Fund Grant Determination (2006)) (31/243)

b) Prioritisation Process Applied 2006 / 07

In March 2006, the LAA targets were signed off by Ministers, which enabled Partners to consider activity to achieve the agreed indicators. A process of Target Action Planning (TAP) was introduced, where a TAP was to be completed for each indicator in the LAA, particularly (in this transition period) for those indicators requiring NRF. TAPs were completed in all cases where NRF was required.

The WBSP is structured around the four blocks / pillars of the LAA:

- Children and Young People
- Safer and Stronger Communities
- Economic Development and Enterprise
- Healthy Communities and Vulnerable People

For each pillar there is a wider partnership group and a Pillar Executive Group (PEG). PEGs agree the activity to deliver against targets and approve the activity / funding in submitted TAPs (which are led by a key agency). TAPs are then summarised and presented to the Executive Committee (Commissioning Executive) for endorsement. No funding is released until endorsement has been received from the Executive Committee and this is only on the basis of claims and monitoring returns, with robust and eligible evidence of expenditure / activity. A report is also presented to the WBSP Board, requesting endorsement of decisions / actions taken by the Executive Committee, including funding allocations.

c) Projects Funded 2006 / 07

The total NRF allocation for 2006 / 07 was £6,409,755. Overall, 97 projects were funded, the amount of funding allocated to each project and any variance between this and final expenditure are set out at Appendix 15. This account is based on reports from ORACLE, the Council’s finance system in operation at the time.

d) Statement of Grant Usage 2006 / 07

As the NRF was aligned to the Local Area Agreement (LAA), the reporting mechanism to GOWM meant a half-yearly (November 2006), forecast out-turn (March 2007), a draft end-year statement (June 2007) and final end-year Statement of Grant Usage (accompanied by a Certificate from the Chief Finance Officer of the Council as Accountable Body) (June 2007) were provided relating to expenditure for each LAA Block’s funding and NRF.

All information was provided to GOWM and no issues were raised.

e) Key Performance Measures 2006 / 07

The WBSP has an agreed Local Area Agreement (LAA), which was signed off by Ministers in March 2006. The LAA operates from April 2006 to March 2009.

There are over 120 outcome indicators in the LAA (numbers keep increasing due to additional mandatory targets being added). The National Floor Targets are reflected in the more local targets of the LAA.

The WBSP measures performance and achievement of all LAA targets and reports this to GOWM on a half-year and end of year basis.

f) Audit Recommendations 2006 / 07

An audit of the Local Area Agreement (LAA) and NRF for the financial year 2006 / 07 was undertaken by internal audit and the Audit Commission. This audit included the work undertaken to support the Chief Internal Auditor's opinion on the LAA Statement of Grant Usage (see section 10 (d) above).

The resultant audit report, dated October 2007, covered the following areas: governance, consistency of files / documentation, target action plans, approvals, grant agreements, claims / payments, performance monitoring, finance monitoring, accounting procedures, compliance with LAA / NRF grant determination and Statement of Grant Usage. Across all areas, a total of 71 recommendations were made, 40 of which had been implemented between the audit being undertaken and the final report being received. Since this, a further 15 have been implemented, leaving 14 (note: 2 recommendations are no longer applicable), which are in the process of being implemented. Some of these remaining recommendations are reliant on the development of the new LAA, (June 2008). It should be noted that the audit report identified where recommendations had been re-iterated. It can be seen from this update, that the majority of these recommendations have now been implemented.

This audit will be considered by Audit Committee in early 2008, as part of the Committee's review of internal audit's programme of work.

11. NRF in Walsall 2007 / 08

a) Grant Determination 2007 / 08

The full grant determination for 2007 / 08 is provided at appendices 16 and 17. The NRF allocated to Walsall during 2007 / 08 is 'pooled' as part of the LAA. "The purpose of the NRF element of the grant is to provide support to the authority, to enable it, in collaboration with the WBSP to improve services in its most deprived areas". (The Walsall Metropolitan Borough Council Local Area Grant Agreement Grant Determination (2007))(31/804)

b) Prioritisation Process Applied 2007 / 08

The TAP process continues to be used to identify activity to deliver the jointly agreed indicators in the LAA.

c) Projects Funded 2007 / 08

The total NRF allocation for 2007 / 08 is £5,697,560. Overall, 54 projects were funded, the amount of funding allocated to each project and any variance between this and final expenditure are set out at appendix 18.

d) Statement of Grant Usage 2007 / 08

Again, the WBSP will be required to present three Statement of Grant Usage reports to GOWM. The first half-yearly report is due by 29 November 2007, the forecast out-turn report is due by 13 March 2008, the draft end-year Statement of Grant Usage is due by 2 June 2008 and the final end-year Statement of Grant Usage (accompanied by a Certificate from the Chief Finance Officer of the Accountable Body) by 27 June 2008.

e) Key Performance Measures 2007 / 08

These are the targets contained within the revised LAA (revisions off the LAA include additional mandatory targets).

f) Audit 2007 / 08

An audit of the LAA will be undertaken during April to June 2008, as part of the Statement of Grant Usage reports to GOWM (see section 11 (d)).

12. Comparison of Walsall’s Performance in Comparison to National Averages

12.1 At national level the Neighbourhood Renewal Unit measures progress in achieving the aims of the Government’s comprehensive Neighbourhood Renewal Strategy through PSA1 – a combination of six indicators, set out in the table below.

12.2 In the context of this PSA, areas considered to be 'deprived areas' vary for each of the indicators which underpin the overall PSA target. For each indicator, 'deprived areas' are defined as geographical areas where the related departmental floor target applies, and which are also located within Local Authority Districts in receipt of Neighbourhood Renewal Fund (NRF).

Indicator	Geographical coverage
Health	The Local Authority districts receiving NRF that are also areas within the fixed group of Local Authority districts identified by the DH as having the "worst health and deprivation indicators" in the baseline years (1995-97).
Education	All schools located within Local Authority Districts receiving NRF, except all non-maintained schools, all hospital schools, all pupil referral units, schools that closed ahead of publication of the secondary school tables, schools that opened after the National Curriculum assessments were taken in May (be that through mergers, amalgamations or new establishments), schools whose results were unavailable due to reasons beyond their control, schools who refused to return results, schools with 30 or fewer pupils in the cohort who took the assessments and special schools.
Crime	Local Authority Districts in receipt of NRF which overlap with high-crime Crime and Disorder Reduction Partnerships (CDRPs).

Worklessness	Wards located in Local Authority Districts in receipt of NRF that also those wards with the worst labour market position.
Housing	Those Local Authority Districts receiving NRF that are also within the group of 112 Local Authority districts included in the allocation of additional housing capital resources.
Liveability	All of the Local Authority Districts receiving NRF.

12.3 The Department for Communities and Local Government consider that PSA1 will have been successfully met if nationally the gap is reduced between deprived areas and the rest of the Country by a specified amount for each of the six indicators. Walsall's has contributed to the achievement of this national target can be seen in the extract from the Floor Target Interactive website at appendix 21, but in summary:

- The rate of improvement in Circulatory Disease Mortality Rates in Walsall has been greater than for deprived areas (those designated as Spearhead areas and in receipt of NRF) as a whole;
- Improvement in Key Stage 3 results in Walsall over the last three years published has been far greater than for all NRF areas or for England.
- Overall crime in Walsall is only two thirds of the level experienced in high crime areas in receipt of NRF. The local crime rate is also lower than the national average.
- Employment rates have reduced in Walsall's wards experiencing the worst labour market conditions. This is contrary the most deprived areas.
- Comparison data for decent social sector homes is unavailable. However, it is estimated that Walsall will meet its targets by 2010.
- The Percentage of Unacceptable Levels of Litter and Detritus is higher in Walsall than for other deprived areas and the national average.

13. Comparison of NRF Usage within the West Midlands

13.1 An analysis has been undertaken with other Black Country LSPs to research how NRF was used in their area – Wolverhampton, Dudley and Sandwell all responded.

13.2 All areas stated that NRF was used in (or by) mainstream partners, eg, local authority, police, primary care trust; that NRF was used across the borough and not allocated only and directly to the most deprived areas and all confirmed no issues had been raised by GOWM regarding the use or allocation of the funds.

13.3 Based on these findings, it is evident that Walsall has used NRF in similar ways to LSPs in neighbourhood authorities.

14. Conclusions

14.1 The conclusions of this report are as follows:

- The rules over the use of NRF, as described by the grant determination for each year and the National Neighbourhood Renewal Strategy were consistently applied in Walsall.
- Walsall's use of NRF funding to support mainstream activity was consistent with NRF grant conditions. This use of NRF in mainstream was actively encouraged through the grant guidance outlined in this report.
- No requirement exists for NRF to be spent and accounted for only within deprived neighbourhoods. NRF purpose is to deliver the National Neighbourhood Renewal Floor Targets and, in doing so, benefit people in need of support in deprived areas.
- NRF is unlike other area specific grants. It is not ring fenced and does not have to be spent specifically within a geographical boundary. This flexibility was developed in response to national criticism of the effectiveness and operation of grants, such as SRB. This flexibility has increased local control, enabling Local Authorities and their partners to decide how best to apply the NRF grant to achieve the National Neighbourhood Renewal Targets at a local level.
- Any claim that NRF funding is unaccounted for cannot be substantiated. The Council's finance system clearly identifies the various projects and funding allocated and spent for each year of the NRF's operation and this information reconciles to the overall amount of NRF awarded. Whilst the merits of alternative projects or approaches may be argued, the projects and approaches taken in Walsall have utilised the NRF funding within the scope of the grant determinations and within the priorities set by the Council and WBSP. Reports on projects and expenditure have been made each year to GOWM and no issues on NRF use have ever been raised.
- There is no requirement to measure Walsall's impact on the Neighbourhood Renewal Floor Targets through the use of NRF. However it is evident that, overall, the impact of NRF (and other interventions) has been positive, with real improvement on all issues with the exception of 'worklessness'.
- A survey of the use of NRF in all other Black Country Borough revealed that all have used NRF in a similar way to Walsall, in that:
 - all have used NRF to support mainstream activity
 - all have used NRF in a way that does not directly target and track expenditure solely within deprived neighbourhoods
 - no Council has been the subject of concern from GOWM as a result of returns detailing how NRF was spent.

To summarise, NRF has made a significant difference to the lives of people living in our most disadvantaged communities. The correct process, to utilise NRF through the TAP process is also seen as best practice and has enabled the relationship, between the use of NRF and key priorities affecting the most disadvantaged communities to be clearly presented. We will aim to take forward this good practice in to the negotiation of Walsall's new LAA, which comes in to effect in June 2008.

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Annex D: The Neighbourhood Renewal Fund: Published Draft Guidance

The Department of the Environment, Transport and the Regions (DETR) recently published a consultation document on proposals for allocating the new Neighbourhood Renewal Fund (NRF). The consultation ended on 14 November 2000. This is a copy of the consultation document issued.

Introduction

- 1 Through the emerging National Strategy for Neighbourhood Renewal, the Government is seeking to narrow the gap between the most deprived areas and the rest of the country. In the recent Spending Review targets have been set, for the first time, to improve the outcomes in these areas that are achieved by core spending programmes. For example: in relation to crime the target is to reduce domestic burglary by 25 per cent (with no local authority area having a rate more than three times the national average) by 2005.
- 2 To help ensure that these targets are delivered, Government departments will be reviewing funding allocation processes to ensure that sufficient funds reach deprived areas. A new Neighbourhood Renewal Fund (NRF), with resources nationally of £100 million in 2001-02, £300 million in 2002-03 and £400 million in 2003-04, will be paid to local authorities in the most deprived areas of England.
- 3 The purpose of these additional non-ring fenced resources will be to help local authorities in the most deprived areas focus their main programme expenditures in order to deliver better outcomes for their most deprived communities. The Government will expect to see evidence that funding from the Neighbourhood Renewal Fund is being used to improve the delivery of services to the most deprived wards and neighbourhoods within the eligible areas. A list of the relevant targets that have been set in departmental Public Service Agreements is in **Chapter 3**.
- 4 This consultation paper sets out the Government's proposals on how the Fund will operate, on the authorities which will be eligible for the fund, on the indicative proposed allocations to these authorities for the three financial years from April 2001 to March 2004 and on the conditions on which funding will depend.

Nature of Grant

- 5 The Government proposes to operate the Fund under the Special Grant powers in Section 88(b) of the Local Government Act 1988. This entails approval of a Special Grant Report by Parliament. The Report will set out the basis of distribution of grant, including the cash amounts for 2001-02 and the conditions attached to entitlement. It is hoped that Parliamentary approval will be obtained as part of the Revenue Support Grant debate in late January/early-February 2001.
- 6 The Special Grant will be a non-ring fenced grant that the local authority can use to improve outcomes in their more deprived areas in whatever way is considered suitable for local circumstances. The Special Grant will be allocated by formula (see paragraphs 20-21 below) rather than through a plan or bid-based approach.

Conditions for receipt of Neighbourhood Renewal Fund

- 7 The grant would be paid subject to the following conditions:
 - _ that recipients must be part of and working with a Local Strategic Partnership (LSP) and must have agreed with the LSP a Local Neighbourhood Renewal Strategy;
 - _ that each year the local authority should produce a statement of use for NRF funding and agree it with the LSP who will want assurance that the NRF resources are contributing to their wider strategy for tackling deprivation;
 - _ that where recipients are developing a local Public Service Agreement (PSA) it should include a focus on tackling deprivation (but see paragraph 12 on the position of PSA pilots);
 - _ that the authority should make a commitment to contribute to the delivery of those national targets which are listed in **Chapter 3** that have been set in departmental Public Service Agreements; and
 - _ that recipients should have a satisfactory Best Value Performance Plan or where there has been an adverse audit opinion, an agreed action plan to address auditors' concerns.

- 8 It will take time to put in place LSPs and local PSAs are being piloted for 2000–01. So for the first year the conditions required would be:
 - _ to commit to working with an LSP, and agreeing a Local Neighbourhood Renewal Strategy with them;
 - _ to commit to making a contribution towards the achievement of the national targets that have been set; and
 - _ to fulfil the Best Value requirement.

- 9 Separate guidance is being issued setting out the role envisaged for Local Strategic Partnerships. The Government recognises that it takes time to develop effective partnerships and that in doing so local authorities are reliant on securing the co-operation and participation of a range of local partners for such partnerships to work. The Government believes that in many of the most deprived areas of the country substantial progress has already been made in developing strategic local partnership arrangements, not least through developments such as the Local Government Association's New Commitment to Regeneration initiative, Health Action Zones, Crime and Disorder Partnerships and so forth.

- 10 Local Neighbourhood Renewal Strategies will involve identifying deprived neighbourhoods, and setting in train action – agreed with the community – to improve them. They will be part of Community Strategies. Each year, local authorities will be expected to provide a short statement of usage of their NRF resources, showing how they support the Local Neighbourhood Renewal Strategy (or its general direction, if the Strategy is still work in progress). The forthcoming Neighbourhood Renewal Action Plan (to be published later this autumn) will set out more detail about what these strategies might entail.

- 11 The Government wants the emergence of Local Strategic Partnerships to build on the best models that are already in place locally, not to set up separate and overlapping new partnership mechanisms. Continuation of support through the Neighbourhood Renewal Fund will be conditional on effective Local Strategic Partnerships, which fully involve key local players, particularly voluntary groups and local communities, being in place.

- 12 The Government recognises that the 20 authorities developing local Public Service Agreements (PSAs) for 2001–02 will have already selected their local PSA targets before arrangements for the Neighbourhood Renewal Fund are finalised. The prospectus for these pilot authorities asked them to show how their PSAs would help tackle deprivation more effectively and suggested that these might include local cross-cutting targets to improve outcomes for areas or groups most at risk of social exclusion, closing the gap relative to average or overall performance. In any further roll out

of local PSAs, authorities in the most deprived areas will – in order to receive NRF support – need to demonstrate that their local PSAs include a focus on tackling deprivation and contribute to delivering the targets that have been set nationally.

Selection of Eligible Areas

- 13 The Government proposes to use the Indices of Deprivation 2000 (ID2000) to determine eligibility for the grant and the basis of distribution of grant between the eligible authorities. The Indices of Deprivation 2000 aggregate ward level deprivation scores up to district level and capture different patterns of deprivation in different types of local authority districts through six measures:
Concentration: the severity of the worst pockets of deprivation in each district.
Extent: how widespread are severe pockets of deprivation in each district (what percentage of the population of each district live in one of the 10 per cent most deprived wards in England).
Employment scale: how many employment deprived people there are in each district.
Income scale: how many income deprived people there are in each district.
Average scores: what is the average of the deprivation scores of all wards in each district.
Average ranks: what is the average of the ranks of all wards in each district.
- 14 The Government has agreed that use will be made of all of the six measures when the ID2000 is being used to determine eligibility for funding and the allocation of resources. As with earlier regeneration programmes, such as the Single Regeneration Budget, which targeted resources using the Index of Local Deprivation, the Government proposes that those authorities which appear within the top 50 most deprived districts on any of the six district level measures in the ID2000 should be eligible for the Neighbourhood Renewal Fund. On this basis 81 local authorities would be eligible (see below).
- 15 The Government is also proposing that there should be transitional arrangements for those authorities that were within the 50 most deprived areas on any of the four measures under the old Index of Local Deprivation but are not in the list of 81 authorities from the top 50 most deprived districts on any of the six district level measures of the ID2000. Therefore, for the first three years, the Government proposes that the seven further local authority areas listed below should also be eligible for the Neighbourhood Renewal Fund. Eighty-eight eligible authorities are thus listed below.
- 16 Most of the 88 areas which are to be eligible for the Fund are unitary authorities – London Boroughs, Metropolitan Districts and Shire Unitary authorities. However, there are 19 shire districts within the proposed eligible authorities which do not have responsibility for key services like education and social services.
- 17 In those areas where there are two tiers of local Government, the draft guidance on LSPs suggests that the LSP may, appropriately to local circumstances, need to be a joint partnership between a number of shire districts and will need to include the county council. The Neighbourhood Renewal Fund would be awarded in the first place to the district council, but part of the grant would, by agreement, be passed on to the county council in support of improving its services in the deprived areas of the district council. It is important for the district and county councils to develop a joint approach to service improvement in deprived areas.
- 18 The district would not receive NRF resources until a decision on how the resources would be distributed between the two tiers had been agreed with the LSP, including representatives of the county. Both tiers, in determining the distribution of grant between them, should reflect the priorities agreed in the Local Neighbourhood Renewal Strategy. Where the LSP or the local renewal strategy was not yet in place the county and district councils would need to jointly endorse the planned distribution of grant and each of them would need to specify clearly how their share of the grant awarded was going to be used for the benefit of the priority neighbourhoods.

- 19 In all of the eligible areas, it may be equally desirable for receiving authorities to share some of their grant with police and other authorities, for example with the police in dealing with crime targets. Authorities would use the powers in the Local Government Act 2000 to do this.

Scale of Funding

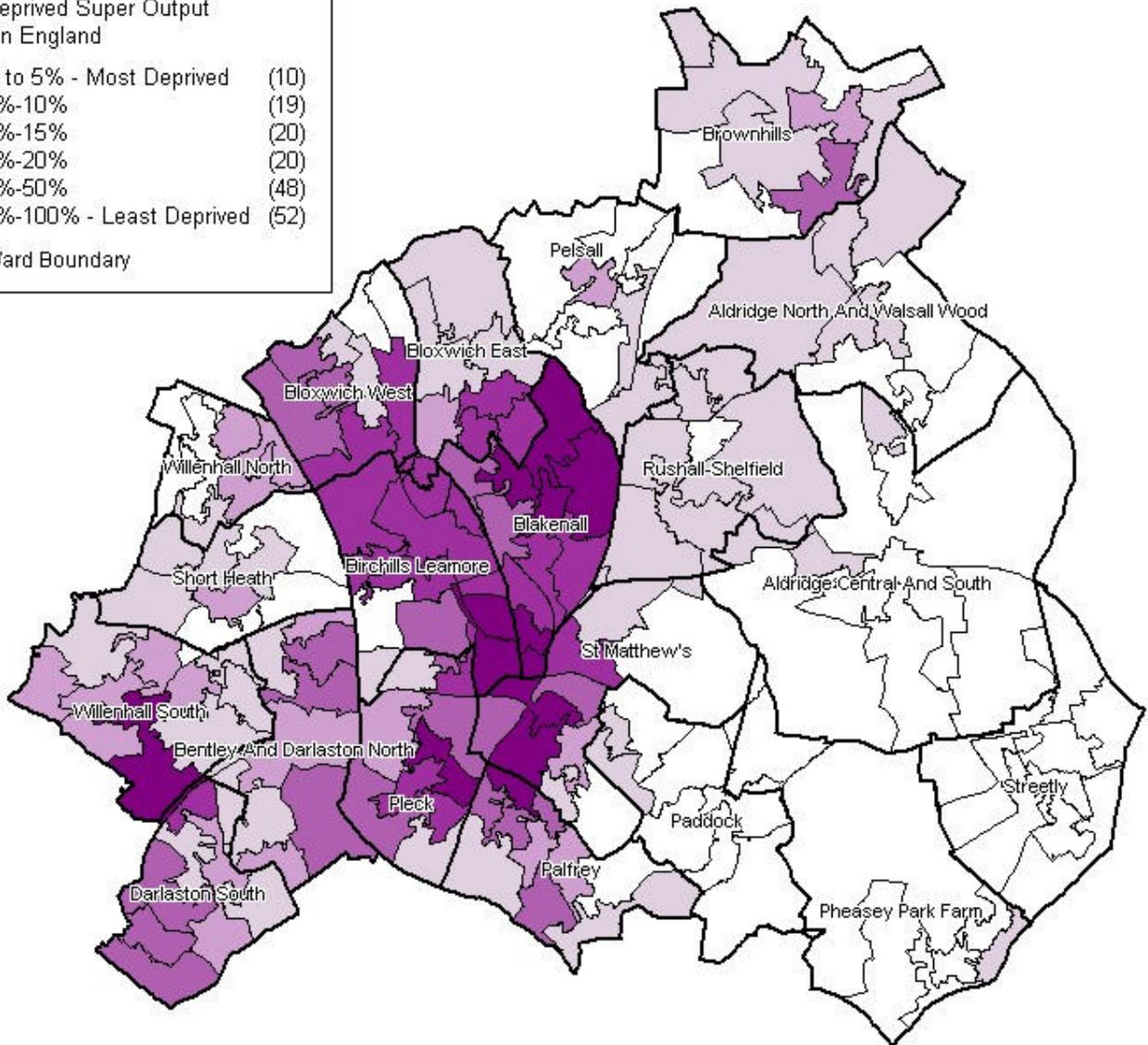
- 20 NRF resources are intended to be used to help raise outcomes for those living in the most deprived neighbourhoods. The Government intends to base the sum allocated to each authority on a standard amount per head of population in those wards in the authority which are in the most deprived 10 per cent of all wards nationally, underpinned by a minimum allocation of £100,000 for any eligible authority. This relates an authority's grant funding to the severity of deprivation within its area, measured by the number of their residents living in particularly deprived areas.
- 21 Also shown below are indicative allocations for each eligible area for 2001–02, calculated on this basis. If all the eligible authorities were to fulfil the conditions set out in paragraph 7, allocations in 2002–03 and 2003–04 would be three times and four times, respectively, the indicative allocations for 2001–02.

Index of Multiple Deprivation 2004 by Lower Level Super Output Areas

Most deprived Super Output
Areas in England

	Up to 5% - Most Deprived	(10)
	6%-10%	(19)
	11%-15%	(20)
	16%-20%	(20)
	21%-50%	(48)
	51%-100% - Least Deprived	(52)

Ward Boundary



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**SR2000 Government Interventions in Deprived Areas
(GIDA) Cross-cutting Review**

April 2000

Executive Summary

The goal of the GIDA review was to take forward the Prime Minister's vision for deprived areas, as set out in the National Strategy for Neighbourhood Renewal (National Strategy):

- To bridge the gap between deprived areas and the rest; and
- To deliver an absolute improvement in 4 key outcomes (health, education, employment and crime.)

This required setting out the spending and service delivery implications of the National Strategy, particularly with reference to the four key outcomes.

The Review has concluded that:

1. Main programmes should bear primary responsibility for tackling deprivation.
2. To do this, main programmes need to be refocused. This means that their PSA targets should stipulate both a national service standard and **a floor/convergence target for tackling deprivation**. It also means **examining and, where necessary, changing funding and process mechanisms** to make sure they deliver an appropriate level of resources to tackle deprivation. Departments have set targets that are broadly in line with the National Strategy's goals, but it is not yet possible to determine whether they and their delivery mechanisms are sufficient to underpin it in SR2000. However, the Review welcomed the work being done by the Local Government Finance cross-cutting review on a possible transitional mechanism for getting resources to deprived areas to underpin the floor/convergence targets.
3. Local Strategic Partnerships, involving public, private and community sectors and building on the new community planning duty and existing cross-sectoral partnerships where possible, should be encouraged in all areas. They would be single "umbrella" partnerships with subgroups focusing as necessary on particular issues such as deprivation. LSPs should agree local priorities that reflect national targets and broker actions. They would be recognised by Government Offices and other Government regional bodies. Ultimate responsibility for delivery would remain with the appropriate local service providers.
4. Targeted initiatives, including holistic regeneration programmes, have a role to play. But they should be part of a clear framework for tackling deprivation, rather than the main tool for doing so. Targeted initiatives, where they have different delivery mechanisms to main programmes (particularly partnerships), should be co-ordinated by LSPs. This should be voluntary for existing programmes, but built into the start of new initiatives.

5. The holistic regeneration programmes should be changed over time so that they carry out a role complementary to the refocused main programmes.

The next stage of work will be crucial. There are a number of areas where further work is required. Departments have been asked by the Chief Secretary to set out how they will deliver on the GIDA principles agreed by PSX, and an assessment will be required of whether the responses mean that the National Strategy is sufficiently underpinned within SR2000.

SR2000 Government Interventions in Deprived Areas (GIDA) Cross-cutting Review

Final Report

Section 1: What is the problem?

1. People's quality of life is much worse in deprived areas. Compared with the rest of England, the 44 most deprived unitary/district authorities have:

- Nearly two thirds more unemployment;
- 30% higher mortality rates; and
- A quarter more children who do not get a single GCSE.

Burglary rates in deprived areas are also three times the national average. And these problems are often more severe for particular groups – such as Black/Minority Ethnic people – who are over-represented in deprived areas.

2. This inequality between districts is very substantial. But the greatest extremes are between neighbourhoods. This is illustrated by statistics from New Deal for Communities (NDC) pathfinders. The table below shows that conditions are much worse in Beswick/Openshaw (the NDC neighbourhood in Manchester) than in Manchester as a whole, which is in turn much more deprived than the national average.

	Beswick/Openshaw	Manchester	England
Standard mortality rate: lung cancer	253	172	100
% disabled/long term sick/incapacitated	30	17.3	13.1
% unemployed	11.7	9.6	4.6
% pupils attaining 5 A*-Cs at GCSE	24.7	28.7	46.3
Domestic burglary per 1000 households	81.3	72.6	22.7

3. Areas with social exclusion problems like low skill levels and high crime rates are unlikely to attract the enterprise, investment and employment necessary for sustainability. Nevertheless, many people who suffer from deprivation do not live in 'deprived areas' – so action should not solely focus on such areas.

Section 2: Why does it happen?

4. The Government is committed to addressing the problems of deprived areas. But these are complex, long term and stubborn, and many areas have failed to turn round. Structural economic and demographic issues are outside this Review's remit, but the changes proposed here will not happen in isolation from the broader social and economic picture.

Why does it happen? A: Problems with public services

5. Public services are often poor in deprived areas, where they are needed most. Poor performance by main expenditure programmes contributes to deprivation and social exclusion. There is no single critical issue; failure to join up, under-funding (in some cases), poor management or performance management, and lack of explicit floor/convergence targets for services in deprived areas are all crucial. Research on financial flows into deprived areas concludes that they get marginally more money than elsewhere, but that most of the extra money is ameliorative (e.g. social security benefits) rather than tackling the causes of deprivation. Annex A outlines this in more detail. Issues like programme inflexibility (where centralised prescription of process restricts a local service deliverer's ability to address problems in a locally appropriate way) and training also matter.

6. However, poor public services should not be stigmatised as the sole cause of deprivation. Even the broad factors listed in paragraph 4 above are not the only other reasons. And it is important to recognise and encourage good work where it exists.

Why does it happen? B: Problems with joining up

7. Research by the Social Exclusion Unit (SEU), the Performance & Innovation Unit (PIU) and others shows that main services need to work together to improve outcomes. This does not yet happen enough (though much is being achieved in some places.) Silo working is prevalent partly because individual services and initiatives have structures, processes incentives and targets that mean they take a narrow perspective, and do not have the flexibility to work jointly. Even where strategic partnerships exist (notably the LGA's New Commitment to Regeneration, and Health Action Zones (whose broad focus sets them apart from other interventions)), their roles often overlap with other bodies. This creates confusion and a further lack of co-ordination.

Why does it happen? C: Problems with targeted interventions

8. The Government has launched many initiatives to tackle the problems of deprived areas. Individual projects have made a real impact. However, research (including PIU report on the Role of Government at Regional & Local Level, and the interim report of the DETR research into the co-ordination of area-based initiatives (ABIs)) confirms that there are several consistent criticisms of ABIs:

- Shoring up rather than being additional. Targeted initiatives are largely supposed to be additional to main services. In reality, they often take over the role of failing programmes;
- Not fitting in to the strategic picture. ABIs often do not fit into a clear local or regional strategic framework for achieving national aims;
- Co-ordination. ABIs are regularly co-located, and engage the same actors in partnerships. But they frequently have conflicting objectives, relate poorly to main programmes in process terms, and have varying monitoring and accounting requirements; and
- Rigidity. Practitioners argue that both the process and outcomes of ABIs are too tightly defined, allowing little flexibility for local innovation, adaptation and prioritisation.
- Being time limited and often withdrawn before the task is complete.

Why does it happen? D: Problems with holistic regeneration

9. The 1998 CSR confirmed there remained a social and economic case for providing additional Government interventions to tackle multiple problems in the most deprived areas. These are provided by the two holistic regeneration initiatives: the New Deal for Communities (NDC) and the Single Regeneration Budget (SRB), managed by DETR on behalf of all Departments. The NDC (administered by the Government Offices for the Regions (GORs)) focuses on small-scale neighbourhood areas whereas the SRB (administered by Regional Development Agencies (RDAs)) delivers outcomes over wider areas including towns, subregional and regional areas. They both encourage a comprehensive, joined-up approach but, as targeted interventions, they can suffer from the problems discussed above. There is also scope for rationalising them, since (alongside a wider range of activities) they both provide comprehensive interventions in deprived areas.

Section 3: What is our goal?

10. The Review's aim is to provide the SR2000 underpinning for the SEU's National Strategy, for which the Prime Minister set two goals:

- To bridge the gap between deprived areas and the national average; and
- To improve four key outcomes in deprived areas (crime, jobs, health and education).

The Government will measure the success of the National Strategy on these criteria.

11. The four key outcomes are at the heart of this Review. However, they do not cover all the important issues; housing, the physical environment, transport, business support, benefits and access to sporting and cultural facilities can all be important to communities. The necessity of getting these right should not be lost in the focus on key outcomes. They can make crucial contributions.

12. Achieving the National Strategy's goals depends not only on this Review, or the SEU's wider work on the Strategy, but also on a number of other workstreams:

- the urban & rural White Papers;
- Crime Reduction Strategy;
- the ongoing review of Local Government Finance;
- Best Value/modernising local Government;
- Welfare to Work Programme;
- local ownership of targets/local government PSAs/response to the Local Government Association's Local Challenge; and
- efforts to encourage community/voluntary activity.

Links need to be made between these in policy development and implementation.

13. This report does not consider issues such as race equality, diversity, and sustainable development in detail. However, this is because the Review expects that such issues will be mainstreamed within Departmental SR2000 proposals, including targets covering deprived areas.

Section 4: Delivering the vision

Delivery A: Main Programmes

What is the goal?

14. The Review endorses the view that main services should be the Government's principal weapons for tackling deprivation. Targeted interventions have neither the resources nor the remit to do so nationally. Core public services should be in proportion to need, so in deprived areas they must be as good as, or even better than, they are elsewhere.

What needs to change

15. Main services frequently fail to deliver outcomes in deprived areas. At present, targeted initiatives often shore them up. This should change, so that deprived areas get the main programme priority they need.

How do we change it?

16. There are several ways of ensuring improvement in main programme delivery in deprived areas:

- setting targets;
- better resource allocation;
- better partnership working (covered in paragraphs 30 - 47 below); and
- better performance management structures.

Targets

17. Incentives, resources and structures are needed to get the improvements Government wants. Setting targets is often the simplest way of doing this. But this will not be enough to deliver solutions, even when combined with resources skewed to deprived areas.

18. The interim report recommended that Departments set PSA targets to reflect the aims of an absolute improvement in outcomes and of bringing deprived areas closer to 'the rest', and that targets should be national rather than apply to a restricted 'list' of deprived areas. The form of target (including whether it should be 'floor' or 'convergence') would depend on its nature and intended outcome. Targets should cover the period of this SR. Where this is not appropriate, longer-term targets should be set with, where possible, a series of progress checks. These checks should include 2004. The Review's reasoning is set out in Annex B.

19. In general, the targets Departments have proposed for their draft PSAs are broadly in line with the National Strategy's twin aims of absolute improvements and narrowing the gap between deprived areas and the rest. However, it is as yet unclear how they will be implemented. Departments will need to ensure their local service providers are given the goals, resources and performance management structures to deliver on the national targets, while striking a balance between central prescription and local flexibility. To do this, Departments should review their funding formulae and their delivery and performance management arrangements, to ensure resources can get to deprived areas and deliver the desired outcomes. Departments considering making more intensive use of an existing ABI or targeted initiative, or introducing a new one, should take account of the Review's recommendations on such delivery mechanisms as set out in paragraphs 52-54. Departments planning to use local partnerships should link these to the Review's proposals for LSPs.

20. In their examination of their funding formulae, Departments using local authorities as their local delivery mechanisms will have to allow for the implications of the wider programme

of work on local government finance. This includes both the longer term work which DETR have been carrying out with the Local Government Association on possible reforms to the distribution of RSG, as well as the concern in the Cross-cutting Review of Local Government Finance about the proposed increase in the use of specific grants and the work in that review on the possible development of local PSAs. The Local Government Finance review is currently considering a mechanism for channelling to deprived areas any additional resources needed to underpin the floor/convergence targets. It would probably be a transitional measure pending longer term reforms that might emerge from the grant distribution review. The Review welcomes this proposal and will work with the Local Government Finance Review on the implementation details.

21. Until Departments report on how their targets will be delivered, the Review cannot take a view on whether the present proposals are sufficient to underpin the National Strategy within the Spending Review. The Chief Secretary has written to Departments asking them to provide this information by mid-May. It will be vital that the returns are then assessed against the Review's principles and the aims of the National Strategy, as set out in Section 5, 'Future Work'.

22. Every Department currently considers that achieving the targets they have suggested for narrowing the gap will require their SR2000 bids across all their programmes to be met in full, and have not provided information on how marginal changes in assumptions about the level of their total SR settlement would impact on these targets. The lack of information means the Review cannot take a view on this or on the overall resource implications of the Review's proposals. Nonetheless, given generally limited resources, there will be a tension between funding improvement in deprived areas and elsewhere. Decisions will be necessary on the relative importance of these aims in the Spending Review and beyond.

Delivery B: Joining up

Background

23. Views on local partnership working have evolved over the course of this Review. Originally, the Review proposed Local Strategic Partnerships (LSPs) focused on deprivation. But, as other cross-cutting reviews also recommended local partnership solutions to joining-up problems, GIDA was remitted to take the work forward on a broad front. The Local Government Bill has also changed, giving local authorities a 'duty' (rather than a 'power') to be covered by a community strategy.

What is the goal?

24. Improving public services is a necessary step towards improving outcomes. But it is not sufficient. Better co-ordinated, more strategic working is also required:

- Nationally – good cross-Whitehall working will be needed for implementation of the National Strategy, and to minimise the undesirable effects of targeted initiatives;
- Regionally – the enhanced role of the Government Offices discussed in the PIU report 'Reaching Out' will assist at this level; and
- In cities/towns – Service providers need to work with each other, local residents, voluntary groups and the private sector in order to achieve maximum improvement.

25. National and regional co-ordination is not within the GIDA remit. (Ministers are considering how to ensure that policy on deprived areas is co-ordinated and properly overseen within Whitehall, and that lead responsibility for implementation of the National Strategy is made clear.) The rest of this section deals with local issues. As a baseline, Annex C sets out the position agreed in the National Strategy.

26. The body of evidence gathered in the course of the National Strategy, in evaluating the Single Regeneration Budget and elsewhere, shows that partnership working with strong community involvement helps core public services tackle deprivation. (Some of this evidence is summarised in Annex C.) The aim is to ensure that LSPs are in place to do this. Their tasks would include:

- developing strategic plans and local priorities (including deprivation) in line with national priorities;
- brokering concrete actions that help services to work together and meet community concerns (without being responsible for delivery of the actions);
- determining which neighbourhoods need special help using national and local statistics, and local knowledge;
- providing a structure into which area based initiatives and partnerships mechanisms could fit. In due course, they could rationalise other partnerships within this structure – with Whitehall approval as necessary – using the powers in the Local Government Bill; and
- linking with national, regional and neighbourhood counterparts.

27. In particular, people from deprived communities - alongside voluntary organisations and businesses - need a strong voice on each LSP, to help service providers understand the issues facing deprived communities. They must play a key role in bringing forward approaches that meet their needs and challenging the usual ways of doing things. LSPs will in part be judged on their effectiveness in engaging communities (see paragraph 38 on recognition/incentivisation).

28. But neighbourhood deprivation is not alone in requiring local co-ordination:

- other cross-cutting issues - many of which are addressed in cross-cutting SR2000 reviews - require a similar approach. These include crime reduction, youth, children, drugs, rural issues and urban renaissance; and
- area-based initiatives (many of which are focused on deprived areas) could become more effective if better co-ordinated locally.

29. This could result in duplication of joined-up working machinery at local level, which would be undesirable. Fewer overlapping partnerships are needed, not more. Therefore the Review recommends that single 'umbrella' partnerships are needed, with sub-groups focusing on particular issues as necessary.

What needs to change?

30. Analysis shows that many deprived areas are covered by some form of strategic partnership (including community planning partnerships, the LGA New Commitment to Regeneration, and Health Action Zones) or are working to implement one. More will do so as a consequence of the duty to be covered by a community strategy. It would be a mistake to create a new, completely separate mechanism as a result of the local co-ordination issues highlighted in SR2000. Where suitable partnerships exist, they should therefore be built on rather than replicated or replaced. Where they do not exist, Government should actively encourage their formation.

31. Existing partnerships are broadly in line with the need to tackle deprivation and social exclusion. But they do not necessarily focus systematically on deprived areas or consistently on the four key outcome goals - health, education, employment and crime. To help deliver neighbourhood renewal, LSPs (or their sub-groups) will need to do so, and in a way that ensures community priorities are met.

How do we change it?

LSPs and Community Planning Partnerships

32. The Local Government Bill will give local authorities a broad power to promote the social, environmental and economic well-being of their area. To advance this, they will have a duty to be covered by and committed to a community strategy. This will set local priorities and provide a strategic context within which related and cross-cutting issues can be effectively taken forward. It is to be drawn up in partnership with others. The statutory guidance issued to authorities should make clear that communities must have a central role in the partnership.

33. Partnerships will focus on deprivation where it is a key local issue, but it is unlikely that they will determine how to tackle it in great detail. This will remain the job of individual

agencies and partners, or groups of them as appropriate, who would be expected to act with regard to what the partnership sets as local priorities. They must have sufficient flexibility from central Departments to allow for this, balanced against Departments' need to ensure national targets are achieved.

34. Though the community planning guidance will not precisely prescribe an LSP-style body, authorities will create or adapt partnerships to produce the strategy. Their broad base and strategic outlook means that these partnerships would be natural vehicles to take on the wider umbrella role of LSPs.

Boundaries

35. If this case, most LSPs will have local authority boundaries. There is a question as to whether LSPs in two-tier authorities should be at the same level, and, if so, what this should be (e.g. always at county level.) The range of existing partnerships shows that no single model is universally present or appropriate. In many cases the issue will not be major for deprived areas, which are mostly in unitary authorities. Though every local authority will have to be covered by a community strategy, the Bill does not prescribe on the boundary issue. Partnerships could be formed at either level in different places, and even from groups of districts or unitary authorities such as London Boroughs. Therefore, the boundary issue will be resolved locally as community planning is rolled-out.

SR2000 consequences

36. In terms of SR2000, moving towards single umbrella LSPs would mean that:

- all reviews proposing new co-ordination of services at the local level (e.g. rural, DETR (urban renaissance)) should use LSPs – or sub-groups of them – as their mechanism;
- agencies of central Government should be made to engage with LSPs and given the programme freedom necessary to do so;
- the reorganisation of Drug Action Teams (DATs) to local authority boundaries should involve them becoming sub-groups of LSPs where possible;
- any new role and resources for Crime and Disorder Partnerships (CDPs) should involve them becoming sub-groups of LSPs;
- there is an opportunity to merge existing partnerships (particularly in unitary authorities, where boundary problems are not as severe); and
- all new area-based initiatives, or extensions to existing ones (e.g. Sure Start), should be required to work through sub-groups of LSPs as their delivery vehicles.

37. Beyond SR2000, other local partnerships could be brought progressively under the wing of LSPs. Existing area-based initiatives would be an exception. As set out in paragraph 52, they should voluntarily co-ordinate action within frameworks set by LSPs.

Incentivisation & recognition

38. If LSPs are to address all of these issues over the whole country, they will need to be rolled-out nationally. There should be national incentives to ensure this. However, the GIDA Review has a particular interest in encouraging them and ensuring their success in deprived areas, so it recommends stronger incentives for these places.

39. Nationally-applicable incentives could include:

- provisions within statutory community planning guidance, under the Local Government Bill (e.g. rationalisation of plans). The guidance will help specify the nature and functions of local authority involvement in partnerships, and encourage take-up; and
- conditionality of SR2000 spending settlements, as discussed above.

40. Further incentives for deprived areas could include:

- funding partnerships in the most deprived areas, primarily for community and voluntary sector involvement, and equipping the public sector to work with these organisations; and
- making the LSP's strategy a key distribution determinant for future regeneration funding, with the possibility of some LSP activities being funded under that programme.

41. Recognition and incentivisation of LSPs would be done by GORs, (in partnership with other Government regional bodies, such as NHS Executive Regional Offices). This would include a process to ensure that LSPs are properly set up, fulfil requirements (e.g. for community representation) and are capable of doing what is needed of them. Recognised status would be used as a trigger for holistic regeneration funding (see Annex E). The GORs should also be advisors, facilitators and partners (though their ability to commit to delivering some aspects of strategies will necessarily be limited.)

42. Non-local authority service providers (who are not covered by the community planning duty) also have to be actively engaged. Departments should require their participation via SDAs. GORs should be able to pursue parent Departments on behalf of partnerships if local service providers do not co-operate. Partnership funding could also be used to play this role, as discussed in paragraph 40.

43. Ensuring LSPs involve voluntary, community and business representatives is essential. It could be facilitated through recognition and the statutory guidance, but incentivising these groups to get involved is more difficult. LSPs in deprived areas could be offered some resources for encouraging participation. The opportunity of influencing local service provision should also be a strong incentive.

44. The detail of the roles of both the LSPs and the GORs in relation to them needs developing and disseminating. Hilary Armstrong has been asked by the Chief Secretary to take the lead in doing so. LSP guidance will have to be closely linked to the community planning guidance and it may be possible to combine the two. Although the guidance could

not be settled before the publication of the finalised versions of the community planning guidance (if they are not the same) and the National Strategy, the draft LSP guidance would need to go out for consultation with the LGA and other interested parties as soon as possible. This in itself should help stimulate local consideration of the options.

Timing

45. Once the necessary guidance is available, LSPs should be rolled-out, rather than piloted. Too many policy objectives rely on them, and strategic partnerships are present in too many places, to need extra piloting of the core concepts. In any case, all local authorities will be covered by a community planning partnership. However, the rationalisation powers to be available under the community planning legislation may be piloted.

46. The Local Government Bill could receive Royal Assent either side of the summer recess. The aim is to publish the key statutory guidance in draft in June, with the final text ready by the autumn. This will expect local authorities to produce their community strategies by September 2002. Authorities with existing (non-statutory) strategic plans and well-established partnerships should be able to deliver to a tighter timetable. Many deprived areas should be in this group. Some will take longer.

47. To keep up the momentum for the National Strategy, GORs should start encouraging the formation of LSPs as soon as the draft guidance on LSPs is circulated for consultation. A system needs to be in place whereby GORs are able to report on partnerships in deprived areas by December 2000, with an expectation that a LSP of some form should be in place in all deprived areas by April 2001. This depends on the GORs having sufficient direction and resources to do it.

Delivery C: Targeted initiatives, pilots and ABIs

What is the goal?

48. The Review does not believe it is acceptable or practicable in the long-term for deprived areas to rely on attracting rationed, specially targeted, time limited or challenge-based interventions. It would be too expensive to provide such interventions in every area, and against the ethos of providing universal high-quality services through main expenditure programmes.

49. As main programmes start tackling deprivation more effectively, targeted interventions should become additional to them, rather than shoring them up. Their roles would include:

- Encouraging innovation where needed and the use of best practice where available;
- Targeting special resources where quality main services are not sufficient and more intensive interventions are required;
- Promoting joining up;
- Kick-starting change;
- Allowing local flexibility; and
- Facilitating voluntary initiatives and community involvement.

What needs to change?

50. The design and delivery of targeted initiatives needs better local co-ordination (see above), particularly for those ABIs that have separate partnership/delivery mechanisms.

51. Departments need to move away from interventions that substitute for main programmes. Any interventions should be as part of a clear strategy, alongside public services, to hit outcome targets in deprived areas.

How do we change it?

52. The newly announced Regional Co-ordination Unit will provide better systems of consideration for new initiatives and ensuring they link to main programmes. In addition to the usual hurdles of collective agreement and Treasury approval, Conclusion 70 of the PIU report stated that “Before any new or extended initiative or the creation of any new Departmental outreach function (either in the regions or within headquarters policy teams) is decided on, there needs to be a “double key” arrangement, under which both the co-ordinating unit and GORs are consulted systematically in advance.”

53. As discussed above, LSPs can provide better local co-ordination of targeted interventions. Future initiatives should not set up new partnership structures. This would compound present problems. They should be required to work through LSPs where possible.

54. The Review therefore recommended in its interim report that:

- Existing ABIs should be co-ordinated voluntarily through existing partnerships and LSPs where possible;
- Future ABIs should be required to work through LSPs where they have been established; and
- As the “Reaching Out” report recommends, arrangements are needed for approving extended or future initiatives, or outreach functions e.g. policy from the DETR Regional Co-ordination Unit and resources/PSA targets from HMT.

Delivery D: Refocusing holistic programmes

What is the goal?

55. In the short to medium term, regeneration funding needs to continue, because it plays an important role in delivering services to deprived areas, and because it will take time for the refocusing of main programmes to take effect. Even with a long term enhanced role for main programmes, it is needed for several purposes:

- to facilitate strategic planning and bending resource allocation to develop more effective main programmes;
- to help create effective partnerships;
- to integrate the operational delivery of main programmes and enhance joint action on the four key outcomes; and
- to support community capacity building (including activity proposed under Active Community Review) and community ownership of planning and delivery of programmes.

56. Effective action and partnership is required at all scales: small-scale neighbourhood areas and wider areas including towns, subregional and regional areas.

What needs to change?

57. The existing holistic programmes need rationalising and refocusing so they carry out the roles above.

How do we change it?

58. The Review considered whether a single holistic programme covering all scales and all potential purposes could deliver these requirements. Two other factors require special consideration: the need to support rural areas and the efficiency gains from unified more flexible RDA budgets. Neither RDAs or GORs are fully equipped to deal with all the relevant issues and significant changes to the current arrangements would be disruptive. Nor would a single programme provide an additional link between the other various roles of the RDAs and GORs.

59. Proposals for the successor programmes should remedy this by distinguishing as clearly as possible between interventions best carried forward at the neighbourhood level and at the wider regional/sub-regional level, and set out the division of responsibilities between GORs and RDAs for delivering these programmes.

60. The Review therefore recommended in its interim report that DETR (in consultation with other Departments, GORs and RDAs) should prepare proposals for successor programmes to both the NDC and the SRB within a framework which:

- clarifies the outcomes of each programme and the nature and scale of area over which any operating partnership would run direct programme activity;
- clarifies the split in the administrative roles between GORs and RDAs;
- makes provision for delivery partnerships with support for programme activity (similar to some existing NDC and SRB models), delivery partnerships drawing substantially on main programmes (e.g. the roll out of neighbourhood management), and strategic partnerships at town and city scale dealing with both social inclusion and broader economic and physical development; and
- provides processes which secure co-ordinated bidding and management arrangements.

61. In future, targeting holistic programmes should take account of the expected impact of the existing partnerships as well as the new information about need provided by the revised Index of Local Deprivation. The Review therefore also recommended in its interim report that the criteria for targeting both of these programmes should be co-ordinated, taking account of: the overall aims of the National Strategy; the expected impact of existing SRB and NDC partnerships; the regional economic strategy; and plans prepared by LSPs. The interim report recognised that there was also a good case for some early development of the proposals for neighbourhood management and LSPs following the publication of the National Strategy.

62. The Review has not been able, as planned, to take a view on how quickly and how much the changes to main service delivery outlined above could be expected to increase the resources allocated to deprived areas, and design a strategy for moving to the new holistic regeneration programmes with that in mind. The DPM and the Chancellor will consider further the DETR proposals. The details will then need to be worked up by DETR in consultation with other Departments, GORs, and the RDAs.

Delivery E: Taking forward PAT 18: Better information

63. PAT 18 concluded that a lack of geographically referenced, small area deprivation data had hampered action to tackle neighbourhood deprivation. To remedy this, they recommended taking a new approach to collating and disseminating a consistent set of information at the local level. This should include utilising, and/or developing, information in existing administrative systems, modelled small area estimates, and some new data collection.

64. The Review believes that this is necessary since it would enable Departments, local service providers and LSPs to target resources or effort more effectively on deprivation and monitor their impact over time. It therefore recommends that a bid should be brought forward within SR2000. This should be cross-linked to the Home Office's bid to gather small-area crime information and any other Department's small area data bid.

65. Although all Departments will benefit from the outputs of the project, clear ownership will be necessary for adequate project control and management. Therefore, pending any Ministerial decisions on responsibility for implementing and monitoring the National Strategy, the Review recommends that the Office of National Statistics (ONS) should take the lead in developing the project and associated SR2000 bid.

66. An interdepartmental group is taking this work forward. It should ensure that:

- all Departments' small-area deprivation data needs are taken into account;
- existing information (including that held by both central Departments and local bodies) is brought together as far as possible in a consistent, geo-referenced form;
- common technical standards are set for data collection, geo-referencing and storage so that appropriate components of the project can be handled by Departments and their outside contractors;
- data are easily accessible by all who want to use them, ideally free of charge or at an affordable price;
- training and technical support is made available to all users, particularly local practitioners;
- the bid contains clear, firm, and realistic costings cross-linked to other SR2000 small area data bids; and
- a management structure for the project is proposed that would enable the work to be taken forward as quickly as possible.

Section 5: Future work & links to other work streams

67. There are a number of areas where the Review has not been able to complete its task in time for this final report. The outstanding work is as follows:

- i. Departments have to respond to the Chief Secretary setting out how they will implement the Review principles as agreed at the PSX discussion.
- ii. The responses will need to be evaluated by HMT, SEU and DETR and taken forward in the later stages of SR2000. The final proposals need to add up to a section for the SR2000 White Paper which can say that:
 - the National Strategy will be appropriately underpinned;
 - Department's PSA/SDA targets are sufficiently challenging, and have convincing strategies and sufficient resources in place to achieve them;
 - local service delivery programmes are in place, or will be, with appropriate local goals, and the resources, mechanisms and performance management strategies to support them which take account of the Local Government Finance cross-cutting review's proposals; and
 - LSPs are to be set up (with a key role for GORs and with Departments having made sure that service providers engage with LSPs), and will provide the local partnership support for the other cross-cutting reviews.

- iii. HMT, SEU and DETR will need to work with other Departments and the Local Government Finance cross cutting review on the details of their proposed mechanism for getting additional resources to deprived areas to underpin floor/convergence targets.
- iv. The DPM and the Chancellor will be dealing with the holistic regeneration programmes bilaterally. The details will then need to be worked up by DETR in consultation with other Departments, GORs and the RDAs.
- v. The guidance on setting out in detail the role of LSPs, and the GORs in their recognition, (for which Hilary Armstrong has lead responsibility) needs to be published in draft for consultation as soon as possible and in final form once the National Strategy and the community planning statutory guidance have been issued (if the two sets of guidance cannot be combined.)
- vi. ONS should prepare a project plan, in association with Departments, for delivering the PAT 18 recommendations on collection of small area data.

Section 6: Conclusion

68. The aim of this Review was to underpin the National Strategy for Neighbourhood Renewal in SR2000. This report marks the end of a significant stage in that work. It sets out the principles – the focus on main programmes and floor/convergence targets, Local Strategic Partnerships to simplify and focus local partnership arrangements, a clearer role for ABIs, refocused holistic regeneration programmes - and points the way for the development of implementation strategies.

69. However, the most critical phase remains. The further strands of work discussed above are central to the overall outcome of the Review. In particular, Departments need to set out in detail how they will achieve their floor targets in line with the Review's principles. If the targets are not achievable, then the SR2000 White Paper will not be able to show how the National Strategy will be underpinned in SR2000.

Annex A: Evidence on resourcing and performance of main programmes in deprived areas

A1. Much central government support for local and health authorities is allocated directly to individual authorities, and we have a reasonable picture of how other main programme resources are distributed among local and health authority areas. What is not so clear is how money is distributed within local areas (i.e. between wards and neighbourhoods). The main difficulty here is getting information for small enough areas, as local agencies, who tend to have discretion on how they spend money below the local level (e.g. local authority district), often do not account for spending on a geographical basis. So it is hard to keep track of this.

A2. This section examines each of these geographical levels in turn. First, the local level. Departments often use funding formulae to allocate resources between local areas. The major formulae (allocating to local and health authorities) expressly take account of deprivation, using several different measures. The allocations confirm a bias in favour of deprived areas.

A3. For example, the 70 top-tier authorities that rank highest on their degree of deprivation get £2.6 billion more in general grants in 2000/01 than if they received the national average amount per head¹. Most of the rankings of individual authorities on these measures are fairly close. But one in five of the authorities is ranked more than twenty places higher or lower on the deprivation index than on grant per head.

A4. A recent study by Glen Bramley of Heriot Watt University confirmed that, across a wide range of programmes, deprived areas appear to get more, but not much more. It looked at three relatively deprived districts, Brent, Liverpool and Nottingham. It showed that they received 17% more total public spending than non-deprived areas. The difference was most marked for Liverpool (one of the most deprived districts in the country), which received 29% more resources than the national average. For Brent and Nottingham the figure was only 4 - 7%.

¹ The comparisons in this paragraph remove the effects of the area cost adjustment which compensates authorities in London and the south east which have higher labour costs. This helps to reveal the extent to which the underlying formulae direct more grant to deprived areas. (The comparisons have also been adjusted in relation to the fire service and the GLA's non-police functions so that those for London and the metropolitan authorities are consistent with those for shire unitary authorities.

A5. Second, the allocation of resources between wards. In most cases (except schools) local authorities and local agencies have discretion about how they spend money within their boundaries – they are not reined-in by further funding formulae.

A6. The Glen Bramley study is our best source of knowledge on allocation of resources at this level, i.e. between wards. It found that the most deprived wards received substantially more public spending than the most affluent (45% on average). This gives the impression that spending is fairly skewed in favour of deprived wards. However, the details of this resource allocation qualify this conclusion to a large extent:

- this represents only a moderate skewing of resources, given the scale of need in deprived wards. Bramley states that “the increment in public spending associated with higher levels of deprivation is modest rather than massive in scale”. And it is only in very deprived areas that spending increases markedly;
- not all services are pro-poor. Some are neutral or even pro-affluent. Neutral services (spending similar amounts in deprived and non-deprived wards) include secondary education, training and health services, which address three of the SEU’s four key outcomes;
- most extra spending is classed by Bramley as “ameliorative” (e.g. social security) rather than “economic investment in people” (e.g. education). The former is 54% higher in deprived wards, with the latter only 25% higher; and
- it includes explicitly-targeted funding like regeneration. The inclusion of this can make the total spending look more pro-poor than it actually is.

A7. Other sources confirm this relatively flat distribution of resources between wards. For example, a recent OFSTED report showed that there is “relatively little difference in the levels of overall funding between schools in disadvantaged and advantaged areas.” The differences are particularly small for primary schools, but are only slightly greater for secondary schools, where funding levels only vary by 10%.

A8. In some areas, key services can even be “anti-poor”. For instance, in the Epping Forest primary care group area (an affluent area with pockets of deprivation), health investment is lowest in the most deprived area (Waltham Abbey).

A9. There is even some suspicion that whilst funding formulae generally deliver more money to areas with deprived wards, the money may not always reach the deprived wards themselves.

A10. Various studies which have explored the incidence of and case for bending of main programmes have shown (perhaps unsurprisingly) a lack of acceptance of the need to target resources on the poorest areas. In local authorities where officers have been persuaded of this case, they have met a strong reluctance from councillors. The studies have also shown that where such targeting has happened, it has been small in scale, and has tended to affect smaller budgets, rather than large and high-profile ones like education.

A11. In some cases, this pattern of spending reflects not local discretion but sub-authority funding formulae. For instance, for education, there are further funding formulae below the local authority level. Local authorities are quite tightly reined-in by DfEE by the new “fair funding” formula (as they were with the old LMS formula) on how they distribute main education funding between areas. 80% must be distributed on the basis of age-weighted pupil numbers.

A12. We are conscious of several important gaps in this analysis. First, it focuses on money, not people. The deployment of human resources between areas is an important factor in service effectiveness. Second, we do not yet have an analysis of how much more it costs to provide a good service in deprived areas, and it may be very difficult to assess this where, as seems common, local authorities do not track the geographical spread of much of their spending. (Both of these points may require further investigation). And third, there has not been time to factor DCMS direct and lottery spending into this analysis.

Public Service Performance

A13. There is also increasing evidence that public services are less effective in deprived areas. This implies that poor outcomes in some deprived areas are partly the result of poor services. For instance:

- this is one of the key messages from the NDC pathfinders, as noted in the DPM's letter to the PM of 3 November, describing progress and findings to date. He noted that “it is clear from the analysis carried out by the pathfinders that the quality of mainstream services has for years been part of the problem, rather than the solution. If only mainstream services – whether from the local authority, the health authority or the police – had been provided properly, the neighbourhoods would not be in the state they are today”;
- in the 44 most deprived local authority districts (1998 ILD), there are twice as many primary and special schools on special measures, compared with the national average, and six times as many secondary schools;
- in 1999, only 10 of the 457 most deprived secondary schools in England achieved the national average GCSE results (on average, only 25% of pupils in the schools gained 5 GCSEs at grades A* - C);
- in follow-on work to the financial flows material described above, Glenn Bramley is researching whether the extra resources received by deprived areas lead to good performance, and to improved outcomes. On education, he comments that “expenditure rises only slightly with deprivation, while measures of attainment fall steeply. Ofsted measures of school quality also fall systematically as deprivation rises”;
- a recent study found that Sunderland and Barnsley (both deprived areas) had vacancy rates for GPs that were twice the national average;
- GPs would be willing to give up more than £5000 of annual income not to work in a deprived area;
- Redbridge and Waltham Forest Health Authority recently carried out an audit of health in a deprived social housing estate. They found that in one tower block, people were registered with 46 GPs, and that the area had high numbers of single-handed practices,

many with closed lists. Epping Forest Primary Care Group confirmed that their deprived area (Waltham Abbey) also had the highest number of single-handed practices in the area;

- responses to the SEU's consultation on public service effectiveness in deprived areas give a similar impression. One speaks of a "poverty of expectation among service providers," and another of services being compromised by staff who are "culturally insensitive and inexperienced";
- Only 38% of primary teaching in deprived areas is considered by OFSTED to be good or very good, compared with 53% nationally; and
- Twice as many secondary school teachers in deprived areas have inappropriate qualifications or experience for the subject they are teaching as nationally.

A14. This section thus suggests that there may be question marks over the adequacy of public service spending and performance in deprived areas. If this is right, it may help to explain why outcomes are so much worse in deprived areas, especially given the much greater dependence on public services in these areas.

Annex B: the rationale for targets.

(Extract from the Interim Report)

Why set deprived area targets?

Recommendation

- The Review recommends that Departments set targets for outcomes in deprived areas, to reflect the aims of an absolute increase in standards and of bringing deprived areas closer to the standard of 'the rest'.

B1. The Government needs to provide incentives and structures to deliver the improvements it wants. Setting targets is often the simplest and most practicable way of doing this. However, the Review recognises that simply setting targets and skewing resources towards deprived areas will not deliver solutions on their own.

Stand alone or within Departmental PSAs?

Recommendation

- The Review recommends that targets be set for tackling deprivation within Departmental PSAs. These should relate to the four key outcomes, and other programmes that help deliver them.

B2. The Review believes that Departments should build targets for tackling deprivation into their main PSAs, by making explicit the expected outcomes in deprived areas. They should refer to the PSAs that Departments think are the best available proxies to the broad outcomes. Their cross-cutting nature means they would mainly fall into the Treasury's category of 'co-ordinated targets' (i.e. an individual Department is accountable for each target, but the targets are co-ordinated to reflect a wider cross-cutting objective.) The alternative would be a 'stand alone' PSA target for deprived areas that draws the issues together. However, it would be difficult to integrate it properly into Departmental working, in the absence of defined responsibility. It would also increase the total number of targets set by Government, in contradiction of the SR2000 aim of reducing that figure.

What form should targets take?

Recommendations

- The Review recommends setting targets nationally rather than for a list of deprived areas. The form of target (including whether it should be 'floor' or 'convergence') will depend on the nature of the target and outcome.

- The objective of deprived area targets must be to bridge the gap between deprived areas and the rest, and to raise absolute standards.

B3. Departments could set national targets for each of the key outcomes at the lowest area unit measurable for that outcome. The key advantage of this is that it would cover all deprived areas and people. Alternatively, a common set of targets could be set for the most deprived LA areas. This would have the crucial disadvantages of not capturing all deprivation; that decisions about which areas are deprived and in need of targeted action tend to have arbitrary effects; and that lists can create perverse incentives. The review therefore recommends setting national targets.

B4. Targets could be either floor (areas to achieve a minimum outcome level) or convergence (areas' outcomes to move towards the mean.) Both have pros and cons, and which is used will depend on the main target, the desired outcome, and the data available.

Timescale of targets

Recommendation

- The Review recommends that, where useful, targets are set to cover the period of this SR. Otherwise longer-term targets should be set with, where possible, a series of progress checks. These checks should include 2004.

B5. Government asked the GIDA Review to formulate targets within the SR2000 period of 2001-2004. This is not universally practical because:

- Some issues (e.g. health) are not amenable to meaningful measurement of outcomes over short timescales;
- Reforming main programmes will almost certainly take longer than 3 years; and
- Other associated initiatives have longer timetables – e.g. 10 years for the National Strategy and the drive to eradicate child poverty in 20 years.

B6. The long-term nature of the problems and solutions needs to be reconciled with the short-term need to make, and be seen to make, progress. But any interim targets may not be outcome based, in which case they might be better as, for example, Service Delivery Agreements.

Funding allocation mechanisms and delivery of targets

Recommendation

- If targets are set requiring core public services to tackle deprivation by achieving minimum outcomes everywhere, Departments will need to specify how their achievement will be resourced and the effect on resources elsewhere. This means an examination of

funding formulae, delivery and performance management of main programmes both in SR2000 and other reviews.

B7. Resource allocation is central to tackling problems of deprivation and deprived areas. If services do not get the attention, support and money they need, it is difficult to address these problems. Skewing programmes in this way will mean that fewer resources are available more widely (unless the total is increased commensurately). Departments argue that current funding mechanisms do not give sufficient weight to tackling deprivation at the sub-authority level, meaning that resources do not always filter down to the areas where they are needed. More may need to be done to see that allocations at local authority level filter down to deprived neighbourhoods.

B8. Where funding largely reflects the size of the population, it will reduce when population declines. It will be important to ensure that there are ways of moderating or offsetting the reduction, where that is necessary to support deprived neighbourhoods. At the same time, in some cases, strategic decisions may be needed on whether a neighbourhood is sustainable.

B9. It is therefore important that, in drawing up delivery strategies for individual targets, Departments look closely at funding formulae and delivery mechanisms – for example, in the SR2000 Departmental reviews, the Local Government Finance cross-cutting review and the ongoing Local Government Finance Review and the review of NHS funding allocations.

B10. Some of these reviews may not yield changes in the short term. If change is required in the short term, it will be necessary to find ways of improving the support for deprived areas, using existing mechanisms. For example, there are powers to give special grants to local authorities, on whatever criteria Ministers wish to propose.

Annex C: Local Strategic Partnerships

(Paragraphs C1 - C29 are extracted from the National Strategy for Neighbourhood Renewal)

The local authority level

What's the job?

C1. A mechanism would be needed to help core public services achieve their individual targets for deprived areas by helping them work together and with residents. It would not deliver services. Nor would it force changes on services who didn't want them, or undermine national priorities. Instead, it would provide a forum for brokering agreed changes to services in deprived neighbourhoods.

What would it involve?

C2. There would be several tasks:

- pulling together the core public services at the local authority level, and involving business, the voluntary sector and communities;
- finding out which neighbourhoods need special help using national and local statistics, and local knowledge;
- agreeing concrete actions that help services to work together and meet community concerns;
- providing a coherent framework into which local area initiatives could fit; and
- linking with national, regional and neighbourhood counterparts.

Who should do it?

C3. Bringing service providers, local organisations and residents together into a partnership can be a good way to encourage joint working. It can also help to concentrate minds on addressing cross-cutting issues like deprivation. For these reasons, PAT 17 on Joining It Up Locally argues that the role should be played by "local strategic partnerships".

C4. These would need to involve representatives of core public services (e.g. education, the police, health and the Employment Service), voluntary and private sectors, and local communities, including ethnic minority groups and women. The Government Offices for the Regions would need to offer close support in some cases.

C5. The obvious way to establish this partnership working is to embed it in the new community planning process. Local authorities are being given a new framework – under

new legislation – for drawing up community strategies, in consultation with local partners. This plan is likely to have several cross-cutting themes, amongst which social exclusion and neighbourhood renewal would be expected to be figure.

C6. In most deprived areas, community planning partnerships would be built on existing partnerships (e.g. New Commitment to Regeneration Partnerships, Health Action Zones). In many places, the development of community planning will provide an opportunity to rationalise the current proliferation of local partnerships, if this makes sense locally, and does not cut across national policy priorities (using new well-being powers).

C7. In most places, the “creation of local strategic partnerships” would thus mean existing partnerships (or those that were going to happen anyway) taking on new roles, rather than the appearance of a totally new partnership body (to add to the large number already in existence in many areas).

The role of local authorities

C8. Local authorities would clearly have a key role in this, given their central role in the community planning process. They are the only democratically-accountable bodies in a locality, whose role goes beyond mere service provision. It is important that the local response to neighbourhood deprivation builds on the local government reform agenda, which looks to develop the capacity of local authorities to help lead their communities.

C9. The approach in tackling neighbourhood deprivation should build on local government reform by rewarding the best authorities and helping the weaker ones to improve.

C10. More generally, high standards and high levels of involvement by local authorities in tackling neighbourhood renewal could be encouraged by building on other elements of the local government reform agenda, for instance:

adopting neighbourhood renewal as a theme for a future round of **Beacon Council** initiative, enabling the best authorities to spread best practice on service delivery and strategic issues, and to gain flexibilities to aid their own continued improvement; and

prioritising the reduction of deprivation within **future developments** in the Government’s relationship with local authorities. Various ideas are being explored at present about how to give the most effective local authorities more operational discretion in return for a commitment to achieve challenging outcome targets. The Local Government Association’s “Local Challenge” proposals and the idea of local authority PSAs are two good examples of this approach.

What specific things would each partnership need to do?

C11. Whitehall shouldn't dictate to local residents and local services how to co-operate. But there will be some common threads, necessary in all areas. These would need to be brought together into a joint local action plan or strategy – as part of the wider community strategy.

How could this activity be encouraged?

C12. This kind of joint working won't happen without some encouragement. Providers of core public services need to feel that it is worthwhile to do it, and to take it seriously. Giving them specific targets for deprived neighbourhoods – as proposed in the previous section – would help. Some of them would react by seeking the help of colleagues and residents, to try and hit these targets.

C13. But this wouldn't be the case everywhere. Further incentives and sanctions would be needed. The core incentive is provided by the new framework for community planning. It is proposed that tackling neighbourhood deprivation is made a key part of the statutory guidance on community planning. But further impetus for start-up, effective operation and intensive joint working may be needed in the most deprived places. This could be achieved in a range of ways, for instance by:

- funding partnerships. Money has often been successfully used to “glue” partnerships together, and catalyse their formation and effective operation. In this case, the partnership could use the money to provide additional resources for joint working between services, to help them achieve their targets. The amount of money given to each partnership could be related to levels of deprivation in the local area;
- refusing to grant new regeneration money to an area until a suitable partnership had been formed, or until good progress was being made towards its formation;
- giving partnerships leverage over local area initiatives. The options range from getting the partnerships to run the initiatives right through to ensuring that they are all heading in the same strategic direction. This is discussed below;
- making this kind of partnership working a part of the deal for any group of local service providers that wants to trade freedom from regulations for a commitment to meet demanding targets. Several ideas of this kind are being considered at the moment, including the LGA's Local Challenge;
- instructing service inspectorates like Ofsted to consider whether this kind of working is a positive thing when inspecting services in deprived neighbourhoods; and
- rewarding senior players within local public services for encouraging this kind of joint working and for making it work, or making it part of their job (e.g. in personal objectives) to help other people with theirs.

How could they be held to account?

C14. Partnerships would not be responsible for delivering changes in outcomes, like lower crime or better education. That responsibility would lie with core public services. If one of

these services was failing, there are clear ways to tackle it, for instance through inspectorates like OFSTED and sanctions like those in the new Best Value regime (e.g. the power to take away an LEA's education responsibilities for a while if it is failing badly).

C15. Instead, partnerships would be responsible for joint action in pursuit of neighbourhood renewal targets – individual and shared, and to do this in certain ways (e.g. including the local community). If the partnership was failing to join services up, or to involve the community, to bring coherence to area initiatives, or to involve the full range of relevant local service providers the simple way to tackle this would be to withhold or delay any incentives for which it might otherwise qualify, such as funding. The Government Offices for the Regions (GORs) could police this.

C16. But a lot of steps would be taken to ensure that services and partnerships didn't fail in their tasks, such as support from GORs and from a new National Centre for Neighbourhood Renewal.

How many should there be and where?

C17. Community planning partnerships will be everywhere. The only decision is about which ones would benefit from extra incentives and help.

C18. This is quite a new way of working and the idea will need to be tested and honed. The LGA's New Commitment to Regeneration has made a good start on this. It is recommended that the Government works closely and intensively with some of these pathfinders to test out these ideas.

What should their boundaries be?

C19. The PAT on Joining It Up Locally has recommended that the partnerships should be set up on local authority boundaries. This seems right. It works for other partnerships. And it is in line with the commitment in the Modernising Government White Paper to rationalise boundaries towards local authority boundaries as and when there are opportunities.

C20. The vast majority of severely deprived neighbourhoods are in unitary authorities. But some areas are in two-tier local authorities (with both district and county tiers). In these areas, there is a question mark over which tier's boundaries should be used. This is an issue that will be resolved in the development of community planning.

How would this fit with area initiatives?

C21. Area initiatives can, in many cases, usefully complement core public services in helping to turn round deprived neighbourhoods. But one threat to their effectiveness is their overlap

and duplication, which threatens to clog up the system in many places, preventing them from helping to improve life in deprived neighbourhoods.

C22. The kind of local strategic partnerships discussed above could make an important contribution to co-ordinating these initiatives, and maximising their effectiveness.

C23. They would do this by providing a common, locally-agreed agenda to which initiatives could work. Clearly, this should not cut across the objectives that Departments set for individual area initiatives. But many initiatives are focused on the same areas, and it makes sense for them to pull in the same direction. This would provide local players – for instance business – a more coherent and intelligible structure into which to plug, if interested in helping to tackle deprivation.

C24. There are various different options for how a local strategic partnership could play this role:

- it could be the delivery mechanism for an area initiative;
- a subset of its members could be the delivery mechanism for an area initiative;
- it could be the local body responsible for disbursing area initiative money to other organisations;
- it could have powers to veto or influence the delivery plans, objectives and location of an area initiative; or
- it could identify priority neighbourhoods and objectives which an area initiative would have to bear in mind before it was established.

C25. The proposals are that:

- a voluntary regime should exist for area initiatives that are up and running. It might be worth rewarding them for co-operation in some way; and
- it may be best to tie regeneration schemes more closely than zones, given their greater resources and more explicit focus on deprivation. One leading option would be to withhold regeneration money until a local strategic partnership had been established, or was on the way, and until the fit of the funding with local priorities could be demonstrated.

C26. It would be wrong to pretend that this approach would solve local co-ordination problems. Two other elements are needed.

- First, appropriate regional and national co-ordination arrangements. As noted above, the Performance and Innovation Unit's "Reaching Out" study has recommended models for this.
- Second, more use of existing arrangements to run new initiatives. In most places, people don't mind when new area initiatives bring extra money to help tackle deprivation, even if it comes in different pots. Nor do they mind them providing opportunities to test out new, more flexible ways of working. They do mind when a new initiative requires the creation of a new delivery partnership, following different rules and different timetables from other initiatives.

C27. So the other element in any local co-ordination arrangements would be that new area initiatives should not insist on setting up new delivery partnerships unless it is absolutely necessary. They should use existing ones where possible (so long as they are doing their existing job well and are suited for the new one).

Evidence on partnership working

C28. The National Strategy sets out the task for partnerships as “...to help core public services achieve their individual targets for deprived areas by helping them work together and with residents.”

C29. Quantitative evidence on improved outcomes achieved by strategic partnerships (such as the LGA New Commitment) is generally lacking, because there has not been enough time for them to deliver. However, early feedback is positive. A better knowledge base is in place for older programmes such as the Single Regeneration Budget, which although they have tended to focus on limited areas/themes, do show the value of good partnership working.

Engaging & empowering communities

C30. SRB shows that partnership working can empower local communities as it gives them a locus for activity – and in some cases the opportunity to develop and lead schemes.

C31. The Interim SRB evaluation found that voluntary and community sector involvement varies with the nature of the regeneration scheme. Small neighbourhood based schemes have the most strongly developed involvement as community representatives are directly and intrinsically affected by the scheme. Umbrella community and voluntary sector organisations act in a more representative fashion on schemes that cover wider geographic areas.

Delivering neighbourhood renewal

C32. The SRB Interim Evaluation concluded that a comprehensive horizontal approach (working across mainstream Departmental programmes to tackle multiple deprivation in targeted areas) can only be effectively delivered in partnership.

C33. The evaluation confirms that the benefits of partnership working are that:

- it enhances private and public sector leverage into the target neighbourhoods;
- it improves co-ordination of activity between partners, reduces duplication of effort and ensures that the efforts of one policy area are not working against the efforts of others; and
- it encourages synergy across partners so that common objectives are adopted and other initiatives are set up to support these objectives.

Tackling wider strategic issues

C34. While SRB partnerships are predominantly scheme focused, the interim SRB evaluation has shown that partnership working has encouraged partners to work in a more strategic fashion.

C35. There is evidence from the research on the co-ordination of area based initiatives that a number of places – West Cumbria, Plymouth, Sandwell and Barnsley for example – are breaking new ground in forming strategic partnerships. This has helped collaboration across partners. While it is not yet possible to determine impact on outcomes, these partnerships have the potential to provide a structure for strategic, joined up working – and the signs thus far are promising.

C36. The impetus for these strategic partnerships have been vehicles such as the New Commitment to Regeneration and community strategies. However, they have built upon previous partnerships - such as economic development and SRB.

Conclusion

C39. The research so far does not demonstrate that all partnership working fulfils each of the criteria set out in C35 above. Departments have raised concerns about the ability of community to have an effective voice in steering decisions. However, where properly implemented, partnerships are beneficial, and there are mechanisms for the concerns on LSPs to be met – including via guidance on community planning, and Government Office recognition of Local Strategic Partnerships.



Neighbourhood
Renewal Unit

Special Grant Report (No 78)

Report by the Secretary of State for Environment, Transport and the Regions under Section 88B of the Local Government Finance Act 1988

Ordered by the House of Commons to be printed on 15 March 2001

Special Grant Report on the Neighbourhood Renewal Fund

LAI D BEFORE THE HOUSE OF COMMONS BY THE SECRETARY OF STATE FOR THE ENVIRONMENT, TRANSPORT & THE REGIONS

Introduction

1. This Report is made by the Secretary of State for the Environment, Transport and the Regions ("the Secretary of State") and laid before the House of Commons under section 88B(5) of the Local Government Finance Act 1988 ("the 1988 Act") as substituted by paragraph 18 of Schedule 10 to the Local Government Finance Act 1992. It specifies a determination concerning special grants which the Secretary of State proposes to pay to certain local authorities in England.
2. This Report specifies the Secretary of State's determination of the authorities to which the grants are to be paid, the purposes for which the grants are to be paid and the amount which he proposes to pay to each of the authorities concerned. It also sets out such explanation as the Secretary of State considers desirable of the main features of this determination and specifies the conditions which the Secretary of State intends to impose on the payment of the grants.
3. This Report specifies the conditions under which grants will be paid during 2001/02. Different conditions will apply for 2002/03 and 2003/04, as the Government considers it reasonable to expect local authorities and other partners to have made further progress in establishing and working with local strategic partnerships over the next year. These will be set out in further Special Grant Reports, which will be laid prior to the respective year.
4. Before making this determination and before specifying the conditions, the Secretary of State obtained the consent of the Treasury.

The Purpose

5. Pursuant to section 88B(3)(b) of the 1988 Act, the Secretary of State hereby determines the following purpose for which special grants are to be paid:

To provide support to certain local authorities in England ("the Neighbourhood Renewal Fund"), to enable them to improve services in their most deprived areas, including contributing to the achievement of Government targets to narrow the gap between deprived areas and the rest of the country. The targets are set out in Annex D of this Report.

Amounts Payable to Authorities

6. Pursuant to section 88B(3)(a) and (c) of the 1988 Act, the Secretary of State hereby determines that the authorities to which Neighbourhood Renewal Fund Grants are to be paid, and the amount of each grant, are those authorities whose areas are listed in column 1 of Annex A and the corresponding amounts set out in column 2 of that Annex.

Main features

7. Annex B contains such explanation as the Secretary of State considers desirable of the main features of the determinations specified in this Report.

Conditions for the Payments of the Grants

8. Pursuant to section 88B(7) of the 1988 Act, the Secretary of State hereby specifies as the conditions which he intends to impose on the payment of the grants, or any instalment of the grants, the conditions set out in Annex C.

Hilary Armstrong
Minister for Local Government and Regions
The Department of the Environment, Transport and the Regions
13 March 2001

The consent of the Treasury has been obtained to the making of the determination and to the conditions specified in Annex C to this Report.

Jim Dowd
Greg Pope
Two of the Lords Commissioners of Her Majesty's Treasury
14 March 2001

Annex A

Neighbourhood Renewal Fund Allocations 2001-02

Local Authority Names	NRF Allocation 2001/02 (£m)
Allerdale	0.427747
Ashfield	0.481805

Barking and Dagenham	0.816364
Barnsley	2.722069
Barrow-in-Furness	0.919191
Birmingham	11.021744
Blackburn with Darwen	2.167412
Blackpool	1.503944
Bolsover	0.734416
Bolton	2.712853
Bradford	4.905949
Brent	1.139562
Brighton & Hove	0.684438
Bristol	1.782633
Burnley	0.636635
Camden	2.109335
Coventry	2.644775
Croydon	0.290624
Derby	1.625234
Derwentside	0.741155
Doncaster	4.394925
Dudley	0.760282
Ealing	0.458538
Easington	2.216635
Enfield	0.929797
Gateshead	2.321426
Great Yarmouth	0.993615
Greenwich	1.940726
Hackney	5.882703
Halton	1.964205
Hammersmith and Fulham	0.516645
Haringey	2.667407
Hartlepool	1.568759
Hastings	0.687580
Hyndburn	0.646818
Islington	3.135010
Kensington and Chelsea	0.540335
Kerrier	0.805244
Kingston upon Hull	3.753636
Kirklees	1.496028
Knowsley	3.695469
Lambeth	1.210843
Leeds	4.197791
Leicester	4.188485

Lewisham	1.226253
Lincoln	0.200000
Liverpool	10.066353
Luton	0.754933
Manchester	10.297541
Mansfield	1.149321
Middlesbrough	2.624651
Newcastle upon Tyne	3.421525
Newham	6.665980
North Tyneside	1.536790
Nottingham	4.622940
Oldham	2.336988
Pendle	0.980471
Penwith	0.414573
Plymouth	1.057070
Portsmouth	0.478330
Preston	1.260217
Redcar and Cleveland	1.736069
Rochdale	2.438999
Rotherham	1.834303
Salford	2.720407
Sandwell	4.025284
Sedgefield	0.569463
Sefton	2.815650
Sheffield	4.790431
South Tyneside	2.691097
Southampton	0.430890
Southwark	3.956179
St Helens	1.936557
Stockton-on-Tees	1.926102
Stoke-on-Trent	2.016872
Sunderland	3.581885
Tameside	0.670115
Tower Hamlets	5.311820
Wakefield	2.219657
Walsall	3.560975
Waltham Forest	1.276745
Wandsworth	0.200000
Wansbeck	0.689665
Wear Valley	0.853107
Westminster	0.748648
Wigan	1.362621

Wirral	2.537596
Wolverhampton	2.964135
Total	200.000000

Annex B - Main Features of the Grants

Introduction

1. Following Spending Review 2000, the Government set targets for improved outcomes by public services in deprived neighbourhoods. The targets mean that Government departments, local authorities and other service providers will be judged for the first time on their performance in the areas where they are doing worst rather than on the national average. The targets ("floor targets") are described on pages 25-27 of *A New Commitment to Neighbourhood Renewal - National Strategy Action Plan*, which was published by the Government on 15 January 2001, and are set out in Annex D of this Report.

2. *A New Commitment to Neighbourhood Renewal - National Strategy Action Plan* sets out the Government's policies to tackle deprivation wherever it occurs in England. A key element of the strategy is the improvement of mainstream services to produce better outcomes in the most deprived areas in terms of increased employment and improved economic performance, reduced crime, better educational attainment, improved health and better housing and therefore to meet the floor targets that have been set. To achieve the necessary improvements, central government, local authorities and other services providers will need to reallocate resources in their mainstream programmes to tackle deprivation better.

3. The Chancellor of the Exchequer announced the Neighbourhood Renewal Fund (NRF) at the conclusion of Spending Review 2000, to provide additional resources for local authorities to improve mainstream services in the most deprived areas, including contributing to the achievement of the floor targets to narrow the gap between deprived areas and the rest of the country. The NRF will provide local authorities in the most deprived areas of England with £200 million in 2001/02, £300 million in 2002/03 and £400 million in 2003/04. Local authorities, working with a local strategic partnership (LSP) will use this money to help secure improved services in the most deprived areas.

4. The grant will be non-ring fenced. It can be spent in any way that will tackle deprivation in the most deprived neighbourhoods. The money can be spent on improving services, particularly, but not exclusively, in relation to the floor targets. It is both acceptable, and strongly desirable where service quality is at risk or requires improvement, that NRF funding should be devoted to mainstream services, such as schools, provided that the funding benefits the most deprived areas. The grant can be used to support services provided not only by the local authority, but also by organisations that are members of the LSP (where one exists) and by others.

Allocations of the Fund

5. The Indices of Deprivation 2000 (ID2000) have been used to determine eligibility for the grant and the basis of distribution of grant between the eligible authorities. The Government has decided that those authorities which appear within the top 50 most deprived districts on any of the six district level measures in the ID2000 should be eligible for the Neighbourhood Renewal Fund. On this basis 81 authorities would be eligible. The Government has also decided that there should be transitional arrangements for those authorities that were within the 50 most deprived areas on any of the four measures under the old Index of Local Deprivation, but are not in the list of 81 authorities that qualify using the ID2000. Therefore, a further seven local authority areas will be eligible for the Fund.

6. The 88 local authorities which will be eligible for support from the NRF and the amounts allocated to each authority are listed in Annex A of this report. The Government announced these allocations in reply to a Parliamentary Question from Maria Eagle on 24 January 2001 (Number 147368).

7. The sum to be allocated to each authority is based on a standard amount per head of population in those wards in the authority that are in the most deprived 10% of all wards nationally, with a minimum allocation of £200k for any eligible authority. This relates an authority's grant funding to the severity of deprivation within its area, measured by the number of their residents living in particularly deprived areas.

Grant Conditions

8. The conditions for receipt of the grant in 2001/02 are set out in Annex C of this report.

9. This Report specifies the conditions under which grants will be paid during 2001/02. Different conditions will apply for 2002/03 and 2003/04, as the Government considers it reasonable to expect local authorities and others to have made further progress in establishing and working with LSPs over the next year. These will be set out in further Special Grant Reports, which will be laid prior to the respective year.

10. The conditions the Government is minded to set for 2002/03 and 2003/04 were set out in the published draft guidance on the NRF which can be found in Annex D of *A New Commitment to Neighbourhood Renewal - National Strategy Action Plan*. One of these is that recipients must be part of and working with a LSP and must have agreed with the LSP a Local Neighbourhood Renewal Strategy (LNRS). The Government's expectation is that all LSPs in the 88 most severely deprived areas will have a LNRS in place by April 2002. What constitutes a LNRS is set out in *A New Commitment to Neighbourhood Renewal: National Strategy Action Plan*.

11. This means that local authorities should work with LSPs, emerging LSPs or other local partners during 2001/02 towards producing a LNRS. So, while the local authority is to decide how the NRF grant is to be spent in 2001/02, it will make sense for the authority to consult LSPs where they already exist, or, where LSPs do not yet exist, emerging LSPs or other local partners. The aim should be

for the local authority working with the LSP, emerging LSP or other local partners, to start work now to develop a LNRS, including decisions on reallocating resources in mainstream programmes and allocating the NRF grant.

12. LSPs must bring together a range of key stakeholders from the public, private, voluntary and community sectors, to ensure that service providers can work together and with other partners more effectively and are better able to listen and respond to community needs. The Government envisages that in most cases LSPs will be based on existing already successful partnerships and should reduce, not add, bureaucracy. Where there is no existing partnership on which the LSP can be built, local authorities should take the lead in bringing together and encouraging other participants to establish the LSP. It will be up to the partners in each LSP to decide who should take the lead after that.

13. Separate draft guidance has been issued (Local Strategic Partnerships Consultation Document, DETR, October 2000) giving advice on the establishment and role envisaged for LSPs. Final guidance will be issued shortly.

14. If authorities want to use some of the grant to pay some of the administration costs of the LSP, the authority will have to make the case to the satisfaction of the Secretary of State that doing so would contribute to addressing deprivation and that such funding could not be reasonably secured from any other source. If local authorities do wish to use NRF monies to fund the administration costs of LSPs they should contact their Government Office as soon as possible. They will need the Secretary of State's approval before money can be spent in this way.

Other relevant information

15. The Department of the Environment, Transport and the Regions wrote to each eligible local authority on 15 February 2001 asking them to write to the Secretary of State by 16 March 2001 providing the following information:

a) confirmation of its commitment to work with a local strategic partnership, and agree a local neighbourhood renewal strategy with them;

b) confirmation of its commitment to contribute to the delivery of the national 'floor targets' for deprived areas set out in Annex D;

c) that the authority has a satisfactory best value performance plan for 1999/2000 or, where there has been an adverse audit report, the action which the authority intends to take as a result of the report to address the auditor's concerns.

16. In negotiating local Public Service Agreements with authorities entitled to grants from the Neighbourhood Renewal Fund, the Secretary of State will expect the authority to have included proposals for local targets to improve outcomes for areas or groups most at risk from social exclusion. Ministers may decide not to conclude a local PSA with the authority if a target of this kind is absent.

Annex C

Neighbourhood Renewal Fund

Conditions on the Payment of Grants

The grant will be paid subject to the following conditions:

1. The local authority shall send to the Secretary of State by 31 October 2001, a statement of use for its grant, setting out how the grant has been and will be used in 2001/02 and what impact it is planned to achieve with the grant. It shall also set out whom the local authority has consulted on the use of the grant.
2. Where there is not a unitary authority, both the higher and lower tier of local authority (i.e. the relevant county and district councils) shall agree the use of the grant. Failure to agree the use of the grant is grounds for repayment of the grant.
3. The local authority shall not use the grant to pay the administration costs of the Local Strategic Partnership without the prior written approval of the Secretary of State.
4. In the case of an adverse audit report on the local authority's best value performance plan for 2001/02, the authority shall provide the Secretary of State with a copy of the statement responding to the auditor's report, explaining the action that it intends to take as a result of the report and its proposed timetable for doing so. This shall be prepared within 30 working days of receiving the auditor's report, or within any shorter period specified by the auditor, and a copy sent to the Secretary of State before the end of that period. Failure to have an adequate response to an adverse audit report is grounds for repayment of the grant.
5. The local authority shall provide such further information as may be required by the Secretary of State for the purposes of determining whether it has complied with the conditions set out in this Annex.
6. If a local authority fails to comply with the conditions set out in the paragraphs above, the Secretary of State may require the repayment of the whole or any part of the grant monies paid to that authority as may be determined by the Secretary of State and notified in writing to the authority. Such sum as has been notified shall immediately become payable to the Secretary of State.

For the purposes of this Annex -

"adverse audit report" means an adverse report on the local authority's best value performance plan issued by the auditor under section 7 of the Local Government Act 1999;

"best value performance plan" means the plan required to be prepared by a local authority under section 6 of the Local Government Act 1999;

"local strategic partnership" has the same meaning as in the draft guidance document entitled "Local Strategic Partnerships Consultation Document",

published by the Department of the Environment, Transport and the Regions in October 2000.

Annex D

Key Public Service Agreement "floor targets" - tackling deprivation

- In education, the Government will increase the percentage of pupils obtaining 5 or more GCSEs at grades A* to C (or equivalent) to at least 38 per cent in every LEA by 2004. A target to reduce the attainment gap at Key Stage 2 (age 11) in English and maths will be announced later in 2001.
- Over the three years to 2004, taking account of the economic cycle, the Government will ensure an increase in the employment rates of the 30 local authority districts with the poorest initial labour market position. It will ensure a reduction in the difference between employment rates in these areas and the overall rate.
- The Government will reduce the level of crime in deprived areas so that by 2005, no local authority area has a domestic burglary rate more than three times the national average - while at the same time reducing the national rate by 25 per cent.
- By 2010, the Government will reduce by at least 10 per cent the gap between the 20% of areas with the lowest life expectancy at birth and the population as a whole. The Government will also reduce, by at least 60 per cent by 2010, the conception rate among under 18s in the worst 20% of wards, thereby reducing the level of inequality between these areas and the average by at least 26% by 2010.
- The Government will ensure that all social housing is of a decent standard by 2010 with the number of families living in non-decent social housing falling by 33% by 2004, with most of the improvement taking place in the most deprived local authority areas.

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Neighbourhood
Renewal Unit

Special Grant Report (No 78)

Report by the Secretary of State for Environment, Transport and the Regions under Section 88B of the Local Government Finance Act 1988

Ordered by the House of Commons to be printed on 15 March 2001

Special Grant Report on the Neighbourhood Renewal Fund

LAI D BEFORE THE HOUSE OF COMMONS BY THE SECRETARY OF STATE FOR THE ENVIRONMENT, TRANSPORT & THE REGIONS

Introduction

1. This Report is made by the Secretary of State for the Environment, Transport and the Regions ("the Secretary of State") and laid before the House of Commons under section 88B(5) of the Local Government Finance Act 1988 ("the 1988 Act") as substituted by paragraph 18 of Schedule 10 to the Local Government Finance Act 1992. It specifies a determination concerning special grants which the Secretary of State proposes to pay to certain local authorities in England.
2. This Report specifies the Secretary of State's determination of the authorities to which the grants are to be paid, the purposes for which the grants are to be paid and the amount which he proposes to pay to each of the authorities concerned. It also sets out such explanation as the Secretary of State considers desirable of the main features of this determination and specifies the conditions which the Secretary of State intends to impose on the payment of the grants.
3. This Report specifies the conditions under which grants will be paid during 2001/02. Different conditions will apply for 2002/03 and 2003/04, as the Government considers it reasonable to expect local authorities and other partners to have made further progress in establishing and working with local strategic partnerships over the next year. These will be set out in further Special Grant Reports, which will be laid prior to the respective year.
4. Before making this determination and before specifying the conditions, the Secretary of State obtained the consent of the Treasury.

The Purpose

5. Pursuant to section 88B(3)(b) of the 1988 Act, the Secretary of State hereby determines the following purpose for which special grants are to be paid:

To provide support to certain local authorities in England ("the Neighbourhood Renewal Fund"), to enable them to improve services in their most deprived areas, including contributing to the achievement of Government targets to narrow the gap between deprived areas and the rest of the country. The targets are set out in Annex D of this Report.

Amounts Payable to Authorities

6. Pursuant to section 88B(3)(a) and (c) of the 1988 Act, the Secretary of State hereby determines that the authorities to which Neighbourhood Renewal Fund Grants are to be paid, and the amount of each grant, are those authorities whose areas are listed in column 1 of Annex A and the corresponding amounts set out in column 2 of that Annex.

Main features

7. Annex B contains such explanation as the Secretary of State considers desirable of the main features of the determinations specified in this Report.

Conditions for the Payments of the Grants

8. Pursuant to section 88B(7) of the 1988 Act, the Secretary of State hereby specifies as the conditions which he intends to impose on the payment of the grants, or any instalment of the grants, the conditions set out in Annex C.

Hilary Armstrong
Minister for Local Government and Regions
The Department of the Environment, Transport and the Regions
13 March 2001

The consent of the Treasury has been obtained to the making of the determination and to the conditions specified in Annex C to this Report.

Jim Dowd
Greg Pope
Two of the Lords Commissioners of Her Majesty's Treasury
14 March 2001

Annex A

Neighbourhood Renewal Fund Allocations 2001-02

Local Authority Names	NRF Allocation 2001/02 (£m)
Allerdale	0.427747
Ashfield	0.481805

Barking and Dagenham	0.816364
Barnsley	2.722069
Barrow-in-Furness	0.919191
Birmingham	11.021744
Blackburn with Darwen	2.167412
Blackpool	1.503944
Bolsover	0.734416
Bolton	2.712853
Bradford	4.905949
Brent	1.139562
Brighton & Hove	0.684438
Bristol	1.782633
Burnley	0.636635
Camden	2.109335
Coventry	2.644775
Croydon	0.290624
Derby	1.625234
Derwentside	0.741155
Doncaster	4.394925
Dudley	0.760282
Ealing	0.458538
Easington	2.216635
Enfield	0.929797
Gateshead	2.321426
Great Yarmouth	0.993615
Greenwich	1.940726
Hackney	5.882703
Halton	1.964205
Hammersmith and Fulham	0.516645
Haringey	2.667407
Hartlepool	1.568759
Hastings	0.687580
Hyndburn	0.646818
Islington	3.135010
Kensington and Chelsea	0.540335
Kerrier	0.805244
Kingston upon Hull	3.753636
Kirklees	1.496028
Knowsley	3.695469
Lambeth	1.210843
Leeds	4.197791
Leicester	4.188485

Lewisham	1.226253
Lincoln	0.200000
Liverpool	10.066353
Luton	0.754933
Manchester	10.297541
Mansfield	1.149321
Middlesbrough	2.624651
Newcastle upon Tyne	3.421525
Newham	6.665980
North Tyneside	1.536790
Nottingham	4.622940
Oldham	2.336988
Pendle	0.980471
Penwith	0.414573
Plymouth	1.057070
Portsmouth	0.478330
Preston	1.260217
Redcar and Cleveland	1.736069
Rochdale	2.438999
Rotherham	1.834303
Salford	2.720407
Sandwell	4.025284
Sedgefield	0.569463
Sefton	2.815650
Sheffield	4.790431
South Tyneside	2.691097
Southampton	0.430890
Southwark	3.956179
St Helens	1.936557
Stockton-on-Tees	1.926102
Stoke-on-Trent	2.016872
Sunderland	3.581885
Tameside	0.670115
Tower Hamlets	5.311820
Wakefield	2.219657
Walsall	3.560975
Waltham Forest	1.276745
Wandsworth	0.200000
Wansbeck	0.689665
Wear Valley	0.853107
Westminster	0.748648
Wigan	1.362621

Wirral	2.537596
Wolverhampton	2.964135
Total	200.000000

Annex B - Main Features of the Grants

Introduction

1. Following Spending Review 2000, the Government set targets for improved outcomes by public services in deprived neighbourhoods. The targets mean that Government departments, local authorities and other service providers will be judged for the first time on their performance in the areas where they are doing worst rather than on the national average. The targets ("floor targets") are described on pages 25-27 of *A New Commitment to Neighbourhood Renewal - National Strategy Action Plan*, which was published by the Government on 15 January 2001, and are set out in Annex D of this Report.

2. *A New Commitment to Neighbourhood Renewal - National Strategy Action Plan* sets out the Government's policies to tackle deprivation wherever it occurs in England. A key element of the strategy is the improvement of mainstream services to produce better outcomes in the most deprived areas in terms of increased employment and improved economic performance, reduced crime, better educational attainment, improved health and better housing and therefore to meet the floor targets that have been set. To achieve the necessary improvements, central government, local authorities and other services providers will need to reallocate resources in their mainstream programmes to tackle deprivation better.

3. The Chancellor of the Exchequer announced the Neighbourhood Renewal Fund (NRF) at the conclusion of Spending Review 2000, to provide additional resources for local authorities to improve mainstream services in the most deprived areas, including contributing to the achievement of the floor targets to narrow the gap between deprived areas and the rest of the country. The NRF will provide local authorities in the most deprived areas of England with £200 million in 2001/02, £300 million in 2002/03 and £400 million in 2003/04. Local authorities, working with a local strategic partnership (LSP) will use this money to help secure improved services in the most deprived areas.

4. The grant will be non-ring fenced. It can be spent in any way that will tackle deprivation in the most deprived neighbourhoods. The money can be spent on improving services, particularly, but not exclusively, in relation to the floor targets. It is both acceptable, and strongly desirable where service quality is at risk or requires improvement, that NRF funding should be devoted to mainstream services, such as schools, provided that the funding benefits the most deprived areas. The grant can be used to support services provided not only by the local authority, but also by organisations that are members of the LSP (where one exists) and by others.

Allocations of the Fund

5. The Indices of Deprivation 2000 (ID2000) have been used to determine eligibility for the grant and the basis of distribution of grant between the eligible authorities. The Government has decided that those authorities which appear within the top 50 most deprived districts on any of the six district level measures in the ID2000 should be eligible for the Neighbourhood Renewal Fund. On this basis 81 authorities would be eligible. The Government has also decided that there should be transitional arrangements for those authorities that were within the 50 most deprived areas on any of the four measures under the old Index of Local Deprivation, but are not in the list of 81 authorities that qualify using the ID2000. Therefore, a further seven local authority areas will be eligible for the Fund.

6. The 88 local authorities which will be eligible for support from the NRF and the amounts allocated to each authority are listed in Annex A of this report. The Government announced these allocations in reply to a Parliamentary Question from Maria Eagle on 24 January 2001 (Number 147368).

7. The sum to be allocated to each authority is based on a standard amount per head of population in those wards in the authority that are in the most deprived 10% of all wards nationally, with a minimum allocation of £200k for any eligible authority. This relates an authority's grant funding to the severity of deprivation within its area, measured by the number of their residents living in particularly deprived areas.

Grant Conditions

8. The conditions for receipt of the grant in 2001/02 are set out in Annex C of this report.

9. This Report specifies the conditions under which grants will be paid during 2001/02. Different conditions will apply for 2002/03 and 2003/04, as the Government considers it reasonable to expect local authorities and others to have made further progress in establishing and working with LSPs over the next year. These will be set out in further Special Grant Reports, which will be laid prior to the respective year.

10. The conditions the Government is minded to set for 2002/03 and 2003/04 were set out in the published draft guidance on the NRF which can be found in Annex D of *A New Commitment to Neighbourhood Renewal - National Strategy Action Plan*. One of these is that recipients must be part of and working with a LSP and must have agreed with the LSP a Local Neighbourhood Renewal Strategy (LNRS). The Government's expectation is that all LSPs in the 88 most severely deprived areas will have a LNRS in place by April 2002. What constitutes a LNRS is set out in *A New Commitment to Neighbourhood Renewal: National Strategy Action Plan*.

11. This means that local authorities should work with LSPs, emerging LSPs or other local partners during 2001/02 towards producing a LNRS. So, while the local authority is to decide how the NRF grant is to be spent in 2001/02, it will make sense for the authority to consult LSPs where they already exist, or, where LSPs do not yet exist, emerging LSPs or other local partners. The aim should be

for the local authority working with the LSP, emerging LSP or other local partners, to start work now to develop a LNRS, including decisions on reallocating resources in mainstream programmes and allocating the NRF grant.

12. LSPs must bring together a range of key stakeholders from the public, private, voluntary and community sectors, to ensure that service providers can work together and with other partners more effectively and are better able to listen and respond to community needs. The Government envisages that in most cases LSPs will be based on existing already successful partnerships and should reduce, not add, bureaucracy. Where there is no existing partnership on which the LSP can be built, local authorities should take the lead in bringing together and encouraging other participants to establish the LSP. It will be up to the partners in each LSP to decide who should take the lead after that.

13. Separate draft guidance has been issued (Local Strategic Partnerships Consultation Document, DETR, October 2000) giving advice on the establishment and role envisaged for LSPs. Final guidance will be issued shortly.

14. If authorities want to use some of the grant to pay some of the administration costs of the LSP, the authority will have to make the case to the satisfaction of the Secretary of State that doing so would contribute to addressing deprivation and that such funding could not be reasonably secured from any other source. If local authorities do wish to use NRF monies to fund the administration costs of LSPs they should contact their Government Office as soon as possible. They will need the Secretary of State's approval before money can be spent in this way.

Other relevant information

15. The Department of the Environment, Transport and the Regions wrote to each eligible local authority on 15 February 2001 asking them to write to the Secretary of State by 16 March 2001 providing the following information:

a) confirmation of its commitment to work with a local strategic partnership, and agree a local neighbourhood renewal strategy with them;

b) confirmation of its commitment to contribute to the delivery of the national 'floor targets' for deprived areas set out in Annex D;

c) that the authority has a satisfactory best value performance plan for 1999/2000 or, where there has been an adverse audit report, the action which the authority intends to take as a result of the report to address the auditor's concerns.

16. In negotiating local Public Service Agreements with authorities entitled to grants from the Neighbourhood Renewal Fund, the Secretary of State will expect the authority to have included proposals for local targets to improve outcomes for areas or groups most at risk from social exclusion. Ministers may decide not to conclude a local PSA with the authority if a target of this kind is absent.

Annex C

Neighbourhood Renewal Fund

Conditions on the Payment of Grants

The grant will be paid subject to the following conditions:

1. The local authority shall send to the Secretary of State by 31 October 2001, a statement of use for its grant, setting out how the grant has been and will be used in 2001/02 and what impact it is planned to achieve with the grant. It shall also set out whom the local authority has consulted on the use of the grant.
2. Where there is not a unitary authority, both the higher and lower tier of local authority (i.e. the relevant county and district councils) shall agree the use of the grant. Failure to agree the use of the grant is grounds for repayment of the grant.
3. The local authority shall not use the grant to pay the administration costs of the Local Strategic Partnership without the prior written approval of the Secretary of State.
4. In the case of an adverse audit report on the local authority's best value performance plan for 2001/02, the authority shall provide the Secretary of State with a copy of the statement responding to the auditor's report, explaining the action that it intends to take as a result of the report and its proposed timetable for doing so. This shall be prepared within 30 working days of receiving the auditor's report, or within any shorter period specified by the auditor, and a copy sent to the Secretary of State before the end of that period. Failure to have an adequate response to an adverse audit report is grounds for repayment of the grant.
5. The local authority shall provide such further information as may be required by the Secretary of State for the purposes of determining whether it has complied with the conditions set out in this Annex.
6. If a local authority fails to comply with the conditions set out in the paragraphs above, the Secretary of State may require the repayment of the whole or any part of the grant monies paid to that authority as may be determined by the Secretary of State and notified in writing to the authority. Such sum as has been notified shall immediately become payable to the Secretary of State.

For the purposes of this Annex -

"adverse audit report" means an adverse report on the local authority's best value performance plan issued by the auditor under section 7 of the Local Government Act 1999;

"best value performance plan" means the plan required to be prepared by a local authority under section 6 of the Local Government Act 1999;

"local strategic partnership" has the same meaning as in the draft guidance document entitled "Local Strategic Partnerships Consultation Document",

published by the Department of the Environment, Transport and the Regions in October 2000.

Annex D

Key Public Service Agreement "floor targets" - tackling deprivation

- In education, the Government will increase the percentage of pupils obtaining 5 or more GCSEs at grades A* to C (or equivalent) to at least 38 per cent in every LEA by 2004. A target to reduce the attainment gap at Key Stage 2 (age 11) in English and maths will be announced later in 2001.
- Over the three years to 2004, taking account of the economic cycle, the Government will ensure an increase in the employment rates of the 30 local authority districts with the poorest initial labour market position. It will ensure a reduction in the difference between employment rates in these areas and the overall rate.
- The Government will reduce the level of crime in deprived areas so that by 2005, no local authority area has a domestic burglary rate more than three times the national average - while at the same time reducing the national rate by 25 per cent.
- By 2010, the Government will reduce by at least 10 per cent the gap between the 20% of areas with the lowest life expectancy at birth and the population as a whole. The Government will also reduce, by at least 60 per cent by 2010, the conception rate among under 18s in the worst 20% of wards, thereby reducing the level of inequality between these areas and the average by at least 26% by 2010.
- The Government will ensure that all social housing is of a decent standard by 2010 with the number of families living in non-decent social housing falling by 33% by 2004, with most of the improvement taking place in the most deprived local authority areas.

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Financial Year 2001 / 02

Project	Estimated Total spend £	Spend as Set out in SOU 2002	Variance
1. Crime and Disorder Reduction			
Community Safety	95,000	40,260	54,740
CCTV	188,000	188,000	
Secure By Design	80,000	75,902	4,098
Town Centre Rangers (*)	50,000	0	50,000
Youth Offender Team (*)	25,500	0	25,500
SAFE Motor Project	3,000	3,000	
2. Reducing Health Inequalities			
Domestic Violence	50,000	50,000	
Benefits Take Up Initiatives	214,600	230,600	-16,000
Mother to Mother Lay Breastfeeding Support	20,000	4,730	15,270
Home Start	40,000	40,000	
Better Parenting through Art	20,000	10,041	9,959
School Breakfast Clubs	20,000	16,000	4,000
3. Raising Education Standards			
Raising Education Standards	100,000	100,000	
Lifelong Learning	30,000	25,500	
Literacy and Numeracy	130,000	130,000	
Pupil Referral Unit	40,000	5,335	34,665
Post 16 +	90,000	90,000	
Children's Services	60,000	60,000	
4. Creating Job Opportunities			
Town Centre Regeneration	70,000	70,000	
Street Theatre	50,000	50,000	
Job Creation Initiatives	100,000	100,000	
Global Grants	30,000	30,000	
5. Creating Attractive Residential Areas			
Physical Environment	600,000	600,000	

6. Promoting Social Inclusion and Equality			
Race Equality (*)	25,000	0	25,000
Cultural Events	42,000	43,200	-1,200
Youth Initiatives	600,000	600,000	
Confident Communities	290,000	290,000	
Independent Living	60,000	60,000	
Wiring Communities	125,000	125,000	
Research and Baseline Studies	53,000	53,000	
7. Voluntary Sector Development			
Disability - DDA - Shopmobility	25,000	25,000	
Disability – DDA – Deaf	18,000	19,500	-1,500
Interpreting Service	20,000	10,000	10,000
Parents against Drugs	20,000	8,143	11,857
Community Radio	15,000	14,800	200
Darlaston Day Care Centre	12,000	4,230	7,770
Brownhills Community Development	25,000	25,000	
Resource Centres	60,000	60,000	
Walsall Bangladesh Society	0	6,600	-6,600
TOTAL	3,496,100	3,263,841	232,259

(*) Project did not start

Department for Transport, Local Government and the Regions

Local Government Finance (England)

Special Grant Report (No. 93)

Report by the Secretary of State for Transport, Local Government
and the Regions under Section 88B of the Local Government
Finance Act 1988

Ordered by the House of Commons
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LONDON: The Stationery Office

HC 654

£4.50

Special Grant Report on the Neighbourhood Renewal Fund

Laid before the House of Commons by the Secretary of State for Transport, Local Government & the Regions

Introduction

1. This Report is made by the Secretary of State for Transport, Local Government and the Regions ('the Secretary of State') and laid before the House of Commons under section 88B(5) of the Local Government Finance Act 1988 ('the 1988 Act') as substituted by paragraph 18 of Schedule 10 to the Local Government Finance Act 1992. It specifies a determination concerning special grants which the Secretary of State proposes to pay to certain local authorities in England.
2. This Report specifies the Secretary of State's determination of the authorities to which the grants are to be paid, the purposes for which the grants are to be paid and the amount which he proposes to pay to each of the authorities concerned. It also sets out such explanation as the Secretary of State considers desirable of the main features of this determination and specifies the conditions which the Secretary of State intends to impose on the payment of the grants.
3. This Report specifies the conditions under which grants will be paid during 2002/2003. These conditions are different to those which applied in 2001/2002. The conditions for 2002/2003 confirm the expectation, referred to in the Special Grant Report for 2001/2002, that in 2002/2003 and 2003/2004 the Government expects that local authorities and other partners will have made substantial progress in establishing and working with Local Strategic Partnerships. Conditions for 2003/2004 will be set out in the Special Grant Report laid prior to that year.
4. Before making this determination and before specifying the conditions, the Secretary of State obtained the consent of the Treasury.

The Purpose

5. Pursuant to section 88B(3)(b) of the 1988 Act, the Secretary of State hereby determines the following purpose for which special grants are to be paid:

To provide support to certain local authorities in England ("the Neighbourhood Renewal Fund"), to enable them, in collaboration with their Local Strategic Partnership, to improve services in their most deprived areas, including contributing to the achievement of Government targets to narrow the gap between deprived areas and the rest of the country and local targets contained in Local Neighbourhood Renewal Strategies drawn up by the Local Strategic Partnership. The Government targets are set out in Annex D to this Report.

Amounts Payable to Authorities

6. Pursuant to section 88B(3)(a) and (c) of the 1988 Act, the Secretary of State hereby determines that the authorities to which Neighbourhood Renewal Fund grants are to be paid, and the amount of each grant, are those authorities listed in column 1 of Annex A and the corresponding amounts set out in column 2 of that Annex.

Main features

7. Annex B contains such explanation as the Secretary of State considers desirable of the main features of the determinations specified in this Report.

Conditions for the Payments of the Grants

8. Pursuant to section 88B(7) of the 1988 Act, the Secretary of State hereby specifies as the conditions which he intends to impose on the payment of the grants, or any instalment of the grants, the conditions set out in Annex C.

*Charles Falconer
Lord Falconer of Thoroton QC, Minister of State
Minister for Housing, Planning and Regeneration
The Department for Transport, Local Government
and the Regions*

25 February 2002

The consent of the Treasury has been obtained to the making of the determination and to the conditions specified in Annex C to this Report.

*Graham Stringer
Anne McGuire
Two of the Lords Commissioners
of Her Majesty's Treasury*

27 February 2002

Annex A

Neighbourhood Renewal Fund Allocations 2002/2003

Local Authority Names	NRF Allocation 2002/2003 (£m)
Allerdale	0.641621
Ashfield	0.722708
Barking and Dagenham	1.224546
Barnsley	4.083104
Barrow-in-Furness	1.378787
Birmingham	16.532620
Blackburn with Darwen	3.251118
Blackpool	2.255916
Bolsover	1.101624
Bolton	4.069280
Bradford	7.358924
Brent	1.709343
Brighton & Hove	1.026657
Bristol	2.673950
Burnley	0.954953
Camden	3.164003
Coventry	3.967163
Croydon	0.435936
Derby	2.437851
Derwentside	1.111733
Doncaster	6.592388
Dudley	1.140423
Ealing	0.687807
Easington	3.324953
Enfield	1.394696
Gateshead	3.482139
Great Yarmouth	1.490423
Greenwich	2.911089
Hackney	8.824055
Halton	2.946308
Hammersmith and Fulham	0.774968
Haringey	4.001111
Hartlepool	2.353139
Hastings	1.031370
Hyndburn	0.970227
Islington	4.702515
Kensington and Chelsea	0.810503
Kerrier	1.207866
Kingston upon Hull	5.630454
Kirklees	2.244042
Knowsley	5.543204
Lambeth	1.816265
Leeds	6.296687
Leicester	6.282728

Neighbourhood Renewal Fund Allocations 2002/2003 continued

Local Authority Names	NRF Allocation 2002/2003 (£m)
Lewisham	1.839380
Lincoln	0.300000
Liverpool	15.099530
Luton	1.132400
Manchester	15.446310
Mansfield	1.723982
Middlesbrough	3.936977
Newcastle upon Tyne	5.132288
Newham	9.998970
North Tyneside	2.305185
Nottingham	6.934410
Oldham	3.505482
Pendle	1.470707
Penwith	0.621860
Plymouth	1.585605
Portsmouth	0.717495
Preston	1.890326
Redcar and Cleveland	2.604104
Rochdale	3.658499
Rotherham	2.751455
Salford	4.080611
Sandwell	6.037926
Sedgefield	0.854195
Sefton	4.223475
Sheffield	7.185647
South Tyneside	4.036646
Southampton	0.646335
Southwark	5.934269
St Helens	2.904836
Stockton-on-Tees	2.889153
Stoke-on-Trent	3.025308
Sunderland	5.372828
Tameside	1.005173
Tower Hamlets	7.967730
Wakefield	3.329486
Walsall	5.341463
Waltham Forest	1.915118
Wandsworth	0.300000
Wansbeck	1.034498
Wear Valley	1.279661
Westminster	1.122972
Wigan	2.043932
Wirral	3.806394
Wolverhampton	4.446203
Totals	300.000

Annex B

Main Features of the Grants

Introduction

1. Following Spending Review 2000, the Government set targets for improved outcomes by public services in deprived neighbourhoods. The targets mean that Government departments, local authorities and other service providers are being judged on their performance in the areas where they are doing worst rather than on the national average. The targets ('floor targets') are described on pages 25 -27 of *A New Commitment to Neighbourhood Renewal - National Strategy Action Plan*, published by the Government on 15 January 2001. The floor targets are set out in updated form in Annex D to this Report.

2. A key element of the National Strategy is the improvement of mainstream services in the most deprived areas to produce better outcomes in terms of increased employment and improved economic performance, reduced crime, better educational attainment, improved health and better housing, and therefore to meet the floor targets. To achieve the necessary improvements, central government, local authorities and other service providers are reallocating resources in their mainstream programmes to tackle deprivation more effectively.

3. The Chancellor of the Exchequer announced the Neighbourhood Renewal Fund (NRF) at the conclusion of Spending Review 2000, to provide additional resources for local authorities to improve mainstream services in the most deprived areas, including contributing to the achievement of the floor targets to narrow the gap between deprived areas and the rest of the country. The NRF provides £900 million over 3 years to the most deprived districts in England: £200 million in 2001/2002, £300 million in 2002/2003 and £400 million in 2003/2004. Local authorities, each working with a Local Strategic Partnership (LSP), are to use this money to help secure improved services in the most deprived areas.

4. The NRF is a targeted grant. It can be spent in any way that will tackle deprivation in the most deprived neighbourhoods. The money can be spent on improving services, particularly, but not exclusively, in relation to the floor targets and to local targets as set out in the Local Neighbourhood Renewal Strategy (LNRS) agreed by the LSP. It is both acceptable, and strongly desirable where service quality is at risk or requires improvement, that NRF funding should be devoted to mainstream services, provided that the funding benefits the most deprived areas. The grant can be used to support services provided not only by the local authority, but also by organisations that are members of the LSP and by others.

Allocations of the Fund

5. The Indices of Deprivation 2000 (ID2000) have been used to determine NRF eligibility and the basis of distribution of the grant between eligible authorities. The Government decided that those authorities that appear within the top 50 most deprived districts on any of

the six district level measures in the ID2000 should be eligible for the NRF. On this basis 81 authorities are eligible. The Government also decided that there should be transitional arrangements for those authorities that were within the 50 most deprived areas on any of the four measures under the old Index of Local Deprivation, but are not in the list of 81 authorities that qualify using the ID2000. Therefore, a further seven local authority areas are eligible for the Fund. The 88 local authorities that are eligible for NRF and the amounts allocated to each authority are listed in Annex A to this report.

6. The sum to be allocated to each authority is based on a standard amount per head of population in those wards in the authority that are in the most deprived 10% of all wards nationally, with a minimum allocation of £300,000 for any eligible authority. This relates an authority's grant funding to the severity of deprivation within its area, measured by the number of their residents living in particularly deprived areas.

Grant Conditions

7. The conditions for receipt of the grant in 2002/2003 are set out in Annex C to this report. Conditions for 2003/2004 are not expected to vary greatly from those that apply in 2002/2003, but they will be specified in the Special Grant Report that is laid prior to 2003/2004.

8. The Government first indicated the conditions that it was minded to set in 2002/2003 and 2003/2004 in the published draft guidance on the NRF, found in Annex D of *A New Commitment to Neighbourhood Renewal - National Strategy Action Plan*. The Government's intentions have since been clearly stated in *Local Strategic Partnerships - Government Guidance* (March 2001) and the *Accreditation Guidance for Local Strategic Partnerships* (October 2001), which give advice on the establishment of, and role envisaged for, LSPs. The key condition is that NRF recipient authorities must be part of and working with a LSP. The Government has set targets for LSPs in the 88 most severely deprived areas to achieve LSP accreditation by 28 February 2002 and to develop, as a minimum, framework LNRSs by April 2002. Suggestions on the ways in which a LNRS might be developed are also set out in Annex G of *A New Commitment to Neighbourhood Renewal - National Strategy Action Plan*.

9. As LSPs establish themselves and achieve accreditation, LSP partners will be assumed to be collaborating with the local authority to agree NRF spending plans for 2002/2003 and 2003/2004. The Government has previously stated the target dates for LSP accreditation and the development of LNRSs and has made clear how NRF recipient authorities should contribute to achieving these fundamental LSP objectives. LSP accreditation is a condition for receipt of NRF in 2002/2003 and 2003/2004. Where a LSP is unable fully to meet the requirements for accreditation by 28 February 2002, the Secretary of State may withhold some or all of the grant until the LSP has achieved successful review against remedial actions agreed with the Government Office.

10. The Government expects LSP partners collectively should normally meet the administration costs of the LSP. However, the Government recognises that this may take time to establish and that, meanwhile, the proper functioning of the LSP may be hampered without secure administrative funding. In such cases, the LSP should consult the Government Office to ascertain whether some or all of the administrative costs in question

might be acceptable charges to the NRF. LSPs should also refer to the Statement of Use Guidance (September 2001) and any further guidance that may be issued.

Annex C

Neighbourhood Renewal Fund Conditions on the Payment of Grants

The grant will be paid subject to the following conditions:

1. The grant shall be used for expenditure only in respect of the purpose of the grant.
2. The local authority shall agree the use of the grant in 2002/2003 with the Local Strategic Partnership (LSP).
3. The local authority shall send to the Secretary of State by 30 September 2002 a Statement of Use for the grant, agreed with the LSP, setting out:-
 - (a) how grant has been used in 2001/2002, the impacts it has achieved and the contribution it has made towards the achievement of national floor targets;
 - (b) how the grant has been and will be used in 2002/2003, what impact it is planned to achieve with the grant, and how it will contribute towards the achievement of national floor targets and targets contained in Local Neighbourhood Renewal Strategies (LNRSSs);
 - (c) details of the discussions held by the LSP in 2002/2003 regarding the proposed use of the grant and how the outcomes of those discussions are reflected in decisions on its use.
4. The Statement of Use referred to in condition 3 shall be prepared in accordance with such guidance as the Secretary of State may publish from time to time.
5. Instalments of grant based on the allocations set out in Annex A above shall be paid in full only where the local authority is working in partnership with a LSP that has been accredited by the Secretary of State through assessment of progress against the six criteria for establishing successful LSPs, as outlined in *Local Strategic Partnerships - Government Guidance* (DETR, March 2001) and *Accreditation Guidance for Local Strategic Partnerships* (NRU, October 2001).
6. The local authority shall provide such further information as may be required by the Secretary of State for the purposes of determining whether it has complied with the conditions set out in this Annex.
7. If a local authority fails to comply with the conditions set out in the paragraphs above, the Secretary of State may withhold or require the repayment of the whole or any part of the grant monies paid to that authority as may be determined by the Secretary of State and notified in writing to the authority. Where notification relates to repayment of grant, such sum as has been notified shall immediately become payable to the Secretary of State.

For the purposes of this Annex:-

“accreditation” has the same meaning as in the guidance document entitled “Local Strategic Partnerships - Government Guidance” published by the Department of the Environment, Transport and the Regions in March 2001 and “Accreditation Guidance for Local Strategic Partnerships” published by the Neighbourhood Renewal Unit in October 2001;

“local strategic partnership” has the same meaning as in the guidance document entitled “Local Strategic Partnerships - Government Guidance” published by the Department of the Environment, Transport and the Regions in March 2001 and “Accreditation Guidance for Local Strategic Partnerships” published by the Neighbourhood Renewal Unit in October 2001;

“local neighbourhood renewal strategy” has the same meaning as in “A New Commitment to Neighbourhood Renewal - National Strategy Action Plan” published by the Social Exclusion Unit, Cabinet Office, in January 2001.

Annex D

Key Public Service Agreement “floor targets” – tackling deprivation

- In education, the Government will increase the percentage of pupils obtaining 5 or more GCSEs at A*-C or equivalent to at least 25% in every school by 2006 (20% by 2004) and 38% in every LEA by 2004. It will reduce to zero the number of LEAs where fewer than x% of pupils achieve the expected standards of literacy and numeracy by 2004 (x to be set in Spring 2002).
- Over the three years to 2004, taking account of the economic cycle, the Government will ensure an increase in the employment rates of the 30 local authority districts with the poorest initial labour market position. It will ensure a reduction in the difference between employment rates in these areas and the overall rate.
- The Government will reduce the level of crime in deprived areas so that by 2005, no local authority area has a domestic burglary rate more than three times the national average – while at the same time reducing the national rate by 25 per cent.
- By 2010, the Government will reduce by at least 10 per cent the gap between the 20% of areas with the lowest life expectancy at birth and the population as a whole. The Government will also reduce, by at least 60 per cent by 2010, the conception rate among under 18s in the worst 20% of wards, thereby reducing the level of inequality between these areas and the average by at least 26% by 2010.
- The Government will ensure that all social housing is of a decent standard by 2010 with the number of families living in nondecent social housing falling by 33% by 2004, with most of the improvement taking place in the most deprived local authority areas.

Financial Year 2002 / 03

Project Name	Total 2002/2003 Budget Amount (*)	Total Claims for 2002/03 (**)	Under-Spend	Over-Spend	Comment
Offender Management Scheme	£56,000	£32,400	£23,600		
CCTV	£188,000	£188,000			
Community Safety	£95,000	£99,740		-£4,740	
Secure by Design	£80,000	£62,998	£17,002		
Youth Offending Team	£50,000	£50,000			
Domestic Violence Unit	£20,500	£20,482	£18		
					Agreed c/f to 2003/04
Leamore CCTV	£75,000	£10	£74,990		
Stowe Street	£41,000	£34,066	£6,934		
Mobile Warden Scheme	£41,700	£20,886	£20,814		
Crime Stoppers Project	£8,640	£8,639	£1		
Retail Security Improvements	£20,000	£20,000			
Community Safety Advice Centre	£20,000	£22,500		-£2,500	
Benefits Take Up Initiative	£230,600	£230,600			
Better Parenting through the Arts	£20,000	£15,779	£4,221		
Domestic Violence	£50,000	£50,000			
Homestart	£40,000	£40,000			
Mother to Mother Lay Breast Feeding	£8,000	£7,630	£370		
Sure Start Plus Co-Ordinator	£11,500	£17,000		-£5,500	
Maximisation of Income	£76,500	£46,784	£29,716		
School Breakfast Clubs	£32,000	£49,360		-£17,360	
Communication Aids	£80,000	£80,000			
Walsall Health and Work (Employees)	£80,000	£0	£80,000		Agreed c/f to 2003/04
Falls Prevention	£75,000	£0	£75,000		Agreed c/f to 2003/04
Children's Services	£60,000	£60,000			
Lifelong Learning	£30,000	£30,000			
Literacy and Numeracy	£130,000	£130,000			

Pupil Referral Unit (PRU)	£250,000	£284,665		-£34,665	
Raising Educational Standards	£100,000	£100,000			
Recruitment and Retention (*)	£25,750	£0	£25,750		
Early Years	£20,500	£19,106	£1,394		
Impact Raising	£10,000	£10,000			
Narrowing Gaps	£17,000	£42,000		-£25,000	
Leadership Training KS1 and 2	£42,000	£42,000			
Leadership Training KS3	£42,000	£42,000			
Transforming Learning KS1 and 2	£21,000	£21,000			
Transforming Learning KS3	£3,000	£3,000			
Open Learning KS4 and 5 (*)	£7,500	£0	£7,500		
Edgar Stammers Junior School	£176,500	£176,500			
Awards / Rewards	£40,000	£40,000			
Skills Escalator	£100,000	£0	£100,000		Agreed c/f to 2003/04
Global Grants	£40,000	£40,000			
Job Creation Initiative	£100,000	£100,000			
Street Theatre	£50,000	£50,000			
Town Centre Regeneration	£70,000	£70,000			
Walsall Health and Work (Employers)	£20,000	£20,000			
M6 Pilot Project	£19,000	£8,000	£11,000		
Improving Employability in Walsall	£60,000	£60,000			
Priority Employment Areas	£60,000	£0	£60,000		Agreed c/f to 2003/04
Settle in Walsall	£50,000	£36,196	£13,804		
Creative Industries	£18,100	£18,100			
Refuse	£200,000	£200,000			
Grounds Maintenance	£200,000	£200,000			
Highways	£200,000	£200,000			
Confident Communities	£290,000	£290,000			
Cultural Events	£42,000	£42,000			
Development of Person Centred Planning	£50,000	£50,000			
Disability - DDA - Deaf	£18,000	£19,500		-£1,500	
Disability - DDA - Shopmobility	£25,000	£20,000	£5,000		
Independent Living	£60,000	£60,000			

Interpreting Service	£20,000	£22,000		-£2,000	
Parents Against Drugs	£20,000	£3,941	£16,059		
Research and Baseline Studies	£53,000	£53,000			
Resource Centres	£60,000	£60,000			
Wiring Communities	£125,000	£125,000			
Youth Initiatives	£600,000	£600,000			
Promoting Participation	£21,000	£10,500	£10,500		
Voluntary and Community Sector NRF Policy and Support	£44,000	£22,500	£21,500		
Voluntary and Community Sector Research Project	£51,730	£25,000	£26,730		
WBSP Programme Manager / Strategic Director	£30,000	£24,070	£5,930		
WBSP Admin	£40,000	£40,000			
Young People Consultation Framework		£32,750		-£32,750	
Walsall's Local Compact	£46,000	£23,000	£23,000		
Neighbourhood Management Co-Ordinator		£24		-£24	
Neighbourhood Management (*)		£20,000		-£20,000	
LNRS Priority Neighbourhoods Event		£5,352		-£5,352	
Action Planning for Air Quality		£5,018		-£5,018	
CAPER		£32,000		-£32,000	
Rush Wood Chase		£10,000		-£10,000	
Cavendish Gardens		£12,639		-£12,639	
Totals	£5,157,520	£4,707,735	£660,833	-£211,048	
(*) - Figures sourced from Statement of Use October 2002					
(**) - Figures sourced from Statement of Use October 2003 and LAFIS 2002/03 Year End Report					

(*) Project did not start

Office of the Deputy Prime Minister

Local Government Finance (England)

Special Grant Report (No. 111)

Office of the Deputy Prime Minister

Local Government Finance (England)

Special Grant Report (No. 111)

Report by the Deputy Prime Minister and First Secretary of State
under Section 88B of the Local Government Finance Act 1988

*Ordered by the House of Commons
to be printed on 27 February 2003*

Special Grant Report on the Neighbourhood Renewal Fund

Laid before the House of Commons by the Deputy Prime Minister and First Secretary of State

Introduction

1. This Report is made by the First Secretary of State and laid before the House of Commons under section 88B(5) of the Local Government Finance Act 1988 (“the 1988 Act”) as substituted by paragraph 18 of Schedule 10 to the Local Government Finance Act 1992. It specifies a determination concerning special grants which the First Secretary of State proposes to pay to certain local authorities in England.
2. This Report specifies the First Secretary of State’s determination of the authorities to which the grants are to be paid, the purposes for which the grants are to be paid and the amount which he proposes to pay to each of the authorities concerned. It also sets out such explanation as the First Secretary of State considers desirable of the main features of this determination and specifies the conditions which the First Secretary of State intends to impose on the payment of the grants.
3. This Report specifies the conditions under which grants will be paid during 2003/2004. These conditions are equivalent to those which applied in 2002/2003. The conditions for 2003/2004 therefore confirm the continued requirement in 2003/2004 that in each local authority area the local authority and their fellow members of the Local Strategic Partnership should work together to agree how the grant will be spent. Grant eligibility, the sums allocated and the conditions for 2004/2005 and 2005/2006 will be set out in the Special Grant Reports laid prior to each of those years.
4. Before making this determination and before specifying the conditions, the First Secretary of State obtained the consent of the Treasury.

The Purpose

5. Pursuant to section 88B(3)(b) of the 1988 Act, the First Secretary of State hereby determines the following purpose for which special grants are to be paid:

to provide support to certain local authorities in England (“the Neighbourhood Renewal Fund”), to enable them, in collaboration with their Local Strategic Partnership, to improve services in their most deprived areas, including contributing to the achievement of Government targets to narrow the gap between deprived areas and the rest of the country and local targets contained in Local Neighbourhood Renewal Strategies drawn up by each Local Strategic Partnership. The Government floor targets and other deprivation-related targets are set out in Annex A and Annex B of the *Accreditation Guidance for Local Strategic Partnerships* (Neighbourhood Renewal Unit, November 2002), and are available from the Neighbourhood Renewal Unit website at www.neighbourhood.gov.uk

Amounts Payable to Authorities

6. Pursuant to section 88B(3)(a) and (c) of the 1988 Act, the First Secretary of State hereby determines that the authorities to which Neighbourhood Renewal Fund grants are to be paid, and the amount of each grant, are those authorities listed in column 1 of Annex A and the corresponding amounts set out in column 2 of that Annex.

Main Features

7. Annex B contains such explanation as the First Secretary of State considers desirable of the main features of the determinations specified in this Report.

Conditions for the Payments of the Grants

8. Pursuant to section 88B(7) of the 1988 Act, the First Secretary of State hereby specifies as the conditions which he intends to impose on the payment of the grants, or any instalment of the grants, the conditions set out in Annex C.

Signed by authority of the First Secretary of State.

Barbara Roche MP, Minister of State
Minister for Social Exclusion and Equality
Office of the Deputy Prime Minister

14 February 2003

The consent of the Treasury has been obtained to the making of the determination and to the conditions specified in Annex C to this Report.

Nick Ainger
Philip Woolas
Two of the Lords Commissioners of Her Majesty's Treasury

25 February 2003

Annex A

Neighbourhood Renewal Fund Allocations 2003/2004

Local Authority Names	NRF Allocation 2003/2004 (£m)
Allerdale	0.855494
Ashfield	0.963610
Barking and Dagenham	1.632728
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Birmingham	22.043488
Blackburn with Darwen	4.334824
Blackpool	3.007888
Bolsover	1.468832
Bolton	5.425706
Bradford	9.811898
Brent	2.279124
Brighton & Hove	1.368876
Bristol	3.565266
Burnley	1.273270
Camden	4.218670
Coventry	5.289550
Croydon	0.581248
Derby	3.250468
Derwentside	1.482310
Doncaster	8.789850
Dudley	1.520564
Ealing	0.917076
Easington	4.433270
Enfield	1.859594
Gateshead	4.642852
Great Yarmouth	1.987230
Greenwich	3.881452
Hackney	11.765406
Halton	3.928410
Hammersmith and Fulham	1.033290
Haringey	5.334814
Hartlepool	3.137518
Hastings	1.375160
Hyndburn	1.293636
Islington	6.270020
Kensington and Chelsea	1.080670
Kerrier	1.610488
Kingston upon Hull	7.507272
Kirklees	2.992056
Knowsley	7.390938
Lambeth	2.421686
Leeds	8.395582
Leicester	8.376970
Lewisham	2.452506
Lincoln	0.400000

Neighbourhood Renewal Fund Allocations 2003/2004 (continued)

Local Authority Names	NRF Allocation 2003/2004 (£m)
Liverpool	20.132706
Luton	1.509866
Manchester	20.595082
Mansfield	2.298642
Middlesbrough	5.249302
Newcastle upon Tyne	6.843050
Newham	13.331960
North Tyneside	3.073580
Nottingham	9.245880
Oldham	4.673976
Pendle	1.960942
Penwith	0.829146
Plymouth	2.114140
Portsmouth	0.956660
Preston	2.520434
Redcar and Cleveland	3.472138
Rochdale	4.877998
Rotherham	3.668606
Salford	5.440814
Sandwell	8.050568
Sedgefield	1.138926
Sefton	5.631300
Sheffield	9.580862
South Tyneside	5.382194
Southampton	0.861780
Southwark	7.912358
St Helens	3.873114
Stockton-on-Tees	3.852204
Stoke-on-Trent	4.033744
Sunderland	7.163770
Tameside	1.340230
Tower Hamlets	10.623640
Wakefield	4.439314
Walsall	7.121950
Waltham Forest	2.553490
Wandsworth	0.400000
Wansbeck	1.379330
Wear Valley	1.706214
Westminster	1.497296
Wigan	2.725242
Wirral	5.075192
Wolverhampton	5.928270
Totals	400.000

Annex B

Main Features of the Grants

Introduction

1. Following Spending Review 2000, the Government set targets for improved public service delivery outcomes in deprived neighbourhoods. The targets mean that Government departments, local authorities and other service providers are being judged on their performance in the areas where they are doing worst as well as on the national average. The targets (“floor targets”) are described, and listed in the form they took in Spending Review 2000, on pages 25-27 of *A New Commitment to Neighbourhood Renewal – National Strategy Action Plan*, published by the Government on 15 January 2001.
2. A key element of the National Strategy is the improvement of mainstream services in the most deprived areas to produce better outcomes in terms of increased employment and improved economic performance, reduced crime, better educational attainment, improved health and better housing, and therefore to meet the floor targets. To achieve the necessary improvements, central government, local authorities and other service providers are reviewing services and how they are delivered and reallocating resources in their mainstream programmes to tackle deprivation more effectively.
3. The Chancellor of the Exchequer established the Neighbourhood Renewal Fund (NRF) in Spending Review 2000. The grant provides additional resources for local authorities, each working with, and as part of, a Local Strategic Partnership (LSP), to improve mainstream services in the most deprived areas, including contributing to the achievement of the Government targets to narrow the gap between deprived areas and the rest of the country and the Local Neighbourhood Renewal Strategy (LNRS) targets agreed by each LSP (as part of a broader Community Strategy or as a separate document). The NRF has provided the most deprived districts in England with £200 million in 2001/2002 and £300 million in 2002/2003 and is providing £400 million in 2003/2004. The Chancellor made provision in Spending Review 2002 for a further £450 million of NRF in 2004/2005 and £525 million in 2005/2006. Decisions on the precise distribution of this additional funding will be made in due course and the details set out in the relevant Special Grant Reports for each year.
4. Government targets have been rolled forward and strengthened in Spending Review 2002. Spending Review 2002 floor targets and relevant Public Service Agreements (PSAs) are set out in Annex A, with other deprivation-related PSA targets set out in Annex B, of *Accreditation Guidance for Local Strategic Partnerships* (November 2002). The list of floor targets and other deprivation-related targets, including relevant Service Delivery Agreement (SDA) targets, is also available at the Neighbourhood Renewal Unit (NRU) website (www.neighbourhood.gov.uk). Like the five key floor targets specifically identified as priorities for the NRF in Special Grant Report No. 78 for 2001/2002 and Special Grant Report No. 93 for 2002/2003, the range of floor targets in the five key policy areas of education, employment, crime, health, and housing and the physical environment remain of the highest priority to the Government in terms of neighbourhood renewal.
5. The NRF is a targeted grant. It can be spent in any way that will tackle deprivation in the most deprived neighbourhoods. The money should contribute to the improvement of mainstream services, particularly, but not necessarily exclusively, in relation to the floor targets, local

targets identified in the LNRS (or broader Community Strategy) and other deprivation-related Government targets. It is for each local authority to work with their fellow LSP members to agree exactly how to use NRF in support of the priorities of their area. In 2003/2004, local authorities and LSPs would not be expected to alter unnecessarily the ongoing local spending priorities they have established during 2001/2002 and 2002/2003. However, they may want to examine the balance of their priorities to strengthen their focus on mainstream change and anticipate the amended and new PSA targets that will gain in importance as they take effect in April 2003.

6. The NRF is intended as time-limited funding to 'kick-start' more effective, long term targeting of mainstream resources to tackle deprivation in the most deprived areas. It is therefore strongly encouraged, where service quality should be improved, that NRF funding should be devoted to the sustainable improvement of mainstream services, provided that the funding benefits the most deprived areas. The grant should be used to support mainstream and other services provided not only by the local authority, but by the range of organisations that are members of the LSP and by others.

Allocations of the Fund

7. The Indices of Deprivation 2000 (ID2000) have been used to determine NRF eligibility and the basis of distribution of the grant between eligible authorities. The Government decided that those authorities that appear within the top 50 most deprived districts on any of the six district level measures in the ID2000 should be eligible for the NRF. On this basis 81 authorities are eligible. The Government also decided that there should be transitional arrangements for those authorities that were within the 50 most deprived areas on any of the four measures under the old Index of Local Deprivation, but are not in the list of 81 authorities that qualify using the ID2000. Therefore, a further seven local authority areas are eligible for the Fund. The 88 local authorities that are eligible for NRF and the amounts allocated to each authority are listed in Annex A to this report.
8. The sum to be allocated to each authority is based on a standard amount per head of population in those wards in the authority that are in the most deprived 10% of all wards nationally, with a minimum allocation of £400,000 for any eligible authority. This relates an authority's grant funding to the severity of deprivation within its area, measured by the number of their residents living in particularly deprived areas.

Grant Conditions

9. The conditions for receipt of the grant in 2003/2004 are set out in Annex C to this report. Grant eligibility, the sums allocated and the conditions for 2004/2005 and 2005/2006 will be specified in the Special Grant Reports that are laid prior to each of those years.
10. The Government first indicated the conditions that it was minded to set in the published draft guidance on the NRF, found in Annex D of *A New Commitment to Neighbourhood Renewal – National Strategy Action Plan*. The Government's intentions have since been clearly stated in *Local Strategic Partnerships – Government Guidance* (March 2001) and the *Accreditation Guidance for Local Strategic Partnerships* (October 2001), which give advice on the establishment of, and role envisaged for, LSPs. The position is now brought up to date by this report and the revised *Accreditation Guidance for Local Strategic Partnerships* (November 2002), which explains the shift forward in the way LSPs are to be accredited, from assessing their structures and processes to measuring their success in delivering outcomes. The key condition remains that NRF recipient authorities must be part of and working with an accredited LSP. The

Government has set targets for the progress of LSPs in the 88 most severely deprived areas to be assessed against their action plans and the accreditation criteria in section 3 of *Accreditation Guidance for Local Strategic Partnerships* (November 2002) by 14 February 2003. Notification of accreditation is to be sent in writing to LSPs from Government Offices on behalf of the First Secretary of State by 28 February 2003. LSPs that do not achieve accreditation on 28 February 2003 shall be required to wait three months before they undertake an accreditation review – a three month delay shall also apply prior to any additional reviews necessary in order to achieve accreditation.

11. Local authorities will be assumed to be collaborating with LSP partners to agree NRF spending plans for 2003/2004. The Government has provided guidance and advice on LSP accreditation and the ongoing development of LNRs and has made clear how NRF recipient authorities should contribute to achieving these fundamental LSP objectives together with other LSP members and key stakeholders. As in 2002/2003, LSP accreditation is a condition for receipt of a full NRF allocation in 2003/2004. Where an LSP is unable fully to meet the requirements for accreditation by 28 February 2003, the First Secretary of State may withhold some or all of the grant until the LSP has achieved successful review against remedial actions agreed with the Government Office.
12. The Government expects that LSP partners collectively should normally meet the administration costs of the LSP. However, the Government recognises that this may take time to establish and that, meanwhile, the proper functioning of the LSP may be hampered without secure administrative funding. In such cases, the LSP should consult the Government Office to ascertain whether some or all of the administrative costs in question might be acceptable charges to the NRF. LSPs should also refer to the Statement of Use Guidance (September 2001) and any further guidance subsequently issued. The Government also understands the difficulties LSPs – and particularly those in smaller districts – face in developing and reviewing LNRs and establishing performance management and monitoring systems. LSPs may therefore want to consider using some NRF to support these processes, where this expenditure would be proportionate and represent good value for money. Again, LSPs should consult the Government Office to ascertain whether some or all of the administrative costs in question might be acceptable charges to the NRF and to keep them informed of progress.

Conditions on the Payment of Grants

The grant will be paid subject to the following conditions:

1. The grant shall be used for expenditure only in respect of the purpose of the grant.
2. The local authority shall agree the use of the grant in 2003/2004 with the Local Strategic Partnership (LSP).
3. The local authority shall send to the First Secretary of State by 30 September 2003 a Statement of Use for the grant, agreed with the LSP, setting out:
 - (a) how grant has been used in 2002/2003, the impact it has achieved and the contribution it has made towards mainstreaming and the achievement of national floor targets and targets contained in Local Neighbourhood Renewal Strategies (LNRSs);
 - (b) how the grant has been and will be used in 2003/2004, what impact it is planned to achieve with the grant, and how it will contribute towards mainstreaming and the achievement of floor and other deprivation-related PSA targets and LNRS targets;
 - (c) details of the discussions held by the LSP in 2003/2004 regarding the proposed use of the grant and how the outcomes of those discussions are reflected in decisions on its use.
4. The Statement of Use referred to in condition 3 shall be prepared in accordance with such guidance as the First Secretary of State may publish from time to time.
5. Instalments of grant based on the allocations set out in Annex A above shall be paid in full only where the local authority is working in partnership with an LSP that has been accredited by the First Secretary of State through assessment of progress against the six criteria for establishing successful LSPs, as outlined in *Local Strategic Partnerships – Government Guidance* (DETR, March 2001), *Accreditation Guidance for Local Strategic Partnerships* (NRU, October 2001) and *Accreditation Guidance for Local Strategic Partnerships* (NRU, November 2002).
6. The local authority shall provide such further information as may be required by the First Secretary of State for the purposes of determining whether it has complied with the conditions set out in this Annex.
7. If a local authority fails to comply with the conditions set out in the paragraphs above, the First Secretary of State may withhold or require the repayment of the whole or any part of the grant monies paid to that authority as may be determined by the First Secretary of State and notified in writing to the authority. Where notification relates to repayment of grant, such sum as has been notified shall immediately become payable to the First Secretary of State.

For the purposes of this Annex:

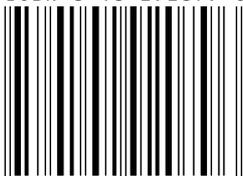
“local strategic partnership” has the same meaning as in the guidance document entitled “Local Strategic Partnerships – Government Guidance” published by the Department of the Environment, Transport and the Regions in March 2001, “Accreditation Guidance for Local Strategic Partnerships” published by the Neighbourhood Renewal Unit in October 2001 and “Accreditation Guidance for Local Strategic Partnerships” published by the Neighbourhood Renewal Unit in November 2002;

“local neighbourhood renewal strategy” has the same meaning as in “A New Commitment to Neighbourhood Renewal – National Strategy Action Plan” published by the Social Exclusion Unit, Cabinet Office, in January 2001.

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Appendix 9

Financial Year 2003 / 04

Project Name	Total 2003/2004 Budget Amount (*)	Total Claims for 2003 / 04 (**)	Under spend	Over-Spend	Comment
Offender Management	£112,400	£84,943	£27,457		
CCTV	£188,000	£188,000			
Community Safety	£95,000	£108,105		-£13,105	
Secure by Design	£103,000	£103,000			
Youth Offender Team	£50,000	£50,000			
Domestic Violence Unit	£48,000	£48,000			
Leamore CCTV	£74,930	£0	£74,930		Agreed c/f to 2004/05
Stowe Street	£29,935	£22,062	£7,873		
Mobile Warden Scheme	£121,812	£74,814	£46,998		
Crime Stoppers Projects	£8,000	£10,000		-£2,000	
Benefits Take Up Initiatives	£230,600	£230,600			
Better Parenting through the Arts	£27,000	£27,564		-£564	
Domestic Violence	£50,000	£50,000			
Homestart	£71,500	£71,500			
Mother to Mother Lay Breastfeeding Support	£19,500	£19,130	£370		
Surestart Plus Co-Ordinator	£40,000	£17,000	£23,000		
Maximisation of Income	£181,000	£151,284	£29,716		
School Breakfast Clubs	£20,000	£20,000			
Communication Aids	£20,000	£20,000			
Walsall Health and Work (Employees)	£80,000	£80,000			

Falls Prevention	£75,000	£150,038		-£75,038	Overpayment - NRF reclaimed and re-allocated
Smart Risk	£30,000	£0	£30,000		Agreed c/f to 2004/05
Children's Services	£60,000	£60,000			
Lifelong Learning	£30,000	£22,500	£7,500		
Literacy and Numeracy	£130,000	£130,000			
Pupil Referral Unit – PRU	£250,000	£250,000			
Raising Education Standards	£100,000	£100,000			
Recruitment and Retention	£50,000	£50,000			
Early Years	£42,800	£20,500	£22,300		
Impact Raising	£10,000	£10,000			
Narrowing Gaps	£17,000	£17,000			
Leadership Training KS 1 & 2	£42,000	£42,000			
Leadership Training KS3	£42,000	£42,000			
Transforming Learning KS 1 and 2	£21,000	£21,000			
Transforming Learning KS3	£3,000	£3,000			
Open Learning KS 4&5	£7,500	£7,500			
Edgar Stammers School	£87,500	£65,625	£21,875		Agreed c/f to 2004 / 05
Awards / Rewards (Support for Learning Charter)	£50,000	£37,500	£12,500		
Walsall Schools Inclusion Forum	£130,000	£130,000			
Open Learning KS 1&2 (*)	£7,500	£0	£7,500		
Open Learning KS3 (*)	£7,500	£0	£7,500		
Skills Escalator	£100,000	£100,000			

Global Grants	£110,000	£17,000	£93,000		
Job Creation Initiatives	£100,000	£100,000			
Street Theatre	£50,000	£50,000			
Town Centre Regeneration	£70,000	£70,000			
Walsall Health and Work (Employers)	£80,000	£80,000			
M6 Pilot Project	£127,300	£63,500	£63,800		
Improving Employability in Walsall	£153,300	£153,300			
Priority Employment Areas	£60,000	£0	£60,000		Agreed c/f to 2004/05
Settle in Walsall	£43,804	£10,966	£32,838		
Economic Forum Manager	£30,500	£7,299	£23,201		
Early Interventions / Equals	£20,000	£70,000		£-50,000	
Refuse Grounds Maintenance	£200,000	£200,000			
Highways Maintenance	£200,000	£200,000			
Confident Communities	£290,000	£230,606	£59,394		
Cultural Events	£42,000	£42,000			
Development of Person Centred Planning	£50,000	£50,000			
Disability DDA Deaf	£19,500	£21,042		£-1,542	
Disability DDA Shopmobility	£20,000	£20,000			
Independent Living	£60,000	£60,000			
Interpreting Service	£20,000	£20,000			
Parents Against Drugs	£35,000	£8,147	£26,853		
Research and Baseline Studies	£53,000	£53,000			

Resource Centres	£60,000	£60,000			
Wiring Communities	£225,000	£225,000			
Youth Initiatives	£600,000	£600,000			
Promoting Participation	£48,000	£50,736	-£2,736		
Voluntary and Community Sector NRF Policy Support	£67,000	£66,644	£356		
Voluntary and Community Sector Research Project	£26,730	£34,650		-£7,920	
Neighbourhood Renewal Support (*)	£89,000	£0	£89,000		
WBSP Programme Manager / Strategic Director	£143,500	£127,042	£16,458		
WBSP Administration	£50,000	£50,000			
Young People's Counsultation Framework	£134,000	£125,949	£8,051		
Walsalls Local Compact	£75,800	£75,828		-£28	
Neighbourhood Management Co-Ordinator	£83,200	£49,804	£33,396		
Walsall Summer Reloaded	£450,000	£450,000			
Neighbourhood Management	£58,200	£47,451	£10,749		
Essex Street, Kent Street and Webster Road Enviro Improvements	£30,000	£21,953	£8,047		
Leamore Park	£82,000	£54,728	£27,272		
Cavendish Gardens	£23,000	£22,361	£639		
Litter Hit Squad	£75,000	£75,000			
Brown Bins	£134,000	£134,000			

Sustainable Communities Partnership Support Officer	£8,500	£6,284	£2,216		
Local Connexions Manager	£0.00	£134,174		-£134,174	Overpayment - NRF reclaimed and re-allocated
Totals	£7,360,811	6,773,129	874,789	-287,107	
(*) - Figures sourced from Statement of Use October 2003					
(**) - Figures sourced from 2003/04 Year End LAFIS reports					

(*) Project did not start



Office of the
Deputy Prime Minister

Creating sustainable communities

The Neighbourhood Renewal Fund Grant Determination 2004



Office of the
Deputy Prime Minister

Creating sustainable communities

The Neighbourhood Renewal Fund Grant Determination 2004

No. 31/19

Following the reorganisation of the Government in May 2002, the responsibilities of the former Department for Transport, Local Government and the Regions (DTLR) in this area were transferred to the Office of The Deputy Prime Minister

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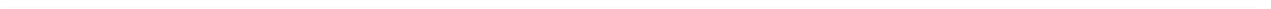
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THE NEIGHBOURHOOD RENEWAL FUND GRANT DETERMINATION 2004

No. 31/19

The Minister of State for Regeneration and Regional Development ('the Minister of State'), in exercise of the powers conferred on him by section 31 of the Local Government Act 2003, hereby makes the following determination:-

Citation

- 1) This determination may be cited as the Neighbourhood Renewal Fund Grant Determination 2004 No. 31/19.

Purpose of the grant

- 2) The purpose of the pre-set grant is to provide support to certain local authorities in England to enable them, in collaboration with their Local Strategic Partnership, to improve services in their most deprived areas, including contributing to the achievement of Government targets to narrow the gap between deprived areas and the rest of the country and local targets contained in the Local Neighbourhood Renewal Strategy drawn up by each Local Strategic Partnership. The Government's floor targets and other deprivation-related targets are available from the Neighbourhood Renewal Unit website at www.neighbourhood.gov.uk.
- 3) The additional sum of grant set out in column 5 of the Table in Annex A is for the purpose of reimbursing certain local authorities for the costs to be incurred by them for work carried out by the Audit Commission to validate their Local Strategic Partnership's Performance Management Framework.

Determination

- 4) The Minister of State determines as the authorities to which grant is to be paid 'the recipient authorities' and the maximum amount of grant to be paid, the authorities and the amounts set out in Annex A.

Treasury consent

- 5) Before making this determination in relation to recipient authorities in England, the Minister of State obtained the consent of the Treasury.
-

Grant conditions

- 6) Pursuant to section 31(3) and 31(4) of the Local Government Act 2003, the Minister of State determines that the grant will be paid subject to the conditions in Annex B.

Main features

- 7) Annex C contains such explanation as the Minister of State considers desirable of the main features of this grant determination.

Signed by authority of the Minister of State for Regeneration and Regional Development

Joe Montgomery

Director General of the Tackling Disadvantage Group

Office of the Deputy Prime Minister

6 April 2004

ANNEX A

NEIGHBOURHOOD RENEWAL FUND ALLOCATIONS 2004/2005

Grant of the following amount is to be paid to the recipient authorities specified below.

Recipient Local Authority	Main Neighbourhood Renewal Fund Allocation for 2004/2005 (£m)	Residual Neighbourhood Renewal Fund Allocation for 2004/2005 (£m)	Total Pre-set Neighbourhood Renewal Fund Allocation (Main + Residual) for 2004/2005 (£m)	Additional Sum - to a maximum of £4000 - to be Reimbursed Following Audit Commission Validation of Performance Management Frameworks (£m)
(Column 1)	(Column 2)	(Column 3)	(Column 4)	(Column 5)
Allerdale	0.855494	0	0.855494	0
Ashfield	0.963610	0	0.963610	0
Barking and Dagenham	1.632728	0	1.632728	0
Barnsley	5.444138	0	5.444138	0.004000
Barrow-in-Furness	1.838382	0	1.838382	0
Birmingham	22.043488	0	22.043488	0.004000
Blackburn with Darwen	4.334824	0	4.334824	0.004000
Blackpool	3.007888	0	3.007888	0.004000
Bolsover	1.468832	0.417624	1.886456	0.004000
Bolton	5.425706	0	5.425706	0.004000
Bradford	9.811898	0	9.811898	0.004000
Brent	2.279124	0	2.279124	0
Brighton & Hove	1.368876	0	1.368876	0
Bristol	3.565266	1.013689	4.578955	0.004000
Burnley	1.273270	0	1.273270	0.004000
Camden	4.218670	1.199468	5.418138	0.004000
Coventry	5.289550	0	5.289550	0.004000
Croydon	0.581248	0	0.581248	0
Derby	3.250468	0	3.250468	0.004000
Derwentside	1.482310	0.421456	1.903766	0.004000
Doncaster	8.789850	0	8.789850	0.004000
Dudley	1.520564	0	1.520564	0
Ealing	0.917076	0	0.917076	0
Easington	4.433270	1.260484	5.693754	0.004000
Enfield	1.859594	0	1.859594	0

Recipient Local Authority	Main Neighbourhood Renewal Fund Allocation for 2004/2005 (£m)	Residual Neighbourhood Renewal Fund Allocation for 2004/2005 (£m)	Total Pre-set Neighbourhood Renewal Fund Allocation (Main + Residual) for 2004/2005 (£m)	Additional Sum – to a maximum of £4000 – to be Reimbursed Following Audit Commission Validation of Performance Management Frameworks (£m)
(Column 1)	(Column 2)	(Column 3)	(Column 4)	(Column 5)
Gateshead	4.642852	0	4.642852	0.004000
Great Yarmouth	1.987230	0	1.987230	0
Greenwich	3.881452	1.103589	4.985041	0.004000
Hackney	11.765406	3.345184	15.110590	0.004000
Halton	3.928410	1.116940	5.045350	0.004000
Hammersmith and Fulham	1.033290	0	1.033290	0
Haringey	5.334814	1.516814	6.851628	0.004000
Hartlepool	3.137518	0.892071	4.029589	0.004000
Hastings	1.375160	0	1.375160	0
Hyndburn	1.293636	0	1.293636	0
Islington	6.270020	1.782715	8.052735	0.004000
Kensington and Chelsea	1.080670	0	1.080670	0
Kerrier	1.610488	0	1.610488	0
Kingston upon Hull	7.507272	2.134495	9.641767	0.004000
Kirklees	2.992056	0	2.992056	0.004000
Knowsley	7.390938	2.101419	9.492357	0.004000
Lambeth	2.421686	0.688542	3.110228	0.004000
Leeds	8.395582	0	8.395582	0.004000
Leicester	8.376970	0	8.376970	0.004000
Lewisham	2.452506	0	2.452506	0.004000
Lincoln	0.400000	0	0.400000	0
Liverpool	20.132706	5.724205	25.856911	0.004000
Luton	1.509866	0	1.509866	0
Manchester	20.595082	5.855669	26.450751	0.004000
Mansfield	2.298642	0	2.298642	0
Middlesbrough	5.249302	1.492501	6.741803	0.004000
Newcastle upon Tyne	6.843050	0	6.843050	0.004000
Newham	13.331960	3.790592	17.122552	0.004000
North Tyneside	3.073580	0	3.073580	0.004000
Nottingham	9.245880	2.628822	11.874702	0.004000
Oldham	4.673976	0	4.673976	0.004000

Recipient Local Authority	Main Neighbourhood Renewal Fund Allocation for 2004/2005 (£m)	Residual Neighbourhood Renewal Fund Allocation for 2004/2005 (£m)	Total Pre-set Neighbourhood Renewal Fund Allocation (Main + Residual) for 2004/2005 (£m)	Additional Sum – to a maximum of £4000 – to be Reimbursed Following Audit Commission Validation of Performance Management Frameworks (£m)
(Column 1)	(Column 2)	(Column 3)	(Column 4)	(Column 5)
Pendle	1.960942	0	1.960942	0
Penwith	0.829146	0	0.829146	0
Plymouth	2.114140	0	2.114140	0
Portsmouth	0.956660	0	0.956660	0
Preston	2.520434	0	2.520434	0.004000
Redcar and Cleveland	3.472138	0	3.472138	0.004000
Rochdale	4.877998	0	4.877998	0.004000
Rotherham	3.668606	0	3.668606	0.004000
Salford	5.440814	1.546952	6.987766	0.004000
Sandwell	8.050568	2.288967	10.339535	0.004000
Sedgefield	1.138926	0	1.138926	0
Sefton	5.631300	0	5.631300	0.004000
Sheffield	9.580862	0	9.580862	0.004000
South Tyneside	5.382194	1.530285	6.912479	0.004000
Southampton	0.861780	0	0.861780	0
Southwark	7.912358	2.249671	10.162029	0.004000
St Helens	3.873114	0	3.873114	0.004000
Stockton-on-Tees	3.852204	0	3.852204	0.004000
Stoke-on-Trent	4.033744	0	4.033744	0.004000
Sunderland	7.163770	0	7.163770	0.004000
Tameside	1.340230	0	1.340230	0
Tower Hamlets	10.623640	3.020552	13.644192	0.004000
Wakefield	4.439314	0	4.439314	0.004000
Walsall	7.121950	0	7.121950	0.004000
Waltham Forest	2.553490	0	2.553490	0.004000
Wandsworth	0.400000	0	0.400000	0
Wansbeck	1.379330	0.392176	1.771506	0.004000
Wear Valley	1.706214	0.485117	2.191331	0.004000
Westminster	1.497296	0	1.497296	0
Wigan	2.725242	0	2.725242	0.004000
Wirral	5.075192	0	5.075192	0.004000
Wolverhampton	5.928270	0	5.928270	0.004000
TOTAL	400.000000	50.000000	450.000000	0.240000

ANNEX B

GRANT CONDITIONS

The grant will be paid subject to the following conditions:

1. The grant shall be used for expenditure only in respect of the purpose of the grant.
 2. The recipient authority shall agree the use of the grant in 2004/2005 with the Local Strategic Partnership (LSP).
 3. The recipient authority shall agree with the LSP and submit to the Minister of State written details of the grant expenditure. The following grant information shall be required:-
 - (a) by 4 June 2004, as part of the documentation for the LSP Annual Review process to be carried out during June and July 2004 by the Government Offices for the Regions, any further details (ie additional to those provided in the NRF Statement of Use for 2003/2004) of how grant was used in 2003/2004, the impact it achieved and the contribution it made towards mainstreaming and the achievement of floor and other deprivation-related Public Service Agreement (PSA) targets and targets contained in the Local Neighbourhood Renewal Strategy (LNRS);
 - (b) by 4 June 2004, also as part of the documentation for the LSP Annual Review process to be carried out during June and July 2004 by the Government Offices, details of how the grant is being and is planned to be used in 2004/2005, what impact it is planned to achieve with the grant, and how it will contribute towards mainstreaming and the achievement of floor and other deprivation-related PSA targets and LNRS targets;
 - (c) by 4 June 2004, a forward estimate of grant spend by quarter for 2004/2005 (the first quarter being 1 April 2004 to 30 June 2004), followed by quarterly spend reports showing actual spend during the previous quarter by 30 July 2004, 29 October 2004, 31 January 2005 and 7 June 2005.
 4. The written details of the grant expenditure referred to in condition 3 shall be prepared in accordance with such guidance as the Minister of State may publish from time to time.
 5. Instalments of the pre-set main and residual grant based on the allocations set out in Annex A above shall be paid in full only where the recipient authority is working with and as part of an LSP that remains accredited. That is, one that has not had its accredited status withdrawn in accordance with the procedures outlined in the *Guidance note: The process for withdrawing an LSP's accredited status* (NRU, February 2004). Each LSP will have previously achieved its accredited status through assessment of progress against the six criteria for establishing successful LSPs, as outlined in *Local Strategic Partnerships – Government Guidance* (DETR, March 2001), *Accreditation Guidance for Local Strategic Partnerships* (NRU, October 2001) and *Accreditation Guidance for Local Strategic Partnerships* (NRU, November 2002).
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6. A single payment of the additional sum of grant up to the maximum set out in column 5 of the Table in Annex A for reimbursement of the costs of the Audit Commission validation of LSP Performance Management Frameworks shall be made to each specified recipient authority as soon as reasonably practicable after confirmation is received by the Minister of State from the Audit Commission as to the amount to be incurred by the said recipient authority in respect of this work.
7. Each recipient authority shall provide such further information as may be required by the Minister of State for the purposes of determining whether it has complied with the conditions set out in this Annex.
8. If a recipient authority fails to comply with any of these conditions or if any of the events set out in paragraph 9 occur, the Minister of State may withhold or require the repayment of the whole or any part of the grant monies paid to that recipient authority as may be determined by the Minister of State and notified in writing to the recipient authority. Where notification relates to repayment of grant, such sum as has been notified shall immediately become payable to the Minister of State.
9. The events referred to in paragraph 8 are as follows:
 - a) the authority or anyone on its behalf has provided, or provides information that is in any material respect incorrect, incomplete or otherwise misleading;
 - b) an overpayment is made under this grant or any amount is paid in error.

For the purposes of this Annex:-

'local strategic partnership' has the same meaning as in the guidance document entitled 'Local Strategic Partnerships – Government Guidance' published by the Department of the Environment, Transport and the Regions in March 2001, 'Accreditation Guidance for Local Strategic Partnerships' published by the Neighbourhood Renewal Unit in October 2001, 'Accreditation Guidance for Local Strategic Partnerships' published by the Neighbourhood Renewal Unit in November 2002 and the 'Guidance note: The process for withdrawing an LSP's accredited status' published by the Neighbourhood Renewal Unit in February 2004;

'local neighbourhood renewal strategy' has the same meaning as in 'A New Commitment to Neighbourhood Renewal – National Strategy Action Plan' published by the Social Exclusion Unit, Cabinet Office, in January 2001 and 'The LSP Delivery Toolkit' published by the Neighbourhood Renewal Unit in November 2003.

ANNEX C

MAIN FEATURES OF THE GRANT**Introduction**

1. Following Spending Review 2000, the Government set targets for improved public service delivery outcomes in deprived neighbourhoods. Government departments, local authorities and other service providers are being judged on their performance in the areas where they are doing worst as well as on the national average. The Government 'floor targets' are described, and listed in the form they took in Spending Review 2000, on pages 25-27 of *A New Commitment to Neighbourhood Renewal – National Strategy Action Plan*, published on 15 January 2001. The floor targets were rolled forward and strengthened in Spending Review 2002. The current floor targets and other relevant Public Service Agreements (PSAs), including deprivation-related Service Delivery Agreement (SDA) targets, are available at the Neighbourhood Renewal Unit (NRU) website (www.neighbourhood.gov.uk).
 2. Key to the National Strategy Action Plan is the improvement of mainstream services in order to close the gap between England's most deprived areas and the rest of the country. This means producing better outcomes in terms of increased employment and improved economic performance, reduced crime, better educational attainment, improved health, better housing, improved transport and access to services and, hence, the achievement of floor targets. Central government, local authorities and other service providers are therefore reviewing services and how they are delivered and reallocating resources in their mainstream programmes to tackle deprivation more effectively.
 3. The Chancellor of the Exchequer established the Neighbourhood Renewal Fund (NRF) grant in Spending Review 2000. The grant provides additional resources for recipient local authorities in the 88 most deprived English districts, each working with and as part of a Local Strategic Partnership (LSP), to improve mainstream services in the most deprived areas, including contributing to the achievement of Government targets to narrow the gap between deprived areas and the rest of the country and Local Neighbourhood Renewal Strategy (LNRS) targets agreed by each LSP (as part of a broader Community Strategy or a separate document). The NRF provided £200 million in 2001/2002, £300 million in 2002/2003 and £400 million in 2003/2004. The Chancellor made additional provision in Spending Review 2002 for £450 million of NRF in 2004/2005 and £525 million in 2005/2006.
 4. The NRF is a targeted grant. It can be spent in any way that will tackle deprivation in the most deprived neighbourhoods, taking account of the need to respond to both national targets and locally-determined priorities. The grant is intended as time-limited funding to 'kick-start' the more effective, long-term targeting of mainstream resources to tackle deprivation in the most deprived areas, ie the mainstreaming of neighbourhood renewal. Hence, it is strongly encouraged, where service quality should be improved, that NRF grant should be devoted to
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the sustainable improvement of mainstream services, provided that the funding benefits the most deprived areas. Each recipient authority must work with their fellow LSP members to agree exactly how the NRF is to be used in support of the local priorities that have been identified and agreed by the LSP. The grant should therefore be spent on improving mainstream and other services provided not only by the recipient authority, but by the range of organisations that are members of the LSP and that may work outside and alongside the LSP.

Allocations of the Fund

5. The Indices of Deprivation 2000 (ID2000) have been used since 2001/2002 to determine NRF eligibility and the basis of distribution of the grant between eligible recipient authorities. The Government decided that those authorities that appear within the top 50 most deprived districts on any of the six district level measures in the ID2000 should continue to be eligible for the main NRF allocation of £400 million in 2004/2005, and £400 million in 2005/2006. On this basis 81 authorities are eligible. The Government also decided that transitional arrangements introduced in 2001/2002 should continue in 2004/2005 and 2005/2006 for those authorities that were within the 50 most deprived areas on any of the four measures under the old Index of Local Deprivation, but are not in the list of 81 authorities that qualify using the ID2000. Therefore, a further seven local authority areas are eligible for the main NRF allocation. The 88 local authority areas that are eligible for the main NRF allocation and the amounts to be paid to each recipient authority are listed in Annex A to this determination.
 6. The sum to be paid from the main NRF allocation to each recipient authority is based on a standard amount per head of population in those wards in the authority that are in the most deprived 10% of all wards nationally, with a minimum main allocation of £400,000 for any eligible authority in 2004/2005. This relates an authority's grant funding to the severity of deprivation within its area, measured by the number of their residents living in particularly deprived areas.
 7. In relation to the residual NRF allocation, the Government decided to adopt a floor targets based approach to allocating the remaining £50 million of NRF in 2004/2005, and £125 million in 2005/2006. The Government utilised a set of indicators that act as a proxy for, ie provide the most accurate representation of, floor target achievement in terms of improved service delivery across Whitehall and in real terms at the local level. The Government determined that, of the 88 local authority areas eligible for the main NRF allocation, the areas eligible for residual NRF should be the 26 areas that are ranked in the lowest 10 areas against two or more indicators that act as a proxy for the achievement of the floor targets. These are the 26 areas currently facing the greatest challenge in meeting the floor targets and, hence, tackling multiple deprivation. Their residual NRF is intended specifically to assist them in meeting this challenge.
 8. The residual NRF allocation to be paid to each eligible recipient authority is again based on a standard amount per head of population in those wards in the authority that are in the most deprived 10% of all wards nationally, with a minimum residual allocation of £50,000 for any eligible authority in 2004/2005.
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Grant Conditions

9. The conditions for receipt of the grant in 2004/2005 are set out in Annex B to this determination. Grant eligibility, the sums allocated and the conditions for 2005/2006 will be specified in the grant determination for 2005/2006. In 2004/2005, the Government is reiterating the key messages regarding NRF spending that it first indicated in the draft guidance on the NRF found in Annex D of *A New Commitment to Neighbourhood Renewal – National Strategy Action Plan*. The Government's intentions have since been clearly restated in the three annual guidance notes on NRF: *Special Grant Report No. 78* for 2001/2002, *Special Grant Report No. 93* for 2002/2003 and *Special Grant Report No. 111* for 2003/2004.
10. The NRF has always been intended to support recipient authorities and their partners in the establishment and ongoing development of effective, strategic and inclusive LSPs in England's most deprived areas, the identification of their key priorities in tackling deprivation in their most deprived neighbourhoods and the delivery of sustainable service improvements for the communities in these disadvantaged areas. The key issue therefore remains that NRF recipient authorities must be working with and as part of an accredited LSP. Following the accreditation in 2002 and 2003 of all 87 of the LSPs covering the 88 NRF areas (Kerrier and Penwith jointly form the West Cornwall LSP), the Government issued guidance in February 2004 – *Guidance note: The process for withdrawing an LSP's accredited status*. This note explained that an LSP's accredited status would now be withdrawn in exceptional circumstances if the LSP was shown to be seriously and systematically failing in its responsibilities. Possible steps to recover any part of such an LSP's NRF allocation would be taken following the continued failure of the LSP to agree with its Government Office and to pursue within a defined timescale the appropriate remedial action.

LSP Administration and Performance Management

11. The Government continues to expect that LSP partners collectively should normally meet the administration costs of the LSP. However, the Government has always recognised that an LSP may need to use a proportion of its NRF allocation to ensure that it has the secure administrative funding needed for the effective planning and management of LSP activity. LSPs should consult the Government Office to ascertain whether some or all of their administrative costs might be acceptable charges to the NRF. LSPs should also refer to the *Statement of Use Guidance* issued by the NRU to recipient authorities in September 2001 and any further guidance subsequently issued.
 12. The Government has also previously acknowledged the need for and difficulties associated with establishing systems for reviewing, monitoring and improving LNRS delivery and broader LSP performance. Hence, LSPs have been and continue to be encouraged to use NRF to support these processes and they should, again, consult Government Offices to discuss how such expenditure might be proportionate and represent good value for money. The Government announced in October 2003 that each NRF LSP is required to put in place a Performance Management Framework (PMF) that meets the *LSP Performance Management Framework – Core Requirements* and may wish to use *LSP Performance Management Framework – The NRU*
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Model. Each LSP is required to have carried out its first performance management review by the end of April 2004.

13. The Audit Commission will undertake the external validation of 60 LSPs' PMFs. The costs of this work will be reimbursed by way of the NRF payments to eligible recipient authorities listed in column 5 of the Table in Annex A (paragraph 18 below refers to eligibility and the financial arrangements). The main aim of the validation will be to establish the degree of rigour which the LSP has applied to the self-assessment element of the performance management process and whether performance management has been integrated into the LSP operating environment. The Audit Commission will produce a short report for each of these LSPs. It will be a condition of each LSP's continued accredited status that copies of the report should be sent to the Minister of State, the Government Office and the NRU, should be part of the new Annual Review for all 87 NRF LSPs and the report should be a public document. The Annual Review process will take place for the first time during June and July 2004 as Government Offices assess the performance of NRF LSPs, including how NRF has been, is being and will be used. The pattern of quarterly NRF expenditure reporting established in winter 2003 will inform the review. The quarterly spend reporting template for 2004/2005 and guidance setting out how the Annual Review should be conducted in 2004 will be published shortly by the NRU.

Action Planning and Support Measures

14. In 2004/2005, the main allocation of £400 million of grant has been distributed between the 88 most deprived areas, as in previous years, to contribute to the improvement of mainstream services, particularly, but not necessarily exclusively, in relation to the floor targets, local targets identified in the LNRS (or broader Community Strategy) and other deprivation-related Government targets. By maintaining a consistent level of main NRF grant for the 88 eligible areas in 2004/2005, and 2005/2006, the Government is seeking to support the ongoing process for establishing sustainable, long-term improvements in mainstream service delivery at the local level. It remains for local partners to determine the suite of measures that they need to implement in response to national and local priorities for tackling deprivation.
 15. The achievement of the floor targets is one of the Government's top priorities and it is considered important to re-emphasise the focus on this work by backing LSPs with additional financial and other support. NRF has always had an important role in helping LSPs to address how setting and meeting targets at the local level can contribute to meeting national floor targets and how floor target achievement can therefore be made integral to evolving LNRSs. The remaining £50 million of pre-set NRF grant for 2004/2005 – the residual allocation – is therefore intended to help those 26 local authority areas from the existing list of 88 NRF recipients that are facing the greatest challenge in accelerating progress towards the floor targets. This grant sum should be used to help the 26 LSPs to travel the distance between their current position and floor target achievement.
 16. In autumn 2003, the NRU led a series of locally-based seminars with members of the 26 LSPs that are to receive residual NRF grant. Attendees discussed how the facilitation, action planning and measurement of floor target achievement should be built into the PMFs being put in place by all
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NRF LSPs by April 2004, and they considered how the NRU and Government Offices would assist their LSPs, and the other NRF LSPs, in tackling those floor targets that are proving to be most challenging in their areas. Since then the NRU, in consultation with Government Offices, has been establishing and publicising the range of support measures that are available to all LSPs.

17. In addition to the model PMF referred to in paragraph 12 above, the NRU has designed the *LSP Delivery Toolkit* to support LSPs in developing, delivering and reviewing their LNRSs, including using NRF to employ a delivery driver/team/manager. The toolkit can be accessed via the NRU's 'what works' website, www.renewal.net, which provides a source of practical advice and information for local neighbourhood renewal practitioners and a place to exchange ideas and experience. A *Floor Target Action Planning Toolkit* has been developed and a number of local workshops have been held to familiarise LSPs and Government Office and NRU staff with the methodology for accelerating progress against floor targets. The new Annual Review of LSP performance will examine the effectiveness of NRF LSPs in planning and delivering neighbourhood renewal. A team of Neighbourhood Renewal Advisers (NRAs) is also being appointed to respond to the particular local needs of any LSP that requires specialist assistance, and they can help to maximise the use of and value added by the range of support measures available to LSPs.

Validation of Performance Management Frameworks

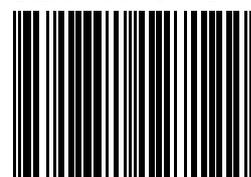
18. A sum of up to £4000 per local authority has been set aside for those authorities that have LSPs with PMFs to be validated by the Audit Commission. This portion of the NRF grant will be paid specifically to reimburse each of the eligible recipient authorities for the costs incurred for the Audit Commission's work. The grant will be paid as soon as reasonably practicable after the NRU receives written confirmation of the final sums due to the Audit Commission for the completed programme of work for each of the recipient authorities.
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This is an essential reference document for the 88 local authorities, and their Local Strategic Partnerships (LSPs), that are eligible to receive Neighbourhood Renewal Fund (NRF). It confirms the NRF allocations for 2004/05, explains the purpose of the grant and sets out the conditions that apply to NRF spending in that year. The publication should also be of some interest to other local organisations striving to improve services in the most deprived neighbourhoods within, and outside, the 88 NRF local authority areas.

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Appendix 11

Financial Year 2004 / 05

Project Name	Total 2004/2005 Amount approved	Expenditure Profile Returned	Total of Claims for 2004 / 2005 (*)	Under spend	Over Spend	Comment
CCTV	£188,000	£188,000	£188,000			
Secure By Design	£83,952	£40,022	£40,048		-£26	
Domestic Violence (Management)	£69,301	£69,301	£69,336		-£35	
Offender Management Scheme (Walpop)	£20,843	£20,843	£20,844			
Leamore CCTV	£74,929	£69,430	£68,561	£868		
Stowe Street	£783	£783	£783			
Mobile Warden Scheme (*)	£0	-	£0			
Mobile Warden Extension Funding	£549,913	£475,000	£474,663	£337		
Community TV Commission (*)	£140,000	£140,000	£0	£140,000		Agreed c/f to 2005/06
Community Safety Commission	£252,000	£252,000	£247,393	£4,607		
SWBP Director (WBSP Support)	£21,000	£21,000	£21,000			
Better Parenting Through Art	£0	£200	£200			
Maximisation of Income	£54,500	£54,500	£54,500			
Walsall Health and Work (Employees)	£20,000	£45,000	£45,000			
Falls Prevention	£0	-£75,038	-£75,038			Rebanked cheque from 2003/04
Independent Living	£250,000	£280,000	£285,114		-£5,113	

Centre						
Mental Health & Information Service	£55,000	£55,000	£55,000			
Health Inequalities Commission	£35,000	£35,000	£34,998	£2		
Lifelong Learning	£0	£7,500	£7,500			
Recruitment and Retention	£25,750	£25,750	£25,750			
Early Years Curriculum Support	£16,890	£16,890	£16,890			
Awards / Rewards Support	£0	£12,500	£12,500			
Skills Escalator	£250,000	£75,000	£63,964	£11,036		
Primary Pride	£125,000	£125,000	£125,000			
Learning Commission	£3,000,000	£3,000,000	£3,000,000			
Global Grants	£53,000	£53,000	£5,656	£47,344		
Walsall Health & Work (Employers)	£20,000	£20,000	£20,000			
Settle In Walsall (*)	£0	£0	£0			
M6 Pilot	£33,800	£33,800	£33,800			
Improving Employability in Walsall	£169,662	£102,318	£142,700		- £40,381	
Priority Employment Areas	£30,000	£10,798	£10,701	£97		
Economic Forum Manager	£45,961	£45,960	£37,002	£8,957		
Transforming Your Space	£261,739	£261,740	£261,740			
Research & Baseline Studies - SPIR Officers x 2 (SPIR Support Team)	£56,000	£56,000	£55,463	£536		

Manager of SPIR Officers	£8,400	£8,397	£8,527		-£130	
Promoting Participation (*)	£7,853	£7,853	£0	£7,853		
NRF Policy Support - Policy & Strategic Officer	£32,962	£75,775	£42,802	£32,973		
NRF Local Compact	£48,094	£83,883	£60,425	£23,458		
Research Project	£18,202	£18,202	£18,202			
WBSP Admin. (Adm. / C Mgr / Proj Man)	£462,838	£436,063	£418,908	£17,155		
Young People's Cons (Youth Opinions Unite)	£126,250	£126,250	£126,500		-£250	
Neighbourhood Management (*)	£0	-	£0			
Neighbourhood Management	£38,530	£38,530	£38,529	£1		
Local Connexions Manager	£0	-£134,174	-£134,174			Rebanked cheque from 2003/04
Ready Steady Summer	£250,000	£250,000	£250,000			
Neighbourhood Management Support	£120,000	£120,000	£125,399		-£5,399	
Finance Services Support	£21,865	£21,865	£20,338	£1,526		
Mobile Outdoor Projection Equipment	£86,000	£86,000	£85,759	£241		
Gateway Improvements	£420,000	£420,000	£360,000	£60,000		
Partnership Website	£79,500	£79,500	£0	£79,500		Agreed c/f in to 2005/06
Essex St/Kent St & Webster Rd Env.Improve	£4,091	£4,024	£4,023	£1		

Leamore Park: Environ. Enhancements	£15,781	£15,782	£15,780	£2		
Sust Communities P'ship Support Officer	£29,525	£29,525	£29,525			
Mallory Crescent Open Space Imp.	£2,609	£2,609	£3,005		-£396	
CAPER/Dry Recycling Comm.	£57,712	£57,712	£57,722		-£10	
Edgar Stammers	£21,875	£21,875	£21,875			
Early Years Curriculum Support	£21,400	£21,400	£21,400			
Sure Start Co-ordinator	£40,000	£40,000	£22,430	£17,570		
Smart Risk	£27,305	£27,305	£24,754	£2,551		
Employment Retention (*)	£5,000	£5,000	£0	£5,000		
Economic Development Comm.	£50,000	£50,000	£56,213		-£6,213	
SAM Learning	£152,000	£152,000	£151,659	£341		
Enhanced Recycling - Vehicle	£110,000	£110,000	£0	£110,000		Agreed c/f to 2005 / 06
Joint Tasking / Enforcement	£70,000	£70,000	£70,000			
Shopmobility Support	£43,000	£43,000	£43,000			
Domestic Violence Unit Vehicle	£20,000	£20,000	£19,754	£246		
Manor Hospital Community Training	£175,427	£175,427	£175,427			
The Vine Access Centre	£37,300	£47,300	£46,975	£325		
Domestic Violence	£20,000	£20,000	£7,336	£12,664		

Toolkit						
Reducing Fear of Crime Campaign	£65,000	£65,000	£63,589	£1,410		
Enhanced Recycling - Eco-Schools	£28,000	£28,000	£27,000	£1,000		
Enhanced Recycling - Bins & Centres	£32,000	£32,000	£28,000	£4,000		
Recycle Awareness CD-Rom	£5,000	£5,000	£0	£5,000		
Recycled PC Insurance	£1,400	£1,400	£1,400			
Walsall DIAL Training	£25,696	£25,696	£25,483	£213		
TOTALS:	£8,683,638	£8,225,496	£7,686,633	£596,814	£57,954	-

(*) - Figures are reconciled back to ORACLE 2004/05 year end report = £7,895,850.46

(*) Project did not start



Office of the
Deputy Prime Minister

Creating sustainable communities

*The Neighbourhood Renewal
Fund Grant Determination 2005*



Office of the
Deputy Prime Minister

Creating sustainable communities

The Neighbourhood Renewal Fund Grant Determination 2005 No. 31/101

March 2005

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Reference number

The Neighbourhood Renewal Fund Grant Determination 2005 No. 31/101

The Minister of State for Regeneration and Regional Development ('the Minister of State'), in exercise of the powers conferred on him by section 31 of the Local Government Act 2003, hereby makes the following determination:-

Citation

- 1) This determination may be cited as the Neighbourhood Renewal Fund Grant Determination 2005 No 31/101.

Purpose of the grant

- 2) The purpose of the grant is to provide support to certain local authorities in England to enable them, in collaboration with their Local Strategic Partnership, to improve services in their most deprived areas.

Determination

- 3) The Minister of State determines as the authorities to which grant is to be paid "the recipient authorities" and the maximum amount of grant to be paid, the authorities and the amounts set out in Annex A.

Treasury consent

- 4) Before making this determination in relation to recipient authorities in England, the Minister of State obtained the consent of the Treasury.

Grant conditions

- 5) Pursuant to section 31(3) and 31(4) of the Local Government Act 2003, the Minister of State determines that the grant will be paid subject to the conditions in Annex B.

Signed by authority of the Minister of State for Regeneration and Regional
Development

Joe Montgomery
Director General of the Tackling Disadvantage Group
Office of the Deputy Prime Minister
28 January 2005

Annex A

Neighbourhood Renewal Fund Allocations 2005/2006

Grant of the following amount is to be paid to the recipient authorities specified below.

<i>Recipient Local Authority</i> (Column 1)	<i>Main Neighbourhood Renewal Fund Allocation for 2005/2006 (£m)</i> (Column 2)	<i>Residual Neighbourhood Renewal Fund Allocation for 2005/2006 (£m)</i> (Column 3)	<i>Total Pre-set Neighbourhood Renewal Fund Allocation (Main + Residual) for 2005/2006 (£m)</i> (Column 4)
Allerdale	0.855494	0	0.855494
Ashfield	0.963610	0	0.963610
Barking and Dagenham	1.632728	0	1.632728
Barnsley	5.444138	0	5.444138
Barrow-in-Furness	1.838382	0	1.838382
Birmingham	22.043488	0	22.043488
Blackburn with Darwen	4.334824	0	4.334824
Blackpool	3.007888	0	3.007888
Bolsover	1.468832	1.044060	2.512892
Bolton	5.425706	0	5.425706
Bradford	9.811898	0	9.811898
Brent	2.279124	0	2.279124
Brighton & Hove	1.368876	0	1.368876
Bristol	3.565266	2.534224	6.099490
Burnley	1.273270	0	1.273270
Camden	4.218670	2.998670	7.217340
Coventry	5.289550	0	5.289550
Croydon	0.581248	0	0.581248
Derby	3.250468	0	3.250468
Derwentside	1.482310	1.053639	2.535949
Doncaster	8.789850	0	8.789850
Dudley	1.520564	0	1.520564
Ealing	0.917076	0	0.917076
Easington	4.433270	3.151209	7.584479
Enfield	1.859594	0	1.859594
Gateshead	4.642852	0	4.642852
Great Yarmouth	1.987230	0	1.987230
Greenwich	3.881452	2.758972	6.640424
Hackney	11.765406	8.362959	20.128365
Halton	3.928410	2.792350	6.720760
Hammersmith and Fulham	1.033290	0	1.033290
Haringey	5.334814	3.792035	9.126849
Hartlepool	3.137518	2.230177	5.367695
Hastings	1.375160	0	1.375160
Hyndburn	1.293636	0	1.293636
Islington	6.270020	4.456788	10.726808
Kensington and Chelsea	1.080670	0	1.080670
Kerrier	1.610488	0	1.610488
Kingston upon Hull	7.507272	5.336238	12.843510
Kirklees	2.992056	0	2.992056
Knowsley	7.390938	5.253547	12.644485
Lambeth	2.421686	1.721356	4.143042
Leeds	8.395582	0	8.395582
Leicester	8.376970	0	8.376970
Lewisham	2.452506	0	2.452506

<i>Recipient Local Authority</i> (Column 1)	<i>Main Neighbourhood Renewal Fund Allocation for 2005/2006 (£m)</i> (Column 2)	<i>Residual Neighbourhood Renewal Fund Allocation for 2005/2006 (£m)</i> (Column 3)	<i>Total Pre-set Neighbourhood Renewal Fund Allocation (Main + Residual) for 2005/2006 (£m)</i> (Column 4)
Lincoln	0.400000	0	0.400000
Liverpool	20.132706	14.310513	34.443219
Luton	1.509866	0	1.509866
Manchester	20.595082	14.639173	35.234255
Mansfield	2.298642	0	2.298642
Middlesbrough	5.249302	3.731252	8.980554
Newcastle upon Tyne	6.843050	0	6.843050
Newham	13.331960	9.476480	22.808440
North Tyneside	3.073580	0	3.073580
Nottingham	9.245880	6.572056	15.817936
Oldham	4.673976	0	4.673976
Pendle	1.960942	0	1.960942
Penwith	0.829146	0	0.829146
Plymouth	2.114140	0	2.114140
Portsmouth	0.956660	0	0.956660
Preston	2.520434	0	2.520434
Redcar and Cleveland	3.472138	0	3.472138
Rochdale	4.877998	0	4.877998
Rotherham	3.668606	0	3.668606
Salford	5.440814	3.867381	9.308195
Sandwell	8.050568	5.722418	13.772986
Sedgefield	1.138926	0	1.138926
Sefton	5.631300	0	5.631300
Sheffield	9.580862	0	9.580862
South Tyneside	5.382194	3.825713	9.207907
Southampton	0.861780	0	0.861780
Southwark	7.912358	5.624176	13.536534
St Helens	3.873114	0	3.873114
Stockton-on-Tees	3.852204	0	3.852204
Stoke-on-Trent	4.033744	0	4.033744
Sunderland	7.163770	0	7.163770
Tameside	1.340230	0	1.340230
Tower Hamlets	10.623640	7.551380	18.175020
Wakefield	4.439314	0	4.439314
Walsall	7.121950	0	7.121950
Waltham Forest	2.553490	0	2.553490
Wandsworth	0.400000	0	0.400000
Wansbeck	1.379330	0.980441	2.359771
Wear Valley	1.706214	1.212793	2.919007
Westminster	1.497296	0	1.497296
Wigan	2.725242	0	2.725242
Wirral	5.075192	0	5.075192
Wolverhampton	5.928270	0	5.928270
TOTAL	400.000000	125.000000	525.000000

Annex B

Grant Conditions

In this Annex:-

'Local Strategic Partnership' or **'LSP'** has the same meaning as in the guidance document entitled *Local Strategic Partnerships – Government Guidance* published by the Department of the Environment, Transport and the Regions in March 2001, that entitled *Accreditation Guidance for Local Strategic Partnerships* published by the Neighbourhood Renewal Unit in October 2001, that entitled *Accreditation Guidance for Local Strategic Partnerships* published by the Neighbourhood Renewal Unit in November 2002 and that entitled *Guidance note: The process for withdrawing an LSP's accredited status* published by the Neighbourhood Renewal Unit in February 2004;

'Local Neighbourhood Renewal Strategy' or **'LNRS'** has the same meaning as in *A New Commitment to Neighbourhood Renewal – National Strategy Action Plan* published by the Social Exclusion Unit, Cabinet Office, in January 2001 and *The LSP Delivery Toolkit* published by the Neighbourhood Renewal Unit in November 2003.

1. The grant shall be used for expenditure only in respect of the purpose of the grant.
2. The recipient authority shall agree the use of the grant in 2005/2006 with its Local Strategic Partnership (LSP).
3. The recipient authority shall agree with the LSP and submit to the Minister of State written details of the grant expenditure. The following grant information shall be required:-
 - (a) by **7 June 2005** a forward estimate of grant spend by quarter for 2005/2006 (the first quarter being 1 April 2005 to 30 June 2005), followed by quarterly spend reports showing actual spend during the previous quarter by **29 July 2005, 28 October 2005, 31 January 2006 and 6 June 2006**.
 - (b) by **9 September 2005** as part of the documentation for the LSP Annual Review process to be carried out during **June/July 2005** by the Government Offices for the Regions, details of:
 - how the grant under the Neighbourhood Renewal Fund Grant Determination 2004 No 31/19 was used in 2004/2005;
 - the impact it achieved; and
 - the contribution it made towards mainstreaming¹ and the achievement of floor and other deprivation-related Public Service Agreement (PSA) targets and targets contained in the LNRS;
 - (c) by **9 September 2005** also as part of the documentation for the LSP Annual Review process details of:

1 What is mainstreaming? "Influencing 'mainstream services' to make them work better in deprived neighbourhoods, by shaping and resourcing them for the task, and making them focus explicitly on the places and people most in need of their support" as outlined in *Factsheet 18 Mainstreaming and Neighbourhood Renewal* (NRU November 2004)

- how the grant under this determination is being used and is planned to be used in 2005/2006;
 - what impact it is planned to achieve with the grant; and
 - how it will contribute towards mainstreaming and the achievement of floor and other deprivation-related PSA targets and LNRS targets;
4. The written details of the grant expenditure referred to in condition 3 shall be prepared in accordance with such guidance as the Minister of State may publish from time to time.
 5. Instalments of the pre-set main and residual grant based on the allocations set out in Annex A above shall be paid in full only where the recipient authority is working with and as part of an LSP that remains accredited². Each LSP will have previously achieved its accredited status through assessment of progress against the six criteria for establishing successful LSPs³. Each LSP will have maintained its accredited status by developing and implementing a performance management framework in 2004.
 6. Each recipient authority shall provide such further information as may be required by the Minister of State for the purposes of determining whether it has complied with the conditions set out in this Annex.
 7. If a recipient authority fails to comply with any of these conditions or if any of the events set out in paragraph 8 occur, the Minister of State may withhold or require the repayment of the whole or any part of the grant monies paid to that recipient authority as may be determined by the Minister of State and notified in writing to the recipient authority. Where notification relates to repayment of grant, such sum as has been notified shall immediately become payable to the Minister of State.
 8. The events referred to in paragraph 7 are as follows:
 - (a) the authority or anyone on its behalf has provided, or provides information that is in any material respect incorrect, incomplete or otherwise misleading;
 - (b) an overpayment is made under this grant or any amount is paid in error.

² That is, one that has not had its accredited status withdrawn in accordance with the procedures outlined in the *Guidance note: The process for withdrawing an LSP's accredited status* (NRU, February 2004).

³ As outlined in *Local Strategic Partnerships - Government Guidance* (DETR, March 2001), *Accreditation Guidance for Local Strategic Partnerships* (NRU, October 2001) and *Accreditation Guidance for Local Strategic Partnerships* (NRU, November 2002).

Appendix 13

Financial Year 2005 / 06

Project Name	Total 2005 / 06 Budget Amount	Expenditure Profile Returned	Total Claims for 2005 / 06 (*)	Under-Spend	Over-Spend	Comment
CCTV	£167,000	£167,000	£157,927	£9,073		
Secure by Design	£28,000	£28,000	£28,000			
Domestic Violence (Management)	£80,000	£80,000	£83,414		-£3,414	
Mobile Warden Extension Funding	£550,000	£550,000	£549,697	£303		
Community TV Commission	£140,000	£140,000	£0	£140,000		Agreed c/f in to 2006 / 07
Community Safety Commission	£439,773	£418,000	£418,000			
SWBP Director (WBSP Support)	£42,000	£42,000	£42,000			
Dying to Drive	£25,900	£25,900	£24,087	£1,813		
Town Centre Radio Links	£25,000	£25,000	£24,994	£6		
Health Inequalities Commission	£160,000	£160,000	£159,745	£255		
Disabled Housing Register	£45,000	£45,000	£43,033	£1,967		
Skills Escalator	£100,000	£50,000	£43,954	£6,046		
Learning Commission	£3,000,000	£3,000,000	£3,000,000			
NIACE Learning Toolkit	£35,200	£35,200	£34,365	£835		
Economic Forum Manager	£3,300	£3,214	£3,213	£1		
Walsall Regeneration Framework / Walsall Business and Enterprise Strategy	£100,000	£100,000	£96,729	£3,271		
Black Country Tourism Survey	£6,000	£5,000	£5,000			
Walsall Co-Financing Plan	£400,000	£304,000	£303,415	£585		
Walsall Economic Forum Manager (PoWER Manager)	£33,400	£33,400	£33,300	£100		
European Co-Financing (*)	Cancelled	Cancelled	£0			

Global Grants	£26,950	£26,950	£0	£26,950		Agreed c/f in to 2006 / 07
Transforming Your Space	£429,317	£429,317	£429,317			
SPIR - Research and Baseline Studies	£54,794	£54,794	£54,788	£6		
NRF Policy and Support (WVA)	£34,700	£34,700	£33,328	£1,372		
NRF Policy and Support Under-Spend Commission (WVA)	£35,000	£35,000	£35,000			
Local Compact	£53,978	£53,978	£48,087	£5,891		
Community Empowerment Network Grants Database (*)	Cancelled	Cancelled	£0			
WBSP Admin (Admin / c mngr / p mngr)	£511,801	£511,851	£484,134	£27,717		
Youth Opinions Unite	£50,000	£50,000	£50,000			
Ready Steady Summer	£250,000	£250,000	£250,000			
Neighbourhood Management Support	£120,000	£120,000	£120,000			
Finance Services Support	£22,466	£22,466	£22,466			
Gateway Improvements	£60,000	£60,000	£60,000	£0		
Partnership Website	£79,500	£79,500	£53,001	£26,499		
Economic Development Commission (1)	£55,000	£55,000	£46,028	£8,972		
Economic Development Commission (2)	£70,000	£70,000	£68,309	£1,691		
Borough Gateways Commission	£175,000	£175,000	£175,000			
Living Landmarks DVD	£12,000	£12,000	£12,000			
Redhouse Estate	£25,000	£25,000	£25,000			
LNP Support Team	£47,500	£47,500	£47,289	£211		
Market Measures Software	£12,800	£12,800	£12,800			

Shopmobility	£80,000	£80,000	£80,000			
Int Womens Achievement Awards	£7,000	£7,000	£6,431	£569		
Town Centre Manager	£10,000	£10,000	£8,128	£1,872		
Sust Comm Partnership Support Officer	£29,525	£29,525	£29,525			
CAPER / Dry Recycling Comm	£129,436	£129,436	£126,920	£2,516		
State of the Environment Report	£20,600	£20,600	£20,530	£70		
Enhanced Recycling Vehicle	£110,000	£110,000	£110,000			
Domestic Violence Toolkit	£12,664	£12,300	£12,300			
Totals	£7,905,604	£7,736,431	£7,471,254	£268,591	-£3,414	
(*) - Figures reconciled back to ORACLE 2005 / 06 year end						

(*) Project did not start



Office of the
Deputy Prime Minister

Creating sustainable communities

*The Neighbourhood Renewal
Fund Grant Determination
2006 No 31/243*

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The Neighbourhood Renewal Fund Grant Determination 2006 No 31/243

The Minister of State for Local Government (“the Minister of State”), in exercise of the powers conferred on him by section 31 of the Local Government Act 2003, hereby makes the following determination:

CITATION

- 1) This determination may be cited as the Neighbourhood Renewal Fund Grant Determination 2006 No 31/243.

PURPOSE OF THE GRANT

- 2) The purpose of the grant is to provide support to certain local authorities in England to enable them, in collaboration with their Local Strategic Partnership, to improve services in their most deprived areas.

DETERMINATION

- 3) The Minister of State determines as the authorities to which grant is to be paid “the recipient authorities” and the maximum amount of grant to be paid, the authorities and the amounts set out in Annex A.

TREASURY CONSENT

- 4) Before making this determination in relation to recipient authorities in England, the Minister of State obtained the consent of the Treasury.

GRANT CONDITIONS

- 5) Pursuant to section 31(3) and 31(4) of the Local Government Act 2003, the Minister of State determines that the grant will be paid subject to the conditions in Annex B or C as appropriate.

Signed by authority of the Minister of State for Local Government

Joe Montgomery
Director General of the Tackling Disadvantage Group
Office of the Deputy Prime Minister
14 March 2006

Annex A

Neighbourhood Renewal Fund Allocations 2006/2007

Grant of the following amount is to be paid to the recipient authorities specified below.

Recipient Local Authority (Column 1)	Neighbourhood Renewal Fund Allocation for 2006/2007 (£m) (Column 2)
Allerdale	0.570329
Ashfield	0.642407
Barking and Dagenham	1.632728
Barnet	1.000000
Barnsley	5.444138
Barrow-in-Furness	1.838382
Birmingham	29.039769
Blackburn with Darwen	3.901342
Blackpool	3.193260
Bolsover	2.261603
Bolton	5.425706
Bradford	12.612555
Brent	2.279124
Brighton & Hove	1.801470
Bristol	6.099490
Burnley	1.821612
Camden	6.495606
Coventry	5.289550
Croydon	1.000000
Derby	3.689320
Derwentside	2.282354
Doncaster	8.699463
Dudley	1.577157
Ealing	1.187313
Easington	6.826031
Enfield	1.673635
Gateshead	4.642852
Great Yarmouth	1.937614
Greenwich	5.976382
Hackney	18.115529
Halton	6.048684
Hammersmith & Fulham	1.000000
Haringey	8.214164
Hartlepool	4.830926

Recipient Local Authority Allocation for 2006/2007 (£m) (Column 1)	Neighbourhood Renewal Fund (Column 2)
Hastings	1.574148
Hyndburn	0.862424
Islington	9.654127
Kerrier	1.073659
Kingston upon Hull	11.559159
Kirklees	4.183464
Knowsley	11.380037
Lambeth	4.143042
Leeds	12.811301
Leicester	7.692824
Lewisham	2.207255
Lincoln	0.266667
Liverpool	30.998897
Manchester	31.710830
Mansfield	2.187637
Middlesbrough	8.360256
Newcastle upon Tyne	7.128786
Newham	20.527596
North East Lincolnshire	4.558610
North Tyneside	2.766222
Norwich	1.958817
Nottingham	12.812527
Oldham	4.673976
Pendle	1.307295
Penwith	1.000000
Plymouth	2.423325
Preston	2.520434
Redcar & Cleveland	3.396939
Rochdale	4.877998
Rotherham	3.495660
Salford	9.308195
Sandwell	12.395687
Sedgefield	1.025033
Sefton	5.631300
Sheffield	9.899449
South Tyneside	8.287116
Southwark	12.182881
St Helens	3.873114
Stockton-on-Tees	3.684295
Stoke-on-Trent	6.150036
Sunderland	7.163770
Tameside	2.323657
Tower Hamlets	16.357518

Recipient Local Authority (Column 1)	Neighbourhood Renewal Fund Allocation for 2006/2007 (£m) (Column 2)
Wakefield	4.439314
Walsall	6.409755
Waltham Forest	2.298141
Wansbeck	2.123794
Wear Valley	2.627106
Westminster	3.055379
Wigan	4.095532
Wirral	6.641648
Wolverhampton	5.928270
TOTAL	519,065,394

Annex B

Grant conditions applicable to those Neighbourhood Renewal Fund (“NRF”) Areas which are not including their NRF in Local Area Agreements

1. In this Annex:

“**Local Strategic Partnership**” or “**LSP**” has the same meaning as in the guidance document entitled “Local Strategic Partnerships – Government Guidance” published by the Department of the Environment, Transport and the Regions in March 2001, that entitled “Accreditation Guidance for Local Strategic Partnerships” published by the Neighbourhood Renewal Unit in October 2001, that entitled “Accreditation Guidance for Local Strategic Partnerships” published by the Neighbourhood Renewal Unit in November 2002 and that entitled “Guidance note: The process for withdrawing an LSP's accredited status” published by the Neighbourhood Renewal Unit in February 2004;

“**Local Neighbourhood Renewal Strategy**” or “**LNRS**” has the same meaning as in “A New Commitment to Neighbourhood Renewal – National Strategy Action Plan” published by the Social Exclusion Unit, Cabinet Office, in January 2001 and “The LSP Delivery Toolkit” published by the Neighbourhood Renewal Unit in November 2003.

2. The grant shall be used for expenditure only in respect of the purpose of the grant.
3. The recipient authority shall agree the use of the grant in 2006/2007 with its Local Strategic Partnership (LSP).
4. The recipient authority shall agree with the LSP and submit to the Minister of State written details of the grant expenditure. The following grant information shall be required:
 - (a) By **6 June 2006** a forward estimate of grant spend by quarter for 2006/2007 (the first quarter being 1 April 2006 to 30 June 2006), followed by quarterly spend reports showing actual spend during the previous quarter by **28 July 2006, 27 October 2006, 30 January 2007** and **5 June 2007**.

- (b) By **31 July 2006** as part of the documentation for the LSP Annual Review process to be carried out during **May 2006** by the Government Offices for the Regions, details of:
- i. how the grant under the Neighbourhood Renewal Fund Grant Determination 2005/06 No 31/101 was used in 2005/2006;
 - ii. the impact it achieved; and
 - iii. the contribution it made towards mainstreaming¹ and the achievement of floor and other deprivation-related Public Service Agreement (PSA) targets and targets contained in the LNRS;
- (c) by **31 July 2006** also as part of the documentation for the LSP Annual Review process details of:
- i. how the grant under this determination is being used and is planned to be used in 2006/2007;
 - ii. what impact it is planned to achieve with the grant; and
 - iii. how it will contribute towards mainstreaming and the achievement of floor and other deprivation-related PSA targets and LNRS targets.
5. The written details of the grant expenditure referred to in condition 4 shall be prepared in accordance with such guidance as the Minister of State may publish from time to time.
6. Each recipient authority shall provide such further information as may be required by the Minister of State for the purposes of determining whether it has complied with the conditions set out in this Annex.
7. Instalments of the pre-set main grant based on the allocations set out in Annex A above shall be payable in full only where the recipient authority is working with and as part of an LSP that remains accredited² and the LSP has met any criteria as have been specified by the Minister of State. Each LSP will have previously achieved its accredited status through assessment of progress against the six criteria for establishing successful LSPs³. Each LSP will have maintained its accredited status by developing and implementing a performance management framework in 2004 and reviewing it in 2005.

1 What is mainstreaming? "influencing 'mainstream services' to make them work better in deprived neighbourhoods, by shaping and resourcing them for the task, and making them focus explicitly on the places and people most in need of their support" as outlined in *Factsheet 18 Mainstreaming and Neighbourhood Renewal* (NRU November 2004)

2 That is, one that has not had its accredited status withdrawn in accordance with the procedures outlined in the *Guidance note: The process for withdrawing an LSP's accredited status* (NRU, February 2004).

3 As outlined in *Local Strategic Partnerships – Government Guidance* (DETR, March 2001), *Accreditation Guidance for Local Strategic Partnerships* (NRU, October 2001) and *Accreditation Guidance for Local Strategic Partnerships* (NRU, November 2002).

8. Where instalments are not payable in full because the LSP has failed to meet any criteria as have been specified by the Secretary of State, outstanding grant funding will become payable once the relevant LSP has, in the opinion of the Minister of State, met such criteria as were specified by him.
9. If a recipient authority fails to comply with any of these conditions, if any overpayment is made under this grant or any amount is paid in error, or if any of the events set out in paragraph 10 occur, the Minister of State may reduce, suspend or withhold grant payments or require the repayment of the whole or any part of the grant monies paid to that recipient authority as may be determined by the Minister of State and notified in writing to the recipient authority. Such sum as has been notified shall immediately become payable to the Minister of State who may set off the sum against any future amount due to the authority from Central Government.
10. The events referred to in paragraph 9 are:
 - (a) the authority purports to transfer or assign any rights, interests or obligations arising under this Determination without the prior agreement of the Minister of State;
 - (b) any information provided in any application for grant monies payable under this Determination or in any supporting correspondence is found to be significantly incorrect or incomplete in the opinion of the Minister of State.

Annex C

Grant conditions applicable to those NRF areas which are including their NRF in Local Area Agreements⁴

1. In this Annex:

“LAA” means those outcomes, targets, enabling measures and funding streams, as are identified in the relevant Local Area Agreement, together with the statement of involvement of the Voluntary and Community Sector and local people in the design of those outcomes and targets and the delivery of those outcomes;

“the Government Office” means the relevant Government Office for the area of the particular recipient authority.

“the Minister of State” means the Minister of State for Local Government;

“eligible expenditure” is given the meaning in paragraph 5 of this Annex;

“entertaining” means anything which would be a taxable benefit to the person being entertained according to current UK tax regulations.

2. Grant will only be paid to the recipient authority to support eligible expenditure.
3. The recipient authority shall agree with the LSP and submit to the Minister of State written details of the grant expenditure for 2005/2006. The following grant information shall be required:

By **31 July 2006** as part of the documentation for the LSP Annual Review process to be carried out during **May 2006** by the Government Offices for the Regions, details of:

- i. how the grant under the Neighbourhood Renewal Fund Grant Determination 2005/06 No 31/101 was used in 2005/2006;
- ii. the impact it achieved; and

⁴ NRF grant can be included in a LAA which contains the 6 mandatory NR outcomes as outlined in Annex D, which are supported by indicators at neighbourhood and priority group level. “Priority group” means a group which has been identified within the neighbourhood as being most disadvantaged.

- iii. the contribution it made towards mainstreaming⁵ and the achievement of floor and other deprivation-related Public Service Agreement (PSA) targets and targets contained in the LNRS.
4. Instalments of the pre-set main grant based on the allocations set out in Annex A above shall be payable in full only where the recipient authority is working with and as part of an LSP that remains accredited⁶ and the LSP has met any criteria as have been specified by the Minister of State. Each LSP will have previously achieved its accredited status through assessment of progress against the six criteria for establishing successful LSPs⁷. Each LSP will have maintained its accredited status by developing and implementing a performance management framework in 2004 and reviewing it in 2005.
 5. Where instalments are not payable in full because the LSP has failed to meet any criteria as have been specified by the Secretary of State, outstanding grant funding will become payable once the relevant LSP has, in the opinion of the Minister of State, met such criteria as were specified by him.

Eligible expenditure

6. Eligible expenditure means payments made by the recipient authority (or any person acting on behalf of the authority) in respect of the delivery, in the area of the local authority, of the neighbourhood renewal and other outcomes, targets and indicators in the LAA. Eligible expenditure does not include:
 - (a) contributions in kind;
 - (b) payments for activities of a political or exclusively religious nature;
 - (c) depreciation, amortisation or impairment of fixed assets;
 - (d) input VAT reclaimable by the authority from HM Revenue and Customs;
 - (e) interest payments or service charge payments for finance leases;
 - (f) gifts, other than promotional items with a value of no more than £10 in a year to any one person;
 - (g) entertaining; and
 - (h) statutory fines, criminal fines or penalties.

5 What is mainstreaming? "influencing 'mainstream services' to make them work better in deprived neighbourhoods, by shaping and resourcing them for the task, and making them focus explicitly on the places and people most in need of their support" as outlined in *Factsheet 18 Mainstreaming and Neighbourhood Renewal* (NRU November 2004)

6 That is, one that has not had its accredited status withdrawn in accordance with the procedures outlined in the *Guidance note: The process for withdrawing an LSP's accredited status* (NRU, February 2004).

7 As outlined in *Local Strategic Partnerships – Government Guidance* (DETR, March 2001), *Accreditation Guidance for Local Strategic Partnerships* (NRU, October 2001) and *Accreditation Guidance for Local Strategic Partnerships* (NRU, November 2002).

7. The recipient authority shall not incur liabilities for eligible expenditure before there is an operational need for it to do so.
8. The recipient authority shall not pay for eligible expenditure sooner than the due date for payment.
9. For the purpose of defining the time of payments, a payment is made by the authority when money passes out of its control (or out of the control of any person acting on behalf of the authority). Money will be assumed to have passed out of such control at the moment when legal tender is passed to a supplier (or, if wages, to an employee), when a letter is posted to a supplier (or employee) containing a cheque, or an electronic instruction is sent to a bank to make a payment to a supplier (or employee) by direct credit or bank transfer.
10. Should the recipient authority achieve any agreed three year neighbourhood renewal or other targets in its area and have remaining grant monies against that block it shall use such remaining grant to deliver the targets in other blocks of the LAA in its area.
11. Should the recipient authority achieve all agreed targets in the LAA and have remaining grant monies, it shall use such remaining grant to exceed any target in the LAA, in its area.

Statement of Grant Usage

12. The recipient authority shall prepare Statements of Grant Usage at six monthly intervals, to cover such periods as may be specified by the Government Office and to be submitted on dates to be specified by the Government Office. The Statements of Grant Usage shall be in a form agreed between the recipient authority and the Government Office and shall provide details of eligible expenditure against each relevant block.

Grant Audit

13. The recipient authority's chief internal auditor shall prepare and submit to the Government Office an annual audit report. Such report shall be submitted to the Government Office by such date as may be specified by the Government Office. The audit report shall set out the auditor's opinion as to whether he or she has obtained sufficient and appropriate evidence that the second Statement of Grant Usage, in all material respects, fairly presents the eligible expenditure in the specified period in accordance with the definitions and conditions in this Determination.
14. The recipient authority shall ensure that it informs the Government Office promptly of any significant financial control issues raised by its internal auditors and shall take adequate measures to investigate and resolve any reported irregularity.

15. The Minister of State may require a further external validation to be carried out by an appropriately qualified independent accountant or auditor of the use of the grant after the annual audit report referred to in paragraph 13 above has been submitted to the relevant Government Office.

Financial Management

16. The recipient authority shall maintain a sound system of internal financial controls.
17. The recipient authority shall take adequate measures to safeguard against fraud and theft. All cases of fraud or theft, whether proven or suspected, relating to grant paid under this determination, shall be referred to the Government Office.

Grant Accounting

18. The recipient authority shall maintain reliable, accessible and up to date accounting records with an adequate audit trail for all expenditure funded by grant monies under this determination.
19. The recipient authority (and any person acting on behalf of the authority) shall permit:
 - (a) the Comptroller and Auditor General or appointed representatives; and
 - (b) the Minister of State or appointed representatives.

free access at all reasonable times to all documents (including computerised documents and data) and other information as are connected to the grant payable under this Determination, or to the purposes to which grant is put, subject to the provisions in paragraph 21.

20. The documents, data and information referred to in paragraph 18 are such which the Minister of State or the Comptroller and Auditor General may reasonably require for the purposes of his financial audit or any department or other public body or for carrying out examinations into the economy, efficiency and effectiveness with which any department or other public body has used its resources. The authority shall further provide such explanations as are reasonably required for these purposes.
21. Paragraphs 19 and 20 do not constitute a requirement for the examination, certification or inspection of the accounts of the authority by the Comptroller and Auditor General under section 6(3) of the National Audit Act 1983. The Comptroller and Auditor General will seek access in a measured manner to minimise any burden on the authority and will avoid duplication of effort by seeking and sharing information with the Audit Commission.

Breach of Conditions and Recovery of Grant

22. If the recipient authority fails to comply with any of these conditions, or if any overpayment is made under this grant or any amount is paid in error, or if any of the events set out in paragraph 23 occurs, the Minister of State may reduce, suspend or withhold grant payments or require the repayment of the whole or any part of the grant monies paid, as may be determined by the Minister of State and notified in writing to the authority. Such sum as has been notified shall immediately become repayable to the Minister of State who may set off the sum against any future amount due to the authority from Central Government.
23. The events referred to in paragraph 22 are:
 - (a) the recipient authority purports to transfer or assign any rights, interests or obligations arising under this determination without the prior agreement of the Minister of State;
 - (b) any information provided in any application for grant monies payable under this determination, or in any subsequent supporting correspondence is found to be significantly incorrect or incomplete in the opinion of the Minister of State;
 - (c) it appears to the Minister of State that other circumstances have arisen or events have occurred which are likely to significantly affect the recipient authority's ability to meet the neighbourhood renewal objectives, activities or milestones set out in the LAA.
24. If the recipient authority fails to make satisfactory progress in the delivery or achievement of the neighbourhood renewal or other outcomes, targets and indicators set out in the LAA, the Minister of State may reduce, suspend or withhold grant payments.

Annex D

Local Area Agreement Mandatory Neighbourhood Renewal Outcomes – An Outline

- **CRIME** – Reduce overall crime in line with local Crime and Disorder Reduction Partnership targets and narrow the gap between the worst performing wards/neighbourhoods and other areas across the district.
- **EDUCATION** – Raise standards in English, maths, and science in secondary education so that by 2008, in all schools located in the districts in receipt of NRF, at least 50% of pupils achieve level 5 or above in each English, maths and science.
- **HEALTH** – Reduce premature mortality rates, and reduce inequalities in premature mortality rates between wards/neighbourhoods, with a particular focus on reducing the risk factors for heart disease, stroke and related diseases (CVD) (smoking, diet and physical activity).
- **HOUSING** – As part of an overall housing strategy for the district, improve housing conditions within the most deprived neighbourhoods/wards, with a particular focus on ensuring that all social housing is made decent by 2010.
- **LIVEABILITY** – Improve the quality of the local environment by reducing the gap in aspects of liveability between the worst wards/neighbourhoods and the district as a whole, with a particular focus on reducing levels of litter and detritus.
- **WORKLESSNESS** – For those living in the wards with the worst labour market position that are also located within the districts in receipt of NRF, significantly improve their overall employment rate, and reduce the difference between their employment rate and the overall employment rate for England.

Financial Year 2006 / 07

Safer Stronger Communities Pillar

Pillar / Ref	Project Name	2006 / 07 Allocation	Funding Stream	Re-Profiled Figures	Total Claims	Total Over - / Under-Spend
SSC / 01	SSC Critical Elements Support Commission					
01 a	WALPOP Drug Worker (**)	£0	NRF	£0	£0	
01 b	Offender Manager	£35,000	NRF	£35,000	£10,700	£24,300
01 c	Walsall Street Teams - Detached (funded until 30.09.06)	£7,475	NRF	£7,475	£7,475	
01 d	Walsall Street Teams - Detached (funded until 30.12.06)	£16,343	NRF	£16,343	£16,343	
01 e	BME Interventions MAP	£27,415	NRF	£27,415	£27,415	
01 f	POPPIES (funded until 30.09.06)	£13,125	NRF	£13,125	£13,125	
01 g	DIP Case Progression Worker (**)	£0	NRF	£0	£0	
01 h	Drug Workers NACRO	£36,000	NRF	£36,000	£36,000	
01 i	MAP Alcohol Intervention Project	£29,615	NRF	£29,615	£29,615	
01 i	MAP Alcohol Intervention Project (funded until 31.12.06)	£14,808	NRF	£14,808	£14,808	
01 j	Drug / Alcohol Awareness and Peer Education (funded until 30.09.06)	£28,000	NRF	£28,000	£24,578	£3,422
01 k	Whole School Approach	£25,000	NRF	£25,000	£25,000	
01 k	Whole School Approach Extension (funded until 31.12.06)	£12,500	NRF	£12,500	£12,500	
01 l	SPARX (**)	£0	NRF	£0	£0	
01 m	Dying to Drive (**)	£0	NRF	£0	£0	
01 n	CCTV	£250,000	NRF	£220,000	£220,000	
01 p	Pastoral Support (reducing negative impact of substance misuse)	£2,000	NRF	£2,000	£2,000	

01 p	Pastoral Support Extension	£1,000	NRF	£1,000	£1,000	
01 q	Domestic Violence Unit	£128,500	NRF	£128,500	£128,499	£1
01 r	Race Harrassment Officer (**)	£0	NRF	£0	£0	
01 s	Crisis Point	£60,000	NRF	£60,000	£60,000	
01 t	Safer and Stronger Communities Panel	£125,000	NRF	£65,000	£46,085	£18,915
01 u	Wardens	£216,140	NRF	£216,140	£216,140	
01 v	Police Enforcement Activity (total number of recorded crimes)	£210,000	NRF	£210,000	£205,120	£4,880
SSC / 21	SSC Training Programme (**)	£5,000	NRF	£5,000	£0	£5,000
SSC / 22	Number of Offenders - YISP	£85,000	NRF	£56,000	£63,179	-£7,179
SSC / 23	Fishing Initiative	£36,000	NRF	£36,000	£34,526	£1,474
SSC / 24	Reducing Criminal Damage - CSIG	£120,000	NRF	£98,200	£10,343	£87,857
SSC / 25	Persistent Offender Accommodation	£57,500	NRF	£57,500	£34,072	£23,428
SSC / 26	Alcohol Referral Scheme	£40,000	NRF	£20,488	£23,979	-£3,491
SSC / 29	Domehawk Camera	£8,000	NRF	£8,000	£7,990	£10
SSC / 30	Tackling Sales of Alcohol and Other Age Restricted Products (**)	£3,000	NRF	£0	£0	
SSC / 31	Neighbourhood Environmental Volunteers	£25,000	NRF	£25,000	£25,000	
SSC / 32	Learian Streetbox Air Quality Monitor	£7,000	NRF	£7,000	£7,000	
SSC / 33	Purchase of Recycling Lids	£4,000	NRF	£4,000	£3,913	£87
SSC / 34	Taxi Marshalling Scheme	£8,000	NRF	£8,000	£4,621	£3,379
SSC / 35	Additional Litter Hit Squad	£20,000	NRF	£20,000	£2,902	£17,098
SSC / 36	Awareness Raising of Residents' Duty of Care in Disposing Litter / Rubbish	£18,000	NRF	£18,000	£14,220	£3,780
SSC / 37	E-Business Approach, Including WVA Website	£11,000	NRF	£11,000	£10,990	£10
	TOTALS	£1,685,421		£1,522,109	£1,339,138	£182,971

(*) Total Over- / Under-Spend Against Re-Profiled Amounts

(**) Project did not start

Children and Young People Pillar

Pillar / Ref	Project Name	2006 / 07 Allocation	Funding Stream	Re-Profiled Figures	Total Claims	Total Over - / Under-Spend
CYP 01	Critical Elements					
"	Critical Elements - SEBD PRU	£42,238	NRF	£42,238	£42,238	
"	Critical Elements - 14 - 16 PRU	£60,000	NRF	£60,000	£60,000	
"	Critical Elements - LAC Accreditation	£30,000	NRF	£30,000	£30,000	
"	Critical Elements - Learning Mentors	£60,000	NRF	£60,000	£60,000	
"	Critical Elements - YOS	£30,000	NRF	£30,000	£30,000	
"	Critical Elements - 14 - 19 Curriculum	£17,000	NRF	£17,000	£17,000	
CYP 02	Ready Steady Summer	£100,000	NRF	£100,000	£100,000	
CYP 03	Children's Trust Posts - Information Analyst and Performance Manager	£36,000	NRF	£5,000	£7,722	-£2,722
CYP 04	Private Fostering	£5,000	NRF	£5,000	£4,099	£901
CYP 05	Improving School Attendance	£33,108	NRF	£33,108	£33,108	
CYP 06	Virtual Schools	£24,873	NRF	£24,873	£24,873	
CYP 07	Youth Offending Service	£19,000	NRF	£19,000	£18,787	£213
CYP 08	Website - Homestart	£1,000	NRF	£1,000	£1,000	
CYP 09	Database - Homestart	£1,000	NRF	£1,000	£900	£100
CYP 10	Safeguarding Children's Board (TAP 8 Extension)	£40,000	NRF	£40,000	£39,827	£173
CYP 11	Walsall Children's Trust Software	£8,253	NRF	£8,253	£8,253	
CYP / TAP 1	Reduce the Prevalence of Obesity in 4 - 11 Year Olds (ii)	£38,000	NRF	£16,000	£3,101	£12,899
CYP / TAP 10	No of Children Registered on the Child Protection Register	£108,125	NRF	£37,783	£35,416	£2,367
CYP / TAP 11	Anti-Bullying	£25,000	NRF	£25,000	£25,000	
CYP / TAP 12	Number of Missed Half Days Due to (Un)Authorised Absences	£88,500	NRF	£88,500	£88,500	

CYP / TAP 14	Reduce the Prevalence of Obesity in 4 - 11 Year Olds (i)	£30,000	NRF	£21,375	£20,918	£457
CYP / TAP 15	% of Pupils in LEA Schools Achieving 5 A* to C Grades	£151,778	NRF	£151,778	£151,778	
CYP / TAP 16	NEET	£68,842	NRF	£68,842	£68,842	
CYP / TAP 19	By 2009, all schools to achieve 4+ in English and Maths	£84,536	NRF	£84,536	£84,536	
CYP / TAP 2	Reduction in Perinatal Mortality Rate	£70,000	NRF	£22,530	£14,160	£8,370
CYP / TAP 3	Reduction in the Number of Teenage Conceptions	£49,842	NRF	£49,842	£49,842	
CYP / TAP 4, 5, 7, 13, 17	Enabling Looked After Children to Make a Positive Contribution	£200,791	NRF	£200,791	£200,782	£9
CYP / TAP 8	Support Development of Walsall's Safeguarding Children Board	£46,622	NRF	£46,622	£46,622	
CYP / TAP 9	Support Ongoing Development of a Range of Responses to Domestic Abuse	£47,000	NRF	£47,000	£46,314	£686
	TOTALS	£1,516,508		£1,337,071	£1,313,618	£23,453

(*) Total Over- / Under-Spend Against Re-Profiled Amounts

Healthier Communities and Vulnerable Communities Pillar

Pillar / Ref	Project Name	2006 / 07 Allocation	Funding Stream	Re-Profiled Figure	Total Claims	Total Under-Spend	Comments
HCVP 03	Smoking Cessation	£16,841	NRF	£16,841	£16,841	£0	
HCVP 02	Falls Prevention	£317,334	NRF	£297,335	£265,179	£32,156	
HCVP 06	Dietary Advice and Support BME	£80,000	NRF	£80,000	£65,785	£14,215	
HCVP 01	Low Birth Weight Babies	£23,868	NRF	£23,868	£23,868	£0	
B15	Health Inequalities Commission	£50,000	NRF	£50,000	£36,702	£13,298	
HCVP 12	Healthy Work Place Awards	£15,000	NRF	£15,000	£2,765	£12,235	
HCVP 18	Alcohol Intervention	£29,000	NRF	£29,000	£29,000	£0	

	Service						
CYP TAP 14	Prevalence of Childhood Obesity	£50,000	NRF	£50,000	£34,863	£15,137	
CYP TAP 14	Prevalence of Childhood Obesity	£15,000	NRF	£15,000	£1,224	£13,776	
HCVP 04	Locality Commissioning / Health Inequalities	£105,000	NRF	£105,000	£104,319	£681	
HCVP 05	Health Through Warmth	£300,000	NRF	£298,000	£275,630	£22,370	
HCVP 10	Shopmobility	£30,000	NRF	£30,000	£30,000	£0	
HCVP 07	Income Maximisation	£234,400	NRF	£234,000	£234,000	£0	
HCVP 11	Residential Homes Admissions	£75,000	NRF	£75,000	£74,990	£10	
HCVP 09	Employment Retention	£80,000	NRF	£43,766	£43,766	£0	
HCVP 08	Direct Payments	£30,620	NRF	£12,000	£4,682	£7,318	
HCVP 13	Older People's Scoping Exercise	£11,500	NRF	£11,500	£10,633	£867	
HCVP 19	Older People's Strategy (*)	£60,000	NRF	£20,000	£0	£20,000	Agreed c/f in to 2007 / 08
	TOTALS	£1,523,563		£1,406,310	£1,254,247	£152,063	

Economic Development and Enterprise Pillar

Pillar / Ref	Project Name	2006 / 07 Allocation	Funding Stream	Re-Profiled Figure	Total Claims	Total Under-Spend
EDE / 01	EDE - Co-Financing					
a	IAG: A Step in the Right Direction	£29,433	NRF	£29,433	£29,433	
b	Progress to Work	£179,475	NRF	£179,475	£144,853	£34,622
c	Top Bites - Community Catering	£43,229	NRF	£43,229	£22,820	£20,409
d	Learning for Earning	£27,009	NRF	£27,009	£27,009	
e	Business Skills Development Programme	£143,510	NRF	£143,510	£140,469	£3,041
EDE / 01 a	EDE Critical Elements Commission - CFO					

a	New Ways to Work	£7,270	NRF	£7,270	£7,270	
b	Just for the Taster	£32,632	NRF	£32,632	£32,632	
c	Preete Project	£19,475	NRF	£19,475	£19,475	
d	Put a Spin on Learning	£14,068	NRF	£14,068	£14,068	
EDE / 02	Worklessness	£77,459	NRF	£77,459	£17,755	£59,704
i.	Multi Agency One Stop Shop	£30,000	NRF	£30,000	£24,558	£5,442
ii.	Transport Barriers	£37,500	NRF	£37,500	£17,200	£20,300
iii.	Self Employment Programme	£37,500	NRF	£37,500	£33,149	£4,351
iv.	Successful Application Interventions	£50,625	NRF	£50,625	£0	£50,625
v.	Access to Employment	£4,700	NRF	£4,700	£0	£4,700
EDE / 03	VAT Register	£57,135	NRF	£57,135	£57,135	
i.	Walsall Growth Business Project	£84,650	NRF	£84,650	£84,650	
ii.	Franchise Discovery Days	£2,750	NRF	£2,750	£2,750	
iii.	Princes Trust	£30,000	NRF	£30,000	£30,000	
iv.	Succession Planning	£11,600	NRF	£11,600	£11,600	
v.	Business Partnership Team	£11,000	NRF	£11,000	£11,000	
EDE / 04	NVQ Increase in Skills	£195,918	NRF	£195,918	£195,918	
EDE / 05	Social Economy Centre	£109,049	NRF	£109,049	£109,049	
EDE / 06	WHS Skills Centre	£400,000	NRF	£400,000	£400,000	
EDE / 07	Inward Investment	£25,982	NRF	£25,982	£23,573	£2,409
HCVP / 12	Healthy Work Place Awards	£15,000	NRF	£15,000	£2,764	£12,236
	TOTALS	£1,676,969		£1,676,969	£1,459,130	£217,839

Mr David Martin
Acting Chief Executive
Walsall Metropolitan Borough Council
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WALSALL WS1 1TP

Northern Division

Date: 11 May 2007

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Dear David

LAA Grant determination

I am pleased to enclose with this letter your Local Area Agreement Grant Determination for 2007/08. Please note this will be subject to revision. Annex A to the Determination sets out the amount of grant provided to support the delivery of projects that will contribute to the achievement of the outcomes, targets and indicators in your LAA. Annex B sets out the related terms and conditions.

Please note that Pump Priming Grant and Reward Grant are not within scope of this Determination.

Payment arrangements

For 2007/08 the LAA grant will be paid on a monthly basis through Communities and Local Government's LOGASnet system. The standard payment profile will be 12% in the first month followed by 8% in the remaining 11 months. Payments will be made on 15th of each month, or the first working day there after.

However, those Round 1 and 2 authorities which incur an underspend greater than 5% on their 2006/07 LAA grant will find their payments adjusted to take account of any such underspend. This reconciliation will take place after the submission of final end-year Statements of Grant Usage - audited end-year Statements of Grant Usage for 2006/07 must be provided by 1 July 2007 at the very latest - and after any applications for additional carryforward have been considered. This timing suggests that pragmatically any reconciliation will take place in quarters 3 or 4 of 2007/08. Round 3 areas are not affected by this reconciliation.

Reporting and Audit Arrangements

Round 1 and 2 authorities will be aware of the issues around the timing of submission of end-year Statements of Grant Usage. All authorities should note that the Determination includes a requirement for reporting at mid-year and end-year, but that we have not stated our deadlines for submission of these reports. (A similar approach has been taken with the Forecast Outturn report.) The absence of specific dates indicates that we will be discussing with key stakeholders whether we can better align our reporting timescales with those for the

publication of local authority accounts. Your Government Office will confirm both the timing and the format of the reports in due course.

However, we want to re-emphasise that the Round 3 LAA Guidance set out specific reporting arrangements in relation to those authorities who are pooling Sure Start or Children's Fund. Where Children's Fund is pooled, the Statement of Grant Usage must identify spend on preventative services for 5-13 year olds and quantify the number of children and young people receiving regular support. Where General Sure Start Grant is pooled, the Statement must identify separately spend on Sure Start Local Programmes and children's centres.

Authorities in receipt of Neighbourhood Renewal Fund will note that NRF allocations are covered by this Determination. Authorities can establish whether they are in receipt of NRF by referring to Annex A. It is our clear expectation that authorities will report on the achievement of NRF-related outcomes, targets and indicators in their LAA via the progress reports referred to at paragraph 12 of Annex B. The precise form of those reports will be notified to you in due course by your Government Office.

Revenue to Capital Flexibility

Authorities should note that paragraph 6 and Annex A specify the portion of the grant which may be used to finance revenue expenditure. It is intended to relax this requirement in accordance with advice that will shortly be issued through an addendum to this letter.

Other Flexibilities

Round 1 and 2 authorities should note that we have also reduced the requirements around reporting records and asset registers. In both instances the scope of the condition has been revised so that only covers direct expenditure by the lead local authority, not expenditure by partners.

Recovery of Grant

Paragraphs 27 to 29 in Annex B to the Determination contain provisions about the recovery of grant in certain circumstances. However, authorities should note that there is no power for the Minister to require the *repayment* of grant in whole or in part in the situation where there is unsatisfactory progress with the achievement of the outcomes, targets and indicators in their LAA.

Contact Details

If you have any questions on these or other issues you should in the first instance speak to me on 0121 352 5589.

Yours Sincerely,

Vicki Hone
Walsall Locality Manager

**THE WALSALL METROPOLITAN BOROUGH COUNCIL LOCAL AREA
AGREEMENT GRANT DETERMINATION 2007 No 31/804**

The Minister of State for Local Government ("the Minister of State"), in exercise of the powers conferred on him by section 31 of the Local Government Act 2003, makes the following determination:-

Citation

- 1) This determination may be cited as the Walsall Metropolitan Borough Council Local Area Agreement Grant Determination 2007 No 31/804.

Purpose of the grant

- 2) The purpose of the grant, except for the Neighbourhood Renewal Fund element of the grant, is to provide support to Walsall Metropolitan Borough Council ("the authority") towards eligible expenditure as defined in paragraph 3 of Annex B to this Determination.
- 3) The purpose of the Neighbourhood Renewal Fund element of the grant is to provide support to the authority, to enable it, in collaboration with the Walsall Borough Strategic Partnership, to improve services in its most deprived areas.

Determination

- 4) The Minister of State determines that a maximum amount of grant of £13,434,121, as detailed in Annex A will be paid to the authority in 12 monthly instalments.
- 5) Where part of the grant is identified as being grant for capital expenditure in Annex A, that part shall be used to finance capital expenditure¹ only.
- 6) Where part of the grant is identified as being grant for revenue expenditure in Annex A, that part shall not be used to finance capital expenditure.

Treasury consent

- 7) Before making this determination, the Minister of State obtained the consent of the Treasury.

Grant conditions

- 8) Pursuant to section 31(4) of the Local Government Act 2003, the Minister of State determines that the grant (except for the Neighbourhood Renewal Fund element of the grant) will be paid subject to the conditions in Annex B. The Neighbourhood Renewal Fund element of the grant will not be subject to conditions.

Signed by authority of the Minister of State for Local Government



**Alan Riddell, Director Local Development and Renewal
Department for Communities and Local Government
26 April 2007**

A Senior Civil Servant within the Department for Communities and Local Government

¹ "Capital expenditure" has the meaning given by section 16 of the Local Government Act 2003.

ANNEX A**AMOUNT OF GRANT**

The amount of grant to be paid under this Determination, which is a maximum of £13,434,121 is divided into the following blocks:

	Total amount of grant in block £	Amount of grant in block for capital expenditure £	Amount of grant in block for revenue expenditure £
Children and Young People Block	£5,061,591	£0	£5,061,591
Healthy Communities & Older People Block	£0	£0	£0
Safer & Stronger Communities Block	£2,674,970	£1,350,257	£1,324,713
Economic Development Block	£0	£0	£0
Neighbourhood Renewal Fund	£5,697,560	£0	£5,697,560

ANNEX B

GRANT CONDITIONS

1. In this Annex:

“LAA” means those outcomes, targets, enabling measures and funding streams, as are identified in the Local Area Agreement dated 23 March 2006, as revised on 14th March 2007 together with the statement of involvement of the Voluntary and Community Sector and local people in the design of those outcomes and targets and the delivery of those outcomes;

“the Government Office” means Government Office for the West Midlands;

“the authority” means Walsall Metropolitan Borough Council;

“the Minister of State” means the Minister of State for Local Government

“eligible expenditure” is given the meaning in paragraph 3 of this Annex.

“entertaining” means anything which would be a taxable benefit to the person being entertained according to current UK tax regulations.

2. Grant will only be paid to the authority to support eligible expenditure.

Eligible expenditure

3. Subject to paragraph 5 below, “eligible expenditure” means payments from the amount of grant specified against a block in Annex A, made by the authority (or any person acting on behalf of the authority) in respect of the delivery of such projects, between 1 April 2007 and 31 March 2008, as will contribute to the achievement or to exceed the outcomes, targets and indicators that block of its LAA. Of the grant monies of £13,434,121, payments of not more than 5% or £671,706 may be made in the period 1 April 2008 – 31 March 2009. Eligible expenditure does not include:

- (a) contributions in kind;
- (b) payments for activities of a political or exclusively religious nature;
- (c) depreciation, amortisation or impairment of fixed assets;
- (d) input VAT reclaimable by the authority from HM Revenue and Customs;
- (e) interest payments or service charge payments for finance leases;
- (f) gifts, other than promotional items with a value of no more than £10 in a year to any one person;
- (g) entertaining; and
- (h) statutory fines, criminal fines or penalties.

4. Should the authority achieve all agreed three year targets in any block and have remaining grant against that block, it shall use such remaining grant to exceed the targets in that block of the LAA.

5. Should the authority achieve all the agreed targets in the LAA and have remaining grant, it shall use such remaining grant to exceed any target in the LAA. In this case “eligible expenditure” means payments (other than those set out at paragraphs 3(a) – (h)), made by the authority, (or any person acting on behalf of the authority), in respect of the delivery of such projects, between 20 April and 31 March 2008, as will exceed any target in the LAA.
6. The authority shall not incur liabilities for eligible expenditure before there is an operational need for it to do so.
7. The authority shall not pay for eligible expenditure sooner than the due date for payment.
8. For the purpose of defining the time of payments, a payment is made by the authority when money passes out of its control (or out of the control of any person acting on behalf of the authority). Money will be assumed to have passed out of such control at the moment when legal tender is passed to a supplier (or, if wages, to an employee), when a letter is posted to a supplier (or employee) containing a cheque, or an electronic instruction is sent to a bank to make a payment to a supplier (or employee) by direct credit or bank transfer.

Allocation of Grant Funding

9. In deciding how to allocate grant funding, the authority shall have regard to the outcomes and targets determined by the LSP set out in the LAA.

Statement of Grant Usage

10. The authority shall prepare Statements of Grant Usage at six monthly intervals. The first covering the period 1 April 2007 - 30 September 2007. The second covering the period 1 April 2007 - 31 March 2008. The third covering the period 1 April 2008 – 30 September 2008, if there are payments of eligible expenditure in that period and the fourth covering the period 1 April 2008 – 31 March 2009, if there are payments of eligible expenditure in the period 1 October 2008 – 31 March 2009. The authority shall submit each Statement of Grant Usage to the Government Office by such date as the Government Office may specify. The Statement of Grant Usage shall be in such form as the Government Office may specify and shall provide details of eligible expenditure against each relevant block. Each Statement of Grant Usage shall be certified by the authority’s Chief Finance Officer that, to the best of his or her knowledge, the amounts shown on the Statement are eligible expenditure and that the grant has been used for the purposes intended.

Outturn information Report

11. The authority shall submit a report to the Government Office setting out the value of the work, financed by grant under this Determination, carried out by the authority, from 1 April 2007 to 29 February 2008, together with an estimate of the value of such work to be carried out during March 2008 where “value” shall be measured according to the authority’s accounting policies. The report shall be

submitted by such date (after 29 February 2008) as the Government Office may specify.

Progress Report

12. The authority shall prepare a Progress Report at six monthly intervals or at such other intervals as may be specified by the Government Office, to be submitted to the Government Office by a date to be specified by the Government Office. The Progress Report shall provide details of progress against the outcomes, targets and indicators set out in the LAA.

Grant Audit

13. The authority's Chief Finance Officer shall prepare an annual report. The report shall set out whether he has received an audit opinion from the Chief Internal Auditor that he can provide reasonable assurance that the second Statement of Grant Usage, in all material respects, fairly presents the eligible expenditure in the period 1 April 2007 to 31 March 2008 in accordance with the definitions and conditions in this Determination. The report shall be submitted to the Government Office by such date (after 31 March 2008) as the Government Office may specify.
14. A second such report will be required if either a third or a third and fourth Statement of Grant Usage are prepared in accordance with paragraph 10 above. The second such report, if any, shall be prepared by the authority's Chief Finance Officer and submitted to the Government Office by such date as the Government Office may specify. The report shall set out whether he has received an audit opinion from the Chief Internal Auditor that he can provide reasonable assurance that the fourth Statement of Grant Usage, in all material respects, fairly presents the eligible expenditure in the period 1 April 2008 to 31 March 2009 in accordance with the definitions and conditions in this Determination.
15. The authority shall ensure that it informs the Government Office promptly of any significant financial control issues raised by its internal auditors and shall take adequate measures to investigate and resolve any reported irregularity.
16. The Minister of State may require a further external validation to be carried out by an appropriately qualified independent accountant or auditor of the use of the grant after the annual audit report(s) referred to in paragraphs 13 and 14 above have been submitted to the Government Office.

Financial Management

17. The authority shall maintain a sound system of internal financial controls.
18. The authority shall take adequate measures to safeguard against fraud and theft. All cases of fraud or theft, whether proven or suspected, relating to grant paid under this determination, shall be referred to the Government Office.

Grant Accounting

19. The authority shall maintain reliable, accessible and up to date accounting records with an adequate audit trail for all its eligible expenditure.
20. The authority (and any person acting on behalf of the authority) shall permit:
 - (a) the Comptroller and Auditor General or appointed representatives; and
 - (b) the Minister of State or appointed representatives;free access at all reasonable times to all documents (including computerised documents and data) and other information as are connected to the grant payable under this Determination, or to the purposes to which grant is put, subject to the provisions in paragraph 21.
21. The documents, data and information referred to in paragraph 20 are such which the Minister of State or the Comptroller and Auditor General may reasonably require for the purposes of his financial audit or any department or other public body or for carrying out examinations into the economy, efficiency and effectiveness with which any department or other public body has used its resources. The authority shall further provide such explanations as are reasonably required for these purposes.
22. Paragraphs 20 and 21 do not constitute a requirement for the examination, certification or inspection of the accounts of the authority by the Comptroller and Auditor General under section 6(3) of the National Audit Act 1983. The Comptroller and Auditor General will seek access in a measured manner to minimise any burden on the authority and will avoid duplication of effort by seeking and sharing information with the Audit Commission.

Fixed Assets

23. The authority shall keep a register of its fixed assets, including all land and buildings, acquired or improved, at a cost exceeding £5,000, wholly or partly using grant provided under this determination.
24. For each fixed asset in the register the following particulars shall be shown where appropriate:
 - (a) date of acquisition or improvement;
 - (b) description of asset;
 - (c) cost, net of recoverable VAT;
 - (d) location of the asset;
 - (e) serial or identification numbers;
 - (f) location of the title deeds (where appropriate);
 - (g) date of any disposal;
 - (h) proceeds of disposal net of VAT; and
 - (i) the identity of any person to whom the fixed asset has been transferred or sold.

25. If fixed assets are sold or their ownership transferred whilst they have any economic value, the authority shall notify the Minister of State as soon as possible. The Minister of State may require the authority to repay the proceeds or an appropriate part of them, as may be determined by the Minister of State and notified in writing to the authority. Such sum as has been notified shall immediately become repayable to the Minister of State who may set off the sum against any future amount due to the authority from central Government.
26. The authority shall not allow a third party to take a charge on any fixed asset funded wholly or partly by grant paid under this Determination.

Breach of Conditions and Recovery of Grant

27. If the authority fails to comply with any of these conditions, or if the authority fails to comply with paragraphs 5 and 6 of the Determination, or if any overpayment is made under this grant or any amount is paid in error, or if any of the events set out in paragraph 28 occurs, the Minister of State may reduce, suspend or withhold grant payments or require the repayment of the whole or any part of the grant monies paid, as may be determined by the Minister of State and notified in writing to the authority. Such sum as has been notified shall immediately become repayable to the Minister of State who may set off the sum against any future amount due to the authority from Central Government.
28. The events referred to in paragraph 27 are:
 - (a) the authority purports to transfer or assign any rights, interests or obligations arising under this determination without the prior agreement of the Minister of State;
 - (b) any information provided in any application for grant monies payable under this determination, or in any subsequent supporting correspondence is found to be significantly incorrect or incomplete in the opinion of the Minister of State;
 - (c) it appears to the Minister of State that other circumstances have arisen or events have occurred which are likely to significantly affect the authority's ability to meet the objectives, targets or indicators set out in the LAA.
29. If the authority fails to make satisfactory progress in the delivery or achievement of the objectives, targets and indicators set out in the LAA, the Minister of State may reduce, suspend or withhold grant payments.

Financial Year 2007 / 08

Safer and Stronger Communities Pillar

Programme Number	Programme Name	Amount Approved	Funding Stream	Re-Profiled amount
SSC Tap Cluster 1	Drugs TAP	445,700	NRF	376,700
SSC TAP cluster 2	Persistent Offenders / Youth Crime TAP	83,350	NRF	83,350
SSC TAP Cluster 3	Respect / ASB TAP	129,981	NRF	129,981
SSC TAP Cluster 4	Domestic Violence TAP	188,000	NRF	165,420
SSC TAP Cluster 5	Overall Crime TAP	282,750	NRF	275,250
SSC TAP Cluster 6	Fire Service TAP	6,011	NRF	6,011
SSC 6.1	Increase in Recycling and municipal waste for landfill	13,796	NRF	13,796
TOTALS		1,149,588		1,050,508

Children and Young People Pillar

Project No.	Project Name	Approved Amount	Funding Stream	Reprofiled CHEG Approved Amount
CYP/01	14-19 Curriculum (Critical Element)	17,000	NRF	12,000
CYP/02	Ready Steady Summer	50,000	NRF	50,000
CYP/03	Children's Trust Posts - Information Analyst & Performance Manager	72,000	NRF	72,000
CYP/12	My Walsall My Future	40,000	NRF	40,000
CYP/13	External Fund Raiser	50,000	NRF	45,000
CYP/14	CAMHS	50,000	NRF	47,000
CYP/TAP 01	Reduce the prevalence of obesity in 4 - 11 year olds (ii)	60,000	NRF	50,000
CYP/TAP 02	Reduction in perinatal mortality rate	70,000	NRF	64,000
CYP/TAP 03	Reduce the number of teenage conceptions	133,000	NRF	110,000
CYP/TAP 08	Support development of Walsall's Safeguarding Children Board	50,000	NRF	50,000
CYP/TAP 09	Support ongoing development of a range of responses to domestic abuse	100,000	NRF	90,000
CYP/TAP 10	No of Children Registered on the Child Protection Register	145,900	NRF	133,900

CYP/TAP 11	Anti-Bullying	25,000	NRF	25,000
CYP/TAP 12	Number of missed half days due to (un)authorised absences	88,500	NRF	71,680
CYP/TAP 14	Reduce the prevalence of obesity in 4 - 11 year olds (i)	30,000	NRF	29,000
CYP/TAP 15	% of pupils in LEA schools achieving 5 or more A* - C	151,778	NRF	151,778
CYP/TAP 16	Reduce % of 16-18 year olds in NEET	160,000	NRF	140,000
CYP/TAP 19	By 2009 all schools to achieve 65% level 4+ in English & Maths	84,563	NRF	84,563
CYP/TAP 4,5,7,13,17	Enabling Looked After Children to Make a Positive Contribution	225,000	NRF	202,000
TOTALS		1,602,741		1,467,921

Healthy Communities and Vulnerable People Pillar

Programme Number	Programme Name	Amount Approved	Funding Stream	Re-Profiled amount
HCVP 01	Low Birth Weight Babies	100,000	NRF	100,000
HCVP 02	Falls Prevention	132,000	NRF	132,000
HCVP 02 (a)	Physical Activity	138,600	NRF	138,600
HCVP 03	Smoking Cessation	80,000	NRF	80,000
HCVP 04	Locality Based Commissioning	50,000	NRF	50,000
HCVP 05	Health Through Warmth	500,000	NRF	500,000
HCVP 06	Dietary Advice and Support BME	40,000	NRF	40,000
HCVP 07	Income Maximisation	120,000	NRF	120,000
HCVP 08	Direct Payments	Ongoing approval	NRF	
HCVP 09	Employment Retention Service	60,000	NRF	60,000
HCVP 11	Residential Homes Admissions	40,000	NRF	40,000
HCVP 12	Healthy Workplace Awards	15,000	NRF	15,000
HCVP 13	Older Peoples Strategy	60,000	NRF	60,000
HCVP 21	DNF / CAB	85,000	NRF	85,000
TOTALS		1,420,600		1,420,600

Economic Development and Enterprise Pillar

Project No	Project Name	Approved Amount	Funding Stream	Re-Profiled Amount
EDE/02	Worklessness	17,420	NRF	17,420
i.	Multi Agency One Stop Shop	61,364	NRF	61,364
ii.	Transport Barriers	30,000	NRF	30,000
iii.	Self Employment Programme	93,000	NRF	93,000
iv.	Successful Application Interventions	64,823	NRF	64,823
v.	Access to employment	25,013	NRF	25,013
EDE/03	VAT Register			
i.	Walsall Growth Business Project	153,500	NRF	153,500
ii.	Franchise Discovery Days	2,750	NRF	2,750
iii.	Princes Trust	30,000	NRF	30,000
iv.	Succession Planning	26,600	NRF	26,600
v.	Business Partnership Team	34,650	NRF	34,650
EDE/04	NVQ increased in skills	551,800	NRF	551,800
EDE/05	Social Economy Centre	91,850	NRF	91,850
EDE/07	Inward Investment	34,250	NRF	34,250
HCVP/12	Healthy Work Place Awards	15,000	NRF	15,000
TOTALS		1,232,020		1,232,020

AUDIT COMMITTEE 4 SEPTEMBER 2006	AGENDA ITEM
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NEIGHBOURHOOD RENEWAL FUND (NRF)

Summary of report:
 This report attaches the 4 issued internal audit reports in relation to NRF. As discussed at the previous meeting, these are advanced copies to enable preparation for discussion at the 16 October 2006 meeting at which relevant officers will be present. Members are asked to bring their copies of these reports to the October meeting.

Background papers:
 Internal audit reports.

Reason for scrutiny:
 Members asked at the last meeting that these reports be presented for detailed scrutiny.

Recommendations:

- To receive the 4 internal audit reports issued by internal audit in respect of NRF for consideration at the meeting on 16 October 2006.**

Signed:

Executive Director: Carole Evans **7 August**
2006

Resource and legal considerations:
 None directly relating to this report.

Citizen impact:
 None directly relating to this report.

Environment impact:
 None arising directly from this report.

Performance Management and Risk Management Issues:
 Many audit committee activities are an important and integral part of the council's performance management and corporate governance frameworks.

The Four NRF Reports
 Details of the three 3 unplanned / irregularity investigations regarding NRF undertaken by internal audit between July 2004 and September 2005, in response to an officer raising concerns regarding NRF, are set out below and overleaf. These reports have been completed by internal audit under a joint arrangement with the Audit Commission.

Internal Audit Report:	Period subject to	Issue Date:	Recipients of Report:
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	audit:		
NRF Administrative Costs Internal Audit Report See Appendix 1	2003/04 2004/05	Nov 2004	WBSP Partnership Director Head of Finance (RHBE) Principal Partnership Officer
NRF Approvals & Spend Internal Audit Report See Appendix 2	2003/04	June 2005	WBSP Partnership Director Head of Finance (RHBE) Principal Partnership Officer
NRF Internal Audit Report <i>(extracts quoted in the Express & Star)</i> See Appendix 3	2003/04 2004/05	Feb 2006	WBSP Partnership Director Head of Finance (R&NS) Principal Partnership Officer

Internal Audit also completed an unplanned / irregularity investigation regarding NRF in August 2002, following an officer raising concern, resulting in the following report:

Internal Audit Report:	Period subject to audit:	Date:	Recipients of Report:
NRF Special Investigation Report See Appendix 4	2002/03	Sept 2002	Interim Head of Housing & Regeneration Acting Assistant Chief Executive Head of Finance

Equality Implications:

None arising from this report.

Consultation:

All internal audit reports, including these, are discussed and agreed with relevant senior managers. Following completion of each piece of audit work, and before issuing the final version, the manager's agreement to implement recommendation(s) listed in the audit report action plan is sought.

Vision impact:

None directly related to this report.

Contact Officer

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Walsall Metropolitan Borough Council
Internal Audit Service

Neighbourhood Renewal Fund
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AUDIT OPINION & ACTION PLAN

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EXECUTIVE SUMMARY

A. Introduction

1. A series of reports and communications have been forwarded in confidence by a council officer to internal audit between March and July 2004, detailing a number of concerns / allegations regarding the council's use, management and administration of neighbourhood renewal fund (NRF).
2. Internal audit has shared the main concerns identified by the officer with the chief executive, executive director for finance, law & performance management (*Section 151* officer) and executive director, regeneration, housing and the built environment on 9 and 14 July 2004, respectively.
3. ██████, Audit Commission manager, has also been made aware of the issues by the source. It was agreed with the Audit Commission that the investigation would be undertaken jointly between internal audit and the Audit Commission, with internal audit taking the lead role.
4. Each concern / allegation requiring investigation has been risk assessed by the Audit Commission manager and internal audit to enable the more urgent matters to be addressed as a priority. This report is the first in a series of reports summarising the findings of the investigation and concentrates on issue rated as the highest priority - the use of NRF to fund the administrative costs of the local strategic partnership (LSP). The nature of this concern is as follows:-

The government requires partners within LSP's to collectively meet the administration costs of the LSP. If a partnership decides to use NRF to meet its administrative costs then the LSP should consult and receive approval from government office to ascertain whether this is an allowable use of NRF.

In Walsall, although it was believed permission to fund an NRF Co-ordinator post and some additional administrative expenses was obtained at the start of the NRF programme, there was concern that no formal approval has been received by the partnership from government office recently. Given that administrative expenditure funded from NRF has risen sharply in recent months and is estimated to be between £844k and £1.2m, there is the concern that Walsall MBC, as accountable body for these funds, could be at risk of claw-back of NRF.

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B. Work Undertaken

1. The following guidance documents have been reviewed:-
 - *Neighbourhood Renewal Unit Special Grant Report (No. 78), March 2001.*
 - *Local Government Finance Special Grant Report (No. 93), February 2002.*
 - *Local Government Finance Special Grant Report (No.111), February 2003.*
 - *The Neighbourhood Renewal Fund Grant Determination 2004 (No.31/19), May 2004.*
2. Discussions have been held with [REDACTED], partnership director, Walsall Borough Strategic Partnership and officers within the WBSP secretariat.
3. LAFIS printouts and spreadsheets detailing administration costs funded from NRF have also been examined.

C. Background

1. Since 2001, NRF has aimed to enable the 88 most deprived authorities, in collaboration with their LSP, to improve services thereby narrowing the gap between deprived areas and the rest of England.
2. NRF can be used in any way that tackles deprivation in the most deprived neighbourhoods, particularly, but not exclusively, in relation to floor targets and to local targets set out in the local neighbourhood renewal strategy agreed by each of the LSPs. NRF spending plans are to be determined by each local authority, working with, and as part of, an LSP.
3. Where service quality is at risk or requires improvement, it is strongly desirable that funding should go to mainstream services, such as schools – provided the funding benefits the most deprived areas. The money can be used to support not only local authority services but those of other organisations, including other members of the LSP.
4. Walsall MBC has received the following allocations of NRF:-
 - 2001/02 - £3.56 million
 - 2002/03 - £5.34 million
 - 2003/04 - £7.12 million.
5. Walsall MBC is also to be allocated £7.12 million per annum for the periods 2004/05 and 2005/06.

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D. Overall Conclusions

1. Concerns raised with regard to NRF were partially substantiated. Approval from GOWM had not been sought for the administrative costs of the LSP in 2003/04, although approval had been sought in 2001/02 and 2002/03 following a recommendation made in an earlier internal audit report. The officer raising concerns was, however, inaccurate in that GOWM **approval** is not required in 2002/03 and subsequent years, local authorities should merely '**consult**' with GOWM applying the concepts of proportionality and value for money. Recommendations detailed within this report will address this concern.
2. It was claimed that LSP administrative costs had 'risen sharply in recent months, estimated between £844k and £1.2m (for 2004/05)'. For 2004/05, the Partnership Director anticipates costs to be £392k. This is significantly less than that reported in the original concern.
3. This review has, however, identified a number of control weaknesses with regard to the management of NRF to fund LSP administrative costs. The recommendations made in this report should assist in this respect.

E. Summary of Findings

1. ODPM Guidance

- 1.1 In 2001/02, Neighbourhood Renewal Unit Special Grant Report (No. 78), March 2001, states 'if authorities want to use some of the grant to pay some of the administration costs of the LSP, the authority will have to make the case to the satisfaction of the Secretary of the State that doing so would contribute to addressing deprivation and that such funding could not be reasonably secured from any other source. If local authorities do wish to use NRF monies to fund the administration costs of LSP's they should contact their Government Office as soon as possible. They will need the Secretary of State's approval before the money can be spent in this way'.
- 1.2 A list of frequently asked questions issued at this time, states 'NRF should be used to improve services to improve outcomes in the most deprived neighbourhoods. It is not intended to fund the development of LSP's. The Government believes it is essential for local people to develop effective and representative LSP's, but this should not mean establishing costly new administrative arrangements. LSP's should build on and rationalise existing partnership arrangements'.
- 1.3 In 2002/03, in the Local Government Finance Special Grant Report (No.93), February 2002, 'the Government expects LSP partners collectively should meet the administration costs of the LSP. However, the Government recognises that this may take time to establish and that meanwhile, the proper functioning of the LSP may be hampered without secure administrative funding. In such cases, the LSP should consult the Government Office to

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ascertain whether some or all of the administrative costs in question might be acceptable charges to the NRF’.

- 1.4 In 2003/04, in accordance with the Local Government Finance Special Grant Report (No.111), February 2003, guidance was in line with that given in 2002/03, with the addition that ‘the Government understands the difficulties LSP’s – and particularly those in smaller districts – face in developing and reviewing local neighbourhood renewal strategies and establishing performance management and monitoring systems. LSP’s may therefore want to consider using some NRF to support these processes, where this expenditure would be proportionate and represent good value for money. Again LSP’s should consult the Government Office to ascertain whether some or all of the administrative costs in question might be acceptable charges to the NRF and keep them informed of progress’.
- 1.5 For 2004/05, in accordance with The Neighbourhood Renewal Grant Determination 2004 (No. 31/19), May 2004, under the heading LSP administration and performance management, ‘The Government continues to expect that LSP partners collectively should normally meet the administration costs of the LSP. However, the Government has always recognised that an LSP may need to use a proportion of its NRF allocation to ensure that it has secure administrative funding needed for the effective planning and management of LSP activity. LSP should consult the Government Office to ascertain whether some or all of their administrative costs might be acceptable charges to the NRF’. Additionally ‘the Government has also previously acknowledged the need for and difficulties associated with establishing systems for reviewing, monitoring and improving local neighbourhood renewal strategy delivery and broader LSP performance. Hence, LSP’s have been and continue to be encouraged to use NRF to support these processes and they should, again, consult Government Office to discuss how such expenditure might be proportionate and represent good value for money.

Conclusions

- **Administrative costs refer to the administrative costs of LSP’s. No further definitive guidance on what constitutes administrative costs appears to exist.**
- **It appears that Government Office *approval* was required in 2001/02, which has since been relaxed in 2002/03 and subsequent years to Government Office *consultation*. There is no further guidance regarding what constitutes sufficient evidence of ‘consultation’. It does however, imply that a degree of agreement from Government Office is required.**
- **In 2003/04, LSP’s were asked for the first time to consider applying the notions of value for money and proportionality when using NRF to fund administrative costs of the LSP.**

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2. ODPM approval / consultation

2001/02 and 2002/03

2.1 The neighbourhood renewal fund investigation internal audit report issued in 2002/03 recommended that 'necessary approval should be sought from Government Office West Midlands (GOWM) for £40k of NRF being used to fund secretariat functions of the LSP from the policy and urban regeneration budget'. This recommendation was agreed and actioned by [REDACTED], the acting director, regeneration and housing, at that time.

2.2 A letter from [REDACTED], GOWM dated 1 April 2003 to [REDACTED], then Chair of Walsall Borough Strategic Partnership, confirmed the following:-

'I can confirm 'in principle' the use of NRF to resource the LSP's secretariat costs in years 1-3. However, we do require you (the LSP) to set out the actual costs of the secretariat, number of posts and other administrative expenditure, plus the contribution the partners are making towards these costs (in cash or kind). We also need an indication of how the partnership intends to resource the secretariat after year 3. Please let us have these details showing current and proposed future levels of expenditure on the Secretariat. You will also need to show the expenditure in your statement of use returns'.

2.3 A response to this letter was sent by [REDACTED] to [REDACTED] on 15 April 2003, including a breakdown of costs for years 1 (2001/02) and anticipated costs for year 2 (2002/03) including 'administrative costs, posts and building revenue costs'. The summary of costs attached to the letter detailed £5,030 in year 1 and a prospective £40,715 in year 2. In year 3 (2003/04) the letter states 'the programme manager will continue to be funded by NRF. This post will be replaced by the strategic director. It is envisaged that this post will also be funded by NRF, but discussions are taking place regarding it being a jointly funded post between the council and the primary care trust Part of this second report will also raise the issue of what happens to funding the partnership beyond year 3. As announced, Walsall will receive a further two years NRF funding. Guidelines for use of this funding are yet to be received, but it may be that some of this funding may be used to continue to support the partnership. It is hoped, however, that Partners will begin to pool their resources in order to fund posts and revenue costs'. No pooling of resources by the LSP for such costs has, however, been noted to date.

Conclusion

- **Approval has been obtained 'in principle' for £5k of actual costs 2001/02 and £40k of projected costs for 2002/003. This approval was sought retrospectively for 2001/02 following a recommendation made in an internal audit report 2002/03.**

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2003/04 and 2004/05

- 2.4 An e-mail was sent on 26 April 2004 from ██████, northern communities team - GOWM, to ██████, head of finance, regeneration, housing and the built environment confirming that 'NRF can be used to support secretariat costs'. A further e-mail was sent by ██████, GOWM on 15 July 2004 to ██████ stating 'it is acceptable to use NRF to support the delivery capacity of LSP's. I am trying to track down evidence to support the position. Though the early guidance did not allow NRF to be used for LSP secretariats this was subsequently relaxed in a letter from ██████ about 12-18 months ago. You may need this letter... I will attempt to find it'.

Conclusion

- **GOWM has indicated in correspondence with the council, that it is acceptable to use NRF to support LSP administrative costs in 2003/04. Guidance for 2003/04 states that the council should consult with GOWM. No indicative costs of NRF used to support LSP administration costs has, however, been forwarded to GOWM to allow meaningful consultation to take place.**

3. LSP approval of NRF for LSP administration costs

- 3.1 Guidance has generally stated that recipient authorities should agree the use of NRF with their LSP's. NRF was first awarded to the council in April 2001. The LSP did not meet until 15 October 2001. Guidance at that time, in Special Grant Report No 78 (2001/02) stated 'while the local authority is to decide how the NRF grant is to be spent in 2001/02, it will make sense for the authority to consult LSP's where they already exist, or, where LSP's do not yet exist, emerging LSP's or other local partners'. It follows that in the period prior to the LSP becoming established and accredited, the council could decide how NRF was spent in 2001/02.
- 3.2 In 2002/03 and subsequent years, guidance states that 'local authorities will be assumed to be collaborating with LSP partners to agree NRF spending plans'.
- 3.3 The following projects, funded from NRF, constitute administrative costs of the LSP and have been approved as follows:-

Project	Approval by LSP	Note
Confident communities	Not approved	Initial allocation of NRF approved by council in 2001/02 (see 3.1 above).
WBSP administration	Deferred at 23.9.02 meeting of the LSP	'Project deferred at the September meeting pending further information'.

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Conclusion

- **No formal approval from the LSP has been obtained for projects designed to fund LSP's administrative costs. Confident communities was part of the initial allocation of NRF monies and as such was approved by the council, WBSP administration was deferred at one meeting of the LSP but not subsequently formally minuted as approved.**

4. Accounting Arrangements

4.1 Administrative costs of the LSP are managed under the 'community development unit budget'. The budget includes non LSP administrative costs such as neighbourhood resource centre allocations, community development unit costs and local committee costs. During 2003/04 the overall budget was spent on the following projects: -

Project	2003/04
Confident communities	£290,000 (NRF)
Neighbourhood resource centres	£60,000 (NRF)
Project manager costs	£143,500 (NRF)
Skills escalator	£100,000 (NRF)
WBSP administrative costs	£50,000 (NRF)
Mainstream	£52,394
Total	£695,894

4.2 Most of this expenditure was coded to ledger codes R516 2728 (community development unit) and R516 274X (local strategic partnership). The following constitutes the costs to these codes in 2001/02 – 2003/04:-

Code	2001/02	2002/03	2003/04
R516 2728	187,055	208,697	255,480
R516 274X	5,199	57,377	117,841
Total	192,254	266,074	373,321

4.3 This accounting arrangement has the following implications:-

- Costs are not allocated to project codes; hence it is not possible to clearly identify expenditure incurred on projects and which projects are therefore under / over spent.
- An accurate full cost of administering the LSP cannot easily be identified for GOWM consultation purposes.
- For 2001/02 and 2002/03 where approval has been sought from GOWM for LSP administrative costs – an accurate full cost figure may not have been given.

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- 4.4 It was further identified that the community development budget was monitored by the principal partnership officer via a spreadsheet, rather than using information produced directly from the ledger. Until the audit, no reconciliation had been undertaken from the spreadsheet to LAFIS.
- 4.5 For 2004/05, the partnership director anticipates administrative costs of the LSP at £392,843. The total WBSP infrastructure budget is anticipated at £1.17million, which includes commissioning, project management, neighbourhood management and LSP development (skills escalator programme).

Conclusion

- **The accounting arrangements for LSP administrative costs are inadequate and require urgent review. Costs cannot be identified to specific projects, and therefore an accurate full cost of administering the LSP is not easily available. The council are therefore unable to currently demonstrate accountability and sound control arrangements with regard to this area.**

F. Recommendations

1. Consultation with GOWM regarding the use of NRF to support LSP administrative costs should be sought as a matter of urgency. This should constitute a letter to GOWM detailing a breakdown of the administration costs of the LSP for 2003/04 and projected administration costs of the LSP for 2004/05. The letter should seek GOWM's consultation on these costs. The letter should also demonstrate how this expenditure is considered proportionate and represents good value for money. Further, evidence from GOWM that this expenditure is acceptable should be obtained and retained on file.
2. In 2005/06, NRF guidance from GOWM should be reviewed and action taken where necessary to ensure the council's full compliance with government expectations.
3. Formal approval should be obtained (and clearly minuted) for WBSP administrative costs at the next meeting of the LSP. Any subsequent spend identified as not formally approved in minutes of the LSP should also be sought as a matter of urgency.
4. Accounting arrangements for administration costs of the LSP should be reviewed. This should include the urgent address of the following:-
 - Each NRF project should be accounted for separately under a discrete ledger code.
 - Administrative costs of the LSP should be clearly identifiable and transparent on the ledger. A definition of what constitutes LSP administrative costs should be sought from GOWM and applied.

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- Where spreadsheets are used to monitor NRF spend, the balance should be reconciled to ORACLE on a regular monthly basis.
 - Support from a finance professional should be sought as a matter of urgency.
5. The LSP should ensure that administrative costs remain proportionate to the total NRF spend and represent good value for money. Consideration could be given to applying the 5% rule (a ceiling of 5% of total cost of grant funded scheme can be spent on management and administration) as recommended for other programme management arrangements such as Single Regeneration Budget (SRB).
6. The partnership director should receive regular and prompt financial information detailing NRF spend against codes and the available budget should be provided. Budgets should be monitored and managed by the partnership director in accordance with the council budget management and control manual and corrective action taken where necessary. Should administration costs exceed that budgeted / consulted to GOWM, GOWM should be notified immediately to enable appropriate action to be taken.

**NEIGHBOURHOOD RENEWAL FUND
ADMINISTRATION COSTS
AUDIT OPINION & ACTION PLAN**

ACTION PLAN

Ref	Priority	Recommendation	Response	Responsibility & Timescale
1.1	* * *	<p>Consultation with GOWM regarding the use of NRF to support LSP administrative costs should be sought as a matter of urgency. This should constitute a letter to GOWM detailing a breakdown of the administration costs of the LSP for 2003/04 and projected administration costs of the LSP for 2004/05. The letter should seek GOWM's consultation on these costs. The letter should also demonstrate how this expenditure is considered proportionate and represents good value for money. Further, evidence from GOWM that this expenditure is acceptable should be obtained and retained on file.</p>	<p>Letter sent to GOWM dated 18 August 2004 detailing a breakdown of the administration costs of the LSP for 2003/04 and projected administration costs of the LSP for 2004/05. GOWM's consultation was requested. A recent discussion with GOWM confirms that a response has been prepared which will be forwarded on receipt.</p>	<p>Partnership Director / August 2004</p>
1.2	* * *	<p>In 2005/06, NRF guidance from GOWM should be reviewed and action taken where necessary to ensure the council's full compliance with government expectations.</p>	<p>This recommendation assumes that government guidance will be available for 2005/06. Given that it cannot be actioned until any such guidance is available, it is appropriate for it to be a priority 3 recommendation?</p>	<p>Partnership Director / 2005/06</p>

**NEIGHBOURHOOD RENEWAL FUND
ADMINISTRATION COSTS
AUDIT OPINION & ACTION PLAN**

ACTION PLAN

Ref	Priority	Recommendation	Response	Responsibility & Timescale
1.3	* * *	Formal approval should be obtained (and clearly minuted) for WBSP administrative costs at the next meeting of the LSP. Any subsequent spend identified as not formally approved in minutes of the LSP should also be sought as a matter of urgency.	<p>This can be undertaken at the WBSP Board on 11 November 2004.</p> <p>This will be programmed in for the next year at the AGM on March / April 2005.</p>	<p>Partnership Director / November 2004</p> <p>Partnership Director / March /April 2005</p>

**NEIGHBOURHOOD RENEWAL FUND
ADMINISTRATION COSTS
AUDIT OPINION & ACTION PLAN**

ACTION PLAN

Ref	Priority	Recommendation	Response	Responsibility & Timescale
1.4	* * *	<p>Accounting arrangements for administration costs of the LSP should be reviewed. This should include the urgent address of the following:-</p> <ul style="list-style-type: none"> • Each NRF project should be accounted for separately under a discrete ledger code. • Administrative costs of the LSP should be clearly identifiable and transparent on the ledger. A definition of what constitutes LSP administrative costs should be sought from GOWM and applied. • Where spreadsheets are used to monitor NRF spend, the balance should be reconciled to ORACLE on a regular monthly basis. • Support from a finance professional should be sought as a matter of urgency. 	<p>With the move to the commissioning framework and a major change in the way NRF funding is allocated i.e. by monthly claims based on evidence of defrayed expenditure, the accounting arrangements have been fundamentally restructured.</p> <p>A procedure note for reimbursement following approval by the commissioning executive has now been produced. All claims for projects / commissions will be reimbursed from the specific code. Income received by Walsall MBC as accountable body will be held on a specific NRF oracle code set up for that purpose.</p> <p>Spreadsheets are still maintained and will be reconciled to Oracle, within WBSP secretariat to ensure no unauthorised expenditure is allocated to this code.</p> <p>The head of finance, RHBE and group accountant, community, regeneration and housing, both have an active role in providing financial support to the partnership director and commissioning executive.</p>	<p>Implemented.</p> <p>To date GOWM have not agreed a final definition of 'administrative costs' the NRA guidance refers to 'core costs' to 'run' the LSP.</p>

**NEIGHBOURHOOD RENEWAL FUND
ADMINISTRATION COSTS
AUDIT OPINION & ACTION PLAN**

ACTION PLAN

Ref	Priority	Recommendation	Response	Responsibility & Timescale
1.5	* * *	The LSP should ensure that administrative costs remain proportionate to the total NRF spend and represent good value for money. Consideration could be given to applying the 5% rule (a ceiling of 5% of total cost of grant funded scheme can be spent on management and administration) as recommended for other programme management arrangements such as Single Regeneration Budget (SRB).	The total cost of the staff supporting NRF is £450,526 (including revenue costs and programme management). This equates to 6.4% of the current year's allocation of £7.12 million. This includes programme management support, finance support and operational management. This is well within the 10% limits set for NDC and European funding programmes. Furthermore, a meeting is scheduled for 4 November 2004 with key partners to discuss the implications for mainstreaming the costs of the WBSP secretariat.	Partnership Director / November 2004.

**NEIGHBOURHOOD RENEWAL FUND
ADMINISTRATION COSTS
AUDIT OPINION & ACTION PLAN**

ACTION PLAN

Ref	Priority	Recommendation	Response	Responsibility & Timescale
1.6	* * *	<p>The partnership director should receive regular and prompt financial information detailing NRF spend against codes and the available budget should be provided. Budgets should be monitored and managed by the partnership director in accordance with the council budget management and control manual and corrective action taken where necessary. Should administration costs exceed that budgeted / consulted to GOWM, GOWM should be notified immediately to enable appropriate action to be taken.</p>	<p>RHBE finance provide a monthly financial monitoring report to the commissioning executive which details:-</p> <ul style="list-style-type: none"> • The amount allocated to each project / commission; • Actual spend to date / profiled spend to date and forecast out-turn; • Approved funding for future years; and • Traffic light risk indicators. <p>NRF spend etc. is also incorporated into the monthly consolidated RHBE financial monitoring report that is reported to the RHBE management team (of which the partnership director is a member). The report is also incorporated in the corporate monitoring report that is reported to cabinet.</p> <p>Whilst recognising the significance of this issue, as accountable body we need to put into context against the backdrop of the risk to the council of NRF spend in total. This is a more significant risk and therefore we should be mindful about notifying government office immediately of overspending on administration costs. GOWM are not prepared to establish a precedent of approving funding for one LSP in the country, where there are not processes or mechanisms in place to approve funding of any LSP.</p>	<p>Head of Finance, RHBE / Group Accountant RHBE Implemented.</p>

Walsall Metropolitan Borough Council
Internal Audit Service

**Neighbourhood Renewal Fund
Approvals and Spend 2003/04**

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EXECUTIVE SUMMARY

A. Introduction

1. A series of reports and communications were forwarded in confidence by a council officer to internal audit between March and July 2004, detailing a number of concerns / allegations regarding the council's use, management and administration of neighbourhood renewal fund (NRF).
2. Internal audit shared the main concerns arising with the chief executive, executive director for finance, law & performance (*Section 151* officer) and executive director, regeneration, housing and the built environment (RHBE) on 9 and 14 July 2004, respectively.
3. ██████, audit commission manager was also made aware of the issues with regard to NRF, by the source. It was agreed with the audit commission that the investigation would be undertaken jointly between internal audit and the audit commission, with internal audit taking the lead role.
4. Each concern / allegation requiring investigation was risk assessed by the audit commission manager and internal audit to enable issues to be prioritised. During the course of the investigation, ██████, senior programme officer, single regeneration budget (SRB), submitted a spreadsheet to the audit commission during one of their routine final accounts audit enquiries, detailing a list of all projects funded via NRF in 2003/04 for which he claimed that for most projects, no evidence of spend could be identified, see **Appendix A**.
5. The evidence was considered and it was agreed with the audit commission manager at a meeting of 9 August 2004, attended by the assistant director of finance, director of the partnership, head of finance, RHBE, and the internal audit manager that the following piece of work should be undertaken as a priority to identify evidence of Walsall Borough Strategic Partnership's (WBSP, *the LSP*) approval of projects over £40k and evidence of payment being made for projects over £40k.
6. The findings of the review were initially discussed with executive director, finance, law & performance on 25 October 2004 and additional evidence was forwarded, by the Walsall Borough Strategic Partnership to internal audit on 11 November 2004. This report summarises the findings of the review.

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B. Work Undertaken

1. The following work was undertaken:-
 - A review of minutes of the LSP from 15 October 2001 to 31 March 2004 for evidence of project approval for projects over £40k.
 - A review of minutes of the LSP dated 5 July 2004.
 - A review of project documentation and payments made from NRF to Walsall MBC managed projects and projects managed by external organisations over £40k.

2. A review of the following guidance documents was also undertaken:-
 - *Neighbourhood Renewal Unit Special Grant Report (No. 78), March 2001.*
 - *Local Government Finance Special Grant Report (No. 93), February 2002.*
 - *Local Government Finance Special Grant Report (No.111), February 2003.*
 - *The Neighbourhood Renewal Fund Grant Determination 2004 (No.31/19), May 2004.*

C. Background

1. Since 2001, NRF has aimed to enable the 88 most deprived authorities, in collaboration with their LSP, to improve services thereby narrowing the gap between deprived areas and the rest of England. It is one of the features of NRF that the grant can be used to support main stream funding. Another is that when first introduced, the guidance from ODPM was limited and non specific.

2. NRF can be used in any way that tackles deprivation in the most deprived neighbourhoods, particularly, but not exclusively, in relation to floor targets and to local targets set out in the local neighbourhood renewal strategy agreed by each of the LSPs. NRF spending plans are to be determined by each local authority, working with, and as part of, an LSP.

3. Where service quality is at risk or requires improvement, it is strongly desirable that funding should go to mainstream services, such as schools – provided the funding benefits the most deprived areas. The money can be used to support not only local authority services but those of other organisations, including other organisations within the LSP.

4. Walsall MBC has received the following NRF allocations:-
 - 2001/02 - £3.56 million
 - 2002/03 - £5.34 million

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- 2003/04 - £7.12 million.

5. Walsall MBC has been allocated £7.12 million per annum for 2004/05 and 2005/06.

D. Overall Conclusions

1. The initial concern appears to have arisen as a result of SRB officers attempting to apply the standard financial framework used for SRB, to NRF which do not necessarily align.
2. The audit has, however, identified issues and control weaknesses in the approval of projects and payments made from NRF in the sample provided, which relate to the 2003/04 financial year.
3. A lack of evidence to fully support relevant approval of NRF spend in 2003/4 was identified. 12 projects were identified from the sample, totalling £1.4 million (20.1% of total NRF allocation), which could not be agreed to evidence of formal LSP approval. As such, the council could be criticised for non compliance with government office guidance, officers may not be affording themselves adequate protection and the council, as accountable body to these funds, could ultimately be criticised.
4. Positive steps have, however, been taken by the council to address such issues and to improve the control environment with regard to NRF. The council has a new approach to the way in which NRF is spent, based on an innovative commissioning model; a commissioning executive has been established, its purpose to consider and approve NRF commissions; project management and retrospective approval has been sought and received from the LSP for NRF allocations where minutes were believed to be in 'question'. For completeness, where there is issue of further doubt regarding approval of NRF spend (such as those projects highlighted within this report) retrospective approval from the LSP should be sought.
5. In reviewing evidence to support 2003/04 NRF allocations, payments could largely be supported to invoices where funds were allocated outside of the council or to a ledger transfer where funds were used for internally managed projects. Control weaknesses were, however, noted including the occurrence of 2 duplicate payments totalling £208,213.
6. A review and tightening of the approvals and allocations processes should ensure such issues are prevented in future. The recommendations made in the action plan included within this report will assist in this respect.

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E. Summary of Findings

1. Requirements for Approval of NRF spend

- 1.1 The Neighbourhood Renewal Unit Special Grant Report (No. 78), March 2001 states that 'while the local authority is to decide how the NRF grant is to be spent in 2001/02, it will make sense for the authority to consult LSPs where they already exist, or, where LSPs do not yet exist, emerging LSPs or other local partners'.
- 1.2 The Local Government Finance Special Grant Report (No. 93), February 2002, Local Government Finance Special Grant Report (No.111), February 2003 and the Neighbourhood Renewal Fund Grant Determination 2004 (No.31/19), May 2004 state that for 2002/03, 2003/04 and 2004/05 respectively 'the local authority shall agree the use of grant with the LSP'.
- 1.3 NRF was awarded to Walsall MBC in April 2001. Walsall Borough's LSP did not meet until their inaugural meeting of 15 October 2001. For the first year allocation, Walsall MBC could therefore decide how NRF would be spent. After the 15 October 2001, it follows that the NRF spend should have been formally approved by the LSP and documented as such in the minutes of their meetings.

Conclusions

- In 2001/02, the first year allocation of NRF, local authorities could decide how NRF grant was to be spent, although guidance at that time states that it made sense for the authority to 'consult with emerging LSP's / local partners' where LSP's did not yet exist.
- In 2002/03 and subsequent years, local authorities were asked to agree the use of NRF with their LSP. In 2001/02 Walsall LSP did not meet until 15 October 2001 i.e. relatively late in the financial year. NRF spend was therefore agreed by the council, as the local authority accountable for the funds.

2. Testing of Approvals

- 2.1 All projects with a spend in 2003/04 over £40k, listed in [REDACTED] original submission (**Appendix A**) were reviewed to ensure sufficient evidence of approval had been obtained.
- 2.2 NRF spend allocated to projects prior to the LSP's formation in October 2001 which were still being funded in 2003/04, was agreed to a report detailing the first year spend of NRF as set out in a report to policy & resources committee dated 20 February 2002. Subsequent NRF spend requiring the official

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approval of the LSP, has been agreed to the relevant minutes of the LSP. The results of this exercise are detailed in a spreadsheet at **Appendix B**.

- 2.3 From **Appendix B**, it can be seen that for 2003/04, 12 projects or £1.4 million (20.1%) of NRF spend included within the sample, appeared to have no formal relevant approval.
- 2.4 For projects carried forward in 2003/04 which were initially approved by the council in 2001/02, that is, prior to the formation of the LSP, the following issues were noted:
- Projects may have been approved by the council in 2001/02 but many have been funded for 2002/03 and subsequent years. It may have been prudent for the council to have taken subsequent years spend on these projects for approval by the LSP. This would have ensured a more open and accountable approach to the council's use of NRF with its partners.
 - Amounts awarded in 2001/02 to projects did not always agree to the amounts subsequently awarded to those projects in 2003/04. For example, home start (project ref: B04) was allocated £40k in 2001/02 but incurred £71.5k in 2003/04; pupil referral unit (project ref: C04) was allocated £40k in 2001/02 but incurred £250k in 2003/04; and wiring communities (project ref: F11) was allocated £125k in 2001/02 but incurred £225k in 2003/04. No additional approval from the LSP appears to have been sought for the further NRF funding allocated to these projects.
 - There were also projects which appeared to have a higher allocation of agreed funding in 2001/02 to that actually spent in 2003/04. For example, secure by design (project ref:A03) was allocated £130k in 2001/02 but only £103k was spent during 2003/04 and confident communities (project ref:F01) was allocated £290k in 2001/02 but only £231k was spent during 2003/04.
 - 2 projects were identified which appeared to be cited under the same approval (domestic violence unit, management (project ref: A05) and domestic violence stepping stones (project ref:B03). This implies that either no approval has been obtained for one project, or the project has been doubly accounted for.
 - The audit trail is often difficult in agreeing projects to evidence of approval. For example approval for building safer communities, Walsall mini re-loaded 'feb fab fun' project (project ref: A18) was cited under the lead in commission for CSU which was approved by the LSP in their meeting of 15 November 2003. Where there is a lack of clarity, it may be difficult to justify that adequate approval has been obtained.
- 2.5 For NRF allocations carried forward in 2003/04, but initially allocated after the LSP's formation in October 2001 and hence requiring LSP approval, the following issues were noted:

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- For Walsall health & work (employers) (project ref: D05); early interventions (project ref:D11); and development of person centred planning (project ref:F03), no evidence of approval by the LSP could be identified from minutes.
- Certain projects (Walsall health and work employees (project ref: B10); falls prevention (project ref: B11); Walsall schools inclusion forum (project ref: C17); voluntary and community sector NRF policy support (project ref: F14); litter hit squad (project ref: H04) and brown bins (project ref: H05)) were put on the agenda for the LSP, but delegated back to the programme board for consideration. Although the programme board reported back to the LSP at a meeting dated 24.3.03, no minute of the LSP *formally* approving these projects was made.
- The neighbourhood management project (project ref: G05) was noted as the 'secondment to partnership' item on the 21.1.03 meeting of the LSP. The LSP resolved to approve the project *in principle*, with a more detailed proposal being brought to the next meeting. No item was however, identified at subsequent meetings.
- No evidence of approval could be identified for the local connexions manager project (project ref: G08) as it had been accounted for twice (funded twice) under the young people's consultation framework (project ref: G03).

2.6 The following general points were also noted:-

- Where evidence of project approval was identified in minutes of the LSP, no indication of the value / amount of NRF funding allocated to the project or the timescale for which funding would be available (i.e. 1 year, 2 years, life of NRF allocation) was noted and approved in minutes.
- Although identified as a minor issue, some projects may have changed their name / be known under different names. For example the Walsall summer reloaded project (project ref: G06) was approved as the summer activities project and the neighbourhood management project (project ref: G05) was noted the 'secondment to partnership' project. Some consistency in project name is required to fully justify audit trail for approval.
- Quoracy appears to be an issue. For example in the approval of the Walsall summer reloaded project (project ref: G06) on 16 June 2003 the meeting became inquorate and hence 'decisions would be made in principle and ratified at the next meeting'. Minutes of the next meeting of the LSP on 21 July 2004 made no reference to the summer reloaded project or relevant approval.

2.7 As part of a review of the LSP, quoracy issues were identified by the then, head of programme management, resulting in a late report entitled 'approval of governance arrangements of the Walsall borough strategic partnership' being submitted and approved by the LSP at their meeting of 5 July 2004
Appendix C. The Board approved:-

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- that all decisions made were in line with the intention of the joint strategy board;
- all funding agreements for 2003/04;
- the current arrangements of the LSP; and
- new arrangements are made for recording all business conducted at board meetings.

2.8 Retrospective approval was sought for a number of projects including the following noted as exceptions in the audit sample above:-

- Walsall summer reloaded (project ref:G06) was retrospectively approved.
- Certain projects were retrospectively approved but not for the amount actually spent in 2003/04. For example: falls prevention (project ref:B11) was retrospectively approved but for £15k when a total of £150k was spent during 2003/04; neighbourhood management co-ordinator (project ref: G05), retrospectively approved at £38,200 when £50k was spent in 2003/04; and brown bins (project ref:H05) retrospectively approved at £50k when £134k was spent in 2003/04.
- Walsall health and work (employees) (project ref:B10); Walsall schools inclusion forum (project ref:C17); Walsall health and work (employers) (project ref D05); early interventions (project ref: D11); development of person centred planning (project ref: F03); voluntary and community sector NRF policy support (project ref:F14); and litter hit squad (project ref: H04) however, remain as issue and require some formal minute of approval.

Conclusions

- **12 projects totalling £1.4 million of NRF allocation were identified where evidence of appropriate approval was not available due to weaknesses noted in the approval process, such as a lack of fully comprehensive evidence of *formal* approval of NRF spend and meeting inquoracy. The council has, however, taken positive steps to address this issue in the development of a commissioning executive; obtaining retrospective approval for a number of projects; and employing the assistance of constitutional services in compiling the minutes of the LSP.**
- **Some further approvals are required to ensure completeness. The recommendations detailed within the action plan of this report will assist in this respect.**

3. Requirement for evidence of spend

3.1 The Neighbourhood Renewal Unit Special Grant Report (No. 78), March 2001 set out that NRF is intended:

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'to provide additional resources for local authorities to improve mainstream services in the most deprived areas, including contribution to the achievement of the floor targets to narrow the gap between deprived areas and the rest of the country'.

'The grant will be non ring fenced. It can be spent in any way that will tackle deprivation in the most deprived neighbourhoods. The money can be spent on improving services, particularly, but not exclusively, in relation to the floor targets. It is both acceptable and strongly desirable where service quality is at risk or requires improvement, that NRF funding should be devoted to mainstream services such as schools, provided that the funding benefits the most deprived areas. The grant can be used to support services provided not only be the local authority, but also by organisations that are members of the LSP'.

- 3.2 This continued to be applied in 2002/03, 2003/04 and 2004/05 in the Local Government Finance Special Grant Report (No. 93), February 2002, Local Government Finance Special Grant Report (No.111), February 2003 and the Neighbourhood Renewal Fund Grant Determination 2004 (No.31/19), May 2004.
- 3.3 No further requirement for the management and administration of NRF is given. This is unlike other grant funding regimes for which the council is accountable body such as single regeneration budget (SRB), new deal for communities (NDC) or European funding. The council has, however, its own internal control environment including provisions required under its financial procedure rules which set out the basis by which such funds should be managed and controlled.

Conclusions

- **Statutory requirements for the administration of NRF are not as tightly structured as other similar grant regimes such as SRB, NDC and European funding. As accountable body for NRF, the council should adhere to its own internal control framework, of which financial procedure rules form part, in managing and administering NRF funds.**

4. Testing of Evidence of Spend
- 4.1 It was agreed with the audit commission manager that for NRF allocations of £40k and over made to external bodies, evidence of payment based on invoice was required. For NRF allocations of £40k and over made to council managed projects, evidence of appropriate accounting / transfer of funding on the ledger was required.
- 4.2 The results of the exercise are detailed in a spreadsheet at **Appendix D**.

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4.3 From **Appendix D**, it can be seen that NRF allocations to external bodies could largely be supported by an invoice from the recipient, with the following exceptions which total £209k or 2.8% of the total allocation:

Duplicate Payments

- The local connexions manager project (project ref: G08) payment of £134,174.54 to Black Country Connexions had no corresponding invoice. Further investigation identified this payment to be a duplicate payment to Black Country Connexions in relation to the young people's consultation framework project (project ref: G03). The payment, raised on 1 April 2004, had not been honoured as the cheque and remittance were being held within the programme management team awaiting invoice. It appears that the project's change of name has been the reason for the confusion in this instance.
- A further duplicate payment was identified by the exercise for £75,038.99 made payable to Walsall PCT for the falls prevention project (project ref: B11). The duplicate had arisen out of programme management staff receiving a claim for £74,038.99 from the PCT on 20 February 2004, following the programme management team's request to the PCT for evidence of expenditure. A cheque for £74,038.99 was then raised by the programme management team on a 'collect basis'. On 2 March 2004, the PCT submitted an invoice which was passed by the partnership director to central finance for payment via BACS and hence a duplicate occurred. The original cheque raised by the programme management team was re-banked on 26 July 2004, but not before it had been selected by the audit commission in their sample of un-presented cheques as part of the final accounts audit. This issue appears to have arisen out of a lack of clarity of responsibilities in the changeover in administration of NRF which passed from central finance to programme management in the latter quarter of the 2003/04 financial year.

Invoice Detail

- It was identified that invoices from external organisations did not always give sufficient detail / clarity, enabling a clear audit trail between the request for payment (invoice) and the project to which it related. For example Walsall PCT's invoice in respect of the Walsall health and work (employees) project (project ref: B10) cited only 'employment retention – project for one quarter' as the invoice description. This is particularly salient as this organisation manages 2 projects with broadly similar names (Walsall health and work (employees) and Walsall health and work (employers) (project refs: B10 and D05)).
- An invoice was identified from the Domestic Violence Forum in relation to the domestic violence stepping stones project (project ref: B03). The invoice date was 28 July 2002, but was stamped as received on 1

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August 2003. It appears that the invoice date was a 'typo', and should have read 28 July 2003. This, however, causes confusion in applying evidence of expenditure to the correct financial year.

- NRF allocated to SERCO projects were supported in some instances by an invoice from SERCO and on other occasions payments were made to SERCO via journal transfer. This represents a lack of consistency and carries the risk of duplicate entries.
- There was no invoice to support payments to Black Country Connexions in respect of the Walsall schools' inclusion forum project (project ref: C17). 2 cheques for £25k and £105k had been raised on a Walsall MBC pro-forma invoice. This is essentially a breach of financial procedure rule 8.2.2.

4.4 From **Appendix D**, NRF allocations to council managed projects could largely be agreed to the ledger, with the following exceptions:

- Evidence of journal input had not been identified in 3 instances (project refs: G05, H02 and H07). It is possible that this data exists and has been lost in transit between financial services and programme management when responsibilities transferred. Journal input forms should be sourced and filed.
- There appears to be some overspends between NRF allocations credited to internal projects and the final project spend on LAFIS at closedown. For example £95k was allocated to community safety in 2003/04 but the final spend on LAFIS at closedown was £108,105. It should be ensured that internally managed projects keep within their initial NRF allocation, with relevant approvals sought for any variation / additional allocation required.

Conclusion

- **Payments from NRF could largely be supported by either an invoice from the recipient organisation in the case of external allocations, or a correct transfer between ledger codes for internal Walsall MBC allocations.**
- **There were some exceptions, including the identification of 2 duplicate payments, and clarity of detail on invoices to enable a clear audit trail between request for payment (invoices) and the relevant project. The recommendations detailed within the action plan of this report will assist in this respect and should be implemented as a matter of urgency.**

F. Recommendations

1. Recommendations have been included within the action plan attached to this report.

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Approvals

ACTION PLAN					
Ref	Report Ref	Priority	Recommendation	Response	Responsibility & Timescale
1.1	E2.4	***	NRF spend on projects initially 'approved' by the council as part of the 2001/02 allocation, but funded in subsequent years (i.e. 2002/03, 2003/04, 2004/05 and 2005/06) which have not been formally approved by the LSP, should be retrospectively approved by the LSP, to ensure an open and accountable approach to the use of NRF. This will also ensure complete compliance with government guidance which states <i>'the local authority shall agree the use of (NRF) grant with the LSP'</i> .	The majority of these have since received subsequent approval at the WBSP board. Any outstanding projects identified will be ratified by the board's July meeting.	Head of Finance (RHBE) July 2005.
1.2	E2.4, E2.5, E2.8	***	Formal approval from the LSP should be retrospectively obtained for all projects where formal evidence of approval has not been formally obtained or where approval is not clear. This review should include all projects funded via NRF in 2002/3, 2003/04 and 2004/05. Further, it should be ensured that amounts retrospectively approved match actual expenditure for the year approval is being sought.	Any outstanding projects identified will be ratified by the board's July meeting. This will be for actual expenditure incurred.	Head of Finance (RHBE) July 2005.

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ACTION PLAN					
Ref	Report Ref	Priority	Recommendation	Response	Responsibility & Timescale
1.3	E2.4	***	Where additional allocations of NRF are made to existing projects from the amount originally approved, any additional amounts allocated should also be taken for approval or retrospective approval by the LSP.	<p>Agreed – any outstanding projects will be ratified at the board's July 2005 meeting.</p> <p>Now under the Commissioning Framework, both original and additional allocations are approved by the Commissioning Executive.</p> <p>Any budget changes are reflected in the monthly financial monitoring report.</p>	Head of Finance (RHBE) July 2005.
1.4	E2.4, E2.6	***	<p>Where NRF allocations are approved by the LSP in future periods, the following should be clear from the minutes:-</p> <ul style="list-style-type: none"> • the name of the project / commission; • the amount (£) of NRF allocated; and • the financial period to which funding will relate (i.e. 2004/05, until 2005/06 etc.). 	<p>The commissioning executive minutes now reflect all of these requirements. Letters are issued to each commission lead officer detailing what has been approved, as reflected in the minutes.</p> <p>Grant agreements / commissioning agreements are issued each financial year, which detail milestones and financial profiles, per month.</p> <p>A monthly financial monitoring report is taken to each commissioning executive meeting. This reflects the total approved budget, forecast expenditure and any actual / forecast variation. The report identifies any perceived risks to the spend on individual projects / Commissions and overall NRF allocation.</p>	Implemented.

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ACTION PLAN					
Ref	Report Ref	Priority	Recommendation	Response	Responsibility & Timescale
1.5	E2.4	***	Where projects are known under similar names, for example: domestic violence unit management and domestic violence stepping stones; Walsall work and health (employees) and Walsall work and health (employers), care should be taken to ensure that the LSP and NRF administrators do not confuse projects. Approvals, payments and management of projects should be clearly identifiable to the relevant project.	This is ensured through the commissioning process and commissions maintain their title throughout all documents. Each commission has an individual project reference.	Implemented.
1.6	E2.4, E2.5, E2.6	***	Where decisions are taken on projects or commissions by the LSP, care should be taken to ensure the correct project name / commission is minuted against the decision, for the avoidance of doubt.	As above.	Implemented.
1.7	E2.5	***	Where projects are submitted for approval by the LSP but are either 'delegated' elsewhere, 'approved in principle', or 'approved subject to the provision of further information', the appropriate follow up action should be included on the agenda of the next meeting of the LSP to ensure issues have been appropriately resolved and decisions made are clearly minuted as such.	The commissioning executive is the only group to approve any NRF spend, therefore, removing the need to delegate approval to another group. Any "agreed in principle" are reported back to the Executive for approval. This is recorded in the minutes and actions brought forward to the following meeting.	Implemented.

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ACTION PLAN					
Ref	Report Ref	Priority	Recommendation	Response	Responsibility & Timescale
1.8	E2.5, E4.3	* * *	<p>Duplicate payments from NRF have been identified. A clear procedure for the processing of payments in respect of NRF should be drafted, detailing relevant roles and responsibilities and should be communicated to officers. Further, prior to allocations / payments being made, officers responsible for authorising such transactions should be reminded to ensure:</p> <ul style="list-style-type: none"> • that payment / allocation is in respect of an approved project; • that payment / allocation has not already been made; • that payment / allocation is accurate; • that the correct ledger code has been applied; • and that payment is made against an appropriate invoice in the case of external payments. 	<p>Programme management is now solely responsible for processing claims / payments and ensuring that evidence is collected to back up any claim. A working group meets which brings together the principal partnership officer (leading on commissioning {NRF}), programme management and finance to ensure spend is on track, claims are being made and milestones are reached.</p> <p>A monthly financial monitoring report is taken to the commissioning executive by head of finance (RHBE), to determine what the current position is, ask questions and see areas of responsibility for any under-performance. This reflects the total approved budget, forecast expenditure and any actual / forecast variation. The report identifies any perceived risks to the spend on individual projects / commissions and overall NRF allocation.</p> <p>The executive is chaired by executive director (finance, law and performance), which allows for robust advice / guidance on the accountable body contract and procedure rules. A joint performance report is being developed to give feedback on both performance (indicators) and financial overview of each commission.</p>	Implemented.

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ACTION PLAN					
Ref	Report Ref	Priority	Recommendation	Response	Responsibility & Timescale
			Cont.	<p>This is produced by the shared partnership information resource.</p> <p>There is dedicated finance and programme management support for NRF.</p> <p>Staff involved in the process will be reminded of the need to ensure that they comply with the council's financial procedure rules.</p>	Head of Finance (RHBE) End June 2005.
1.9	E2.6	***	Officers should be reminded that all decisions made at meetings of the LSP should be made by a quorate LSP. Where a decision is made at an inquorate LSP, it must be approved at the next available quorate meeting.	<p>Meetings are now recorded as quorate / inquorate. Support from the council's constitutional services for the WBSP board now ensures decisions are implemented and actions reported back to next meeting.</p> <p>For the commissioning executive, a robust system of agenda planning and financial reporting alleviates these issues.</p>	Implemented.

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Evidence of Spend

ACTION PLAN					
Ref	Report Ref	Priority	Recommendation	Response	Responsibility & Timescale
2.1	E4.3	***	<p>The process of raising cheques in advance within programme management requires urgent review by the programme management team. This point was raised in the 2003/04 SRB internal audit report.</p> <p>It is recommended that this practice ceases immediately in respect of NRF payments and the recommendation made at 1.8 of this report is immediately implemented.</p>	<p>No payment is made for a claim unless sufficient and auditable evidence has been received.</p> <p>In some cases, claims have not been fully paid, whilst evidence is sought to back up the full claim. This allows some payment to go through to the relevant organisation, but also shows commitment to providing the correct evidence.</p>	Implemented.

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ACTION PLAN					
Ref	Report Ref	Priority	Recommendation	Response	Responsibility & Timescale
2.2	E4.3	***	<p>The overall process for management and administration of NRF payments within the programme management team requires review. This review should include a documented and agreed procedure by which NRF is managed within that section and what deliverables are required from the partnership to enable the team to robustly administer and control payments made from NRF. It is recommended that the following is established and communicated to relevant members of staff:-</p> <ul style="list-style-type: none"> • evidence of approval of NRF spend communicated to the programme management team from the partnership; and • authorisation required before payments are made. 	<p>See above.</p> <p>All payments are authorised by the NRF accountant and the head of programme management and neighbourhoods, before being issued.</p> <p>Improved programme management monitoring forms have been produced, which will allow for better management of each commission, monthly profiled spend, earlier warnings if a commission is not performing (either financially or milestones), which allows the commissioning executive to take actions at the earliest opportunity and makes the lead officers more accountable.</p> <p>Grant agreements / commissioning agreements are issued to lead officers, by programme management, signed by the partnership director, head of programme management and neighbourhoods, and finance, as well as the lead officer.</p>	Implemented.

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ACTION PLAN					
Ref	Report Ref	Priority	Recommendation	Response	Responsibility & Timescale
2.3	E4.3	***	<p>An overall review of the roles and responsibilities in relation to the council's management and administration of NRF between the partnership and programme management is required. This should provide a clear demarcation of responsibilities which are documented and communicated to relevant staff.</p> <p>An accountable body agreement for the management and administration of NRF is also recommended between the council and the LSP to assist in this respect.</p>	<p>As 2.1 / 2.2 above.</p> <p>Currently under discussion.</p>	<p>Implemented.</p> <p>Head of finance (RHBE) July 2005.</p>
2.4	E4.3	***	<p>NRF recipients requesting payment on invoice should be asked to make clear on their invoice the following information:-</p> <ul style="list-style-type: none"> • the name of the project / commission to which their invoice relates; • the financial year for which the allocation relates; and • a correct invoice date. <p>Any invoice received without this information should be queried and resolved before payment is made.</p>	As 2.1 / 2.2 above.	Implemented.
2.5	E4.3	***	Officers should be reminded that payment should only be made in respect of a proper VAT invoice and in accordance with financial procedure rule 8.2.2.	Advice on VAT is sought from finance.	Implemented.

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ACTION PLAN					
Ref	Report Ref	Priority	Recommendation	Response	Responsibility & Timescale
2.6	E4.3	***	The process by which payments are made from NRF in respect of SERCO should be clarified and communicated to relevant officers.	Now contained within the learning commission. Invoices and full evidence are received. Journal transfers are processed. All finance communication with SERCO is undertaken with their accountant.	Implemented.
2.7	E4.3	***	Officers should be reminded that payments from NRF should not be raised to external organisations based on a Walsall MBC pro-forma invoice.	Not Agreed. It is important to recognise that some external organisations cannot raise invoices to the council. The process is that claims are submitted by the external organisation, along with satisfactory evidence to validate the claim, eg, invoices paid. A pro forma invoice is then raised to pay the claim.	NA
2.8	E4.4	***	Officers should be reminded to ensure that journal input forms detailing the internal transfer of NRF to council budgets are filed securely.	Files have been standardised. These are being updated on advice from Head of Finance (RHBE). A journal only takes place if we have received a valid claim, with the appropriate supporting evidence.	Implemented.

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ACTION PLAN					
Ref	Report Ref	Priority	Recommendation	Response	Responsibility & Timescale
2.9	E4.4	***	<p>Officers responsible for internally managed NRF projects should be reminded that expenditure should be kept within the initial allocation of NRF. Where overspends are likely, relevant approvals should be sought from the relevant sub group of the LSP.</p> <p>Management information in respect of internally managed NRF allocations should be reviewed by a responsible officer. This review should ensure that any potential overspends are identified and the relevant corrective action taken on a timely basis.</p>	<p>Covered in monthly commissioning executive finance report.</p> <p>Advice sought from Head of Finance (RHBE) regarding management information.</p> <p>Commissioning executive approvals are all evidenced.</p>	Implemented.

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Project No	Projects title	Contact Project Manager	Organisation	Spend on LAFIS at Final Closedown 2003/2004	Clawback	Some evidence of spend provided
A01	CCTV		Community Safety	188,000.00		N
A02	Community Safety		Community Safety	108,105.76		N
A03	Secure By Design		Community Safety	103,000.00	£83,852.00	N
A04	Youth Offender Team		Walsall MBC, Social Services	50,000.00		N
A05	Domestic Violence Unit (Management)		Domestic Violence Forum	48,000.00		Y
A06	Offender Management Scheme (Walpop)		Community Safety	112,400.00	£20,843.52	N
A07	Leamers CCTV		Community Safety		£74,929.50	N/A
A08	Slows Street		Environmental Regeneration	22,082.00	£27,891.81	N
A09	Mobile Warden Scheme		Community Safety	74,814.00	£26,186.38	N
A10	Crime Stoppers Project		Community Safety	10,000.00		N
A11	Building Safer Communities-WALPOP (4th QTR Policeman)		Community Safety	5,000.00		N
A12	Building Safer Communities-GLUG (Healthy Schools Initiative)		Community Safety	4,000.00		N
A13	Building Safer Communities-BUZZ (Theatre Touring Programme)		Community Safety	7,000.00		N
A14	Building Safer Communities-MLECT (Midland Life Education Trust)		Community Safety	2,000.00		N
A15	Building Safer Communities-Police Enforcement Programme		Community Safety	19,500.00		N
A16	Building Safer Communities-Target - Herderyn WHG		Community Safety	3,000.00		N
A17	Building Safer Communities-Crisis Point (Health Initiatives)		Community Safety	-3,000.00		N
A18	Building Safer Communities-Walsall Mini-reloaded - "Feb Fab Fun" Project		Community Safety	40,000.00		N
A19	Building Safer Communities-Addiction "Time to Change" Publicity Campaign		Community Safety	4,000.00		N
B01	Benefits Takeup Initiatives		Walsall MBC	230,800.00		N
B02	Better parenting through Art			27,546.82		N
B03	Domestic Violence (Stepping Stones)		Domestic Violence Forum	50,000.00		N
B04	Home Start		Home Start Walsall	71,500.00		N
B05	Mother to Mother lay breastfeeding-support		Walsall Manor Hospital	19,130.00		N
B06	School Breakfast Clubs		Walsall PCT	20,000.00		N
B07	Sure Start Plus Co-ordinator		Walsall PCT	17,000.00		N
B08	Maximisation of Income		Walsall MBC	151,284.00		N
B09	Communication Aids		Walsall PCT	20,000.00		N
B10	Walsall Health and Work(Employees)		Walsall PCT	40,000.00		N
B11	Falls Prevention		Walsall PCT	150,038.99		N
B12	SmartRisk		Walsall PCT			N
C01	Childrens Services		Education Walsall-SERCO	60,000.00		N
C02	Lifelong Learning		Walsall Lifelong Learning Alliance	22,500.00		N
C03	Literacy and Numeracy		Education Walsall-SERCO	130,000.00		N
C04	Pupil Referral Unit		Education Walsall-SERCO	250,000.00		N
C05	Raising Education Standards		Education Walsall-SERCO	100,000.00		N
C06	Recruitment and Retention		Education Walsall-SERCO	50,000.00	£25,750.00	N
C07	Early Years Curriculum Support		Education Walsall-SERCO	20,500.00	£16,890.00	N
C08	Impact - Raising Achievement in Areas of Particular Disadvantage		Education Walsall-SERCO	10,000.00		N
C09	Narrowing Gaps/Tackling Underachievement		Education Walsall-SERCO	17,000.00		N
C10	Leadership Training KS 1+2		Education Walsall-SERCO	42,000.00		N
C11	Leadership Training KS 3		Education Walsall-SERCO	42,000.00		N
C12	Transforming Learning KS 1+2		Education Walsall-SERCO	21,000.00		N
C13	Transforming Learning KS 3		Education Walsall-SERCO	3,000.00		N
C14	Open Learning KS 4+5		Education Walsall-SERCO	7,500.00		N
C15	Goscole Neighbourhood Renewal (Edgar Stammers Junior School)		Education Walsall-SERCO	65,625.00		N
C16	Awards/Rewards Support for the Learning Charter		Walsall Lifelong Learning Alliance	37,500.00		N
C17	Walsall Schools Inclusion Forum		Black Country Connexions (Walsall Centre)	130,000.00		N
C18	Open Learning KS 1 & 2		Education Walsall-SERCO			N
C19	Open Learning KS 3		Education Walsall-SERCO			N
C20	Skills Escalator		Walsall Borough Strategic partnership	100,000.00		N
D01	Global Grants		Walsall MBC	17,000.00	£93,000.00	N
D02	Job Creation Initiatives		Walsall MBC	100,000.00		N
D03	Street Theatre		Walsall MBC	50,000.00		N
D04	Town Centre Regeneration		Walsall MBC	70,000.00		N
D05	Walsall Health and Work (Employers)		Walsall PCT	80,000.00		N
D06	Settle in Walsall		Black Country Chamber & Business Link-Walsall Division	10,986.29		N

A20 Walsall Car Safety Survey

Project No	Projects title	Contact Project Manager	Organisation	Spend on LAFIS at Final Closesdown 2003/2004	Clawback	Some evidence of spend provided
D07	M6 Pilot Project		Steps to Work	63,500.00		N/A
D08	Improving Employability in Walsall		Walsall MBC	153,300.00		N/A
D09	Priority Employment Areas-Evaluation Study		Walsall MBC			
	Economic Forum Manager		Black Country Chamber & Business Link-Walsall Division	7,299.40		
D10	Early Interventions		Starting Point	70,000.00		
D11	Refuse		Walsall MBC			
E01	Grounds Maintenance		Walsall MBC	200,000.00		
E02	Highways Maintenance		Walsall MBC	200,000.00		
E03	Confident Communities		Walsall Borough Strategic PartnershipBSP	200,000.00		
F01	Cultural Events		Walsall MBC	230,606.43	£59,393.57	
F02	Development of Person Centered Planning		Walsall MBC	42,000.00		
F03	Disability - DDA - Deaf		Walsall Deaf People's Centre	50,000.00		
F04	Disability - DDA - Shopmobility		Access All Areas	21,042.00		
F05	Independent Living		Walsall MBC	20,000.00		
F06	Interpreting Service		Walsall MBC	60,000.00		
F07	Parents against Drugs		Communication & Translation Service	20,000.00		
F08	Research and Baseline Studies:		ESCAPE,	8,147.32		
F09	Resource Centres		Walsall MBC	53,000.00		
F10	Wiring Communities		Walsall MBC	60,000.00		
F11	Youth Initiatives		Walsall MBC	225,000.00		
F12	Promoting participation		Walsall Voluntary Action	600,000.00		
F13	Voluntary and Community Sector NRF policy support		Walsall Voluntary Action	50,736.00		
F14	Voluntary and Community Sector Research Project		Walsall Voluntary Action	56,644.00		
F15	Neighbourhood Renewal Project Support		Walsall Voluntary Action	34,650.75		
F16	WBSPP Programme Manager/Strategic Director		Walsall Borough Strategic PartnershipBSP	127,047.02		
G01	WBSPP Administration		Walsall Borough Strategic PartnershipBSP	50,000.00		
G02	Young Peoples Consultation Framework		Black Country Connexions	92,199.93		
G03	Walsall's Local Compact		Walsall CVS	75,828.44		
G04	Neighbourhood Management Co-ordinator		Walsall Borough Strategic PartnershipBSP	49,804.48	£8,977.53	
G05	Walsall Summer Reloaded		Walsall MBC - Lifelong Learning & Community.	450,000.00		
G06	Neighbourhood Management		New Deal for Communities	47,751.59		
G07	Local Connexions Manager		Black Country Connexions	134,174.54		N/A
H01	Essex Street, Kent Street & Webster Road Env Improvements		Walsall MBC	21,953.30		
H02	Leamore Park Environmental Enhancements		Walsall MBC	54,726.34		
H03	Cavendish Gardens Flats: Environmental Enhancements		Walsall MBC	22,361.10		
H04	Litter Hit Squad		Walsall MBC	75,000.00		
H05	Brown Bins		Walsall MBC	134,000.00		
H06	Sustainable Communities Partnership Support Officer		Walsall MBC	6,284.78		
H07	Mallory Crescent Open Space Improvements		Walsall MBC	54,726.34		
TOTAL				6,659,360.42	437,614.11	

NRF APPROVAL TESTING AT CLOSE DOWN FOR 2003/2004

APPENDIX B

Project No	Projects title	Organisation	Spend on LAFIS at Final Closedown 2003/2004	Clawback	Approval	Quorate	Exceptions	Evidence
A01	CCTV	Community Safety	188,000.00		2001/02 statement of use	n/a	n/a	A1
A02	Community Safety	Community Safety	108,105.76		2001/02 statement of use	n/a		A1
A03	Secure By Design	Community Safety	103,000.00	£83,952.00	2001/02 statement of use	n/a	£130k allocated in 2001/02	A1
A04	Youth Offender Team	Walsall MBC, Social Services	50,000.00		2001/02 statement of use	n/a		A1
A05	Domestic Violence Unit (Management)	Domestic Violence	48,000.00		21.8.02	yes	A05 and B03 possibly the same project	B5
A06	Offender Management Scheme (Walpop)	Community Safety	112,400.00	£20,843.52	21.8.02	yes	No Ex value approved by LSP	B5
A07	Leamore CCTV	Community Safety	-	£74,929.50	21.10.02	yes	No Ex value approved by LSP	B7
A08	Stowe Street	Environmental Regeneration	22,062.00	£27,691.61	NOT INCLUDED IN SAMPLE	n/a	n/a	n/a
A09	Mobile Warden Scheme	Community Safety	74,814.00	£26,186.38	21.10.02	yes	No Ex value approved by LSP	B7
A10	Crime Stoppers Project	Community Safety	10,000.00		NOT INCLUDED IN SAMPLE	n/a	n/a	n/a
A11	Building Safer Communities-WALPOP (4th QTR Policeman)	Community Safety	5,000.00		NOT INCLUDED IN SAMPLE	n/a	n/a	n/a
A12	Building Safer Communities-GLUG (Healthy Schools Initiative)	Community Safety	4,000.00		NOT INCLUDED IN SAMPLE	n/a	n/a	n/a
A13	Building Safer Communities-BUZZ (Theatre Touring Programme)	Community Safety	7,000.00		NOT INCLUDED IN SAMPLE	n/a	n/a	n/a
A14	Building Safer Communities-MLECT (Midland Life Education Trust)	Community Safety	2,000.00		NOT INCLUDED IN SAMPLE	n/a	n/a	n/a
A15	Building Safer Communities-Police Enforcement Programme	Community Safety	19,500.00		NOT INCLUDED IN SAMPLE	n/a	n/a	n/a
A16	Building Safer Communities-Target Hardening WHG	Community Safety	3,000.00		NOT INCLUDED IN SAMPLE	n/a	n/a	n/a
A17	Building Safer Communities-Crisis Point (Health Initiatives)	Community Safety	3,000.00		NOT INCLUDED IN SAMPLE	n/a	n/a	n/a
A18	Building Safer Communities-Walsall Mini-reloaded - "Feb Fab Fun" Project	Community Safety	40,000.00		15.12.03	yes	Lead in commission for csu - not specific to this project or amount	B20
A19	Building Safer Communities-Addiction "Time to Change" Publicity	Community Safety	4,000.00		NOT INCLUDED IN SAMPLE	n/a	n/a	n/a
A21	Original Warden Scheme - extension funding	Community Safety						
A22	CCTV Additional Funding 2004/05,05/06							
A20	Walsall Community Safety - New Premises							
B01	Benefits Takeup Initiatives	Walsall MBC	230,600.00		2001/02 statement of use	n/a	n/a	A1
B02	Better parenting through Art		27,546.62		2001/02 statement of use	n/a	£20k in 2001/02 statement of use	A1
B03	Domestic Violence (Stepping Stones)	Domestic Violence Forum	50,000.00		2001/02 statement of use	n/a	n/a	A1
B04	Home Start	Home Start Walsall	71,500.00		2001/02 statement of use	n/a	£40k in 2001/02 statement of use	A1
B05	Mother to Mother lay breastfeeding support	Walsall Manor Hospital	19,130.00		2001/02 statement of use	n/a	£8k in 2001/02 statement of use	A1
B06	School Breakfast Clubs	Walsall PCT	20,000.00		2001/02 statement of use and	yes		A1 and B6
B07	Sure Start Plus Co-ordinator	Walsall PCT	17,000.00		NOT INCLUDED IN SAMPLE	n/a	n/a	n/a
B08	Maximisation of Income	Walsall MBC	151,284.00		23.9.02	yes	No Ex value approved by LSP	B6
B09	Communication Aids	Walsall PCT	20,000.00		NOT INCLUDED IN SAMPLE	n/a	n/a	n/a
B10	Walsall Health and Work(Employees)	Walsall PCT	40,000.00		NONE NOTED		Agenda item 17.2.03, project not discussed. Delegated to Programme Board. Returned to 24.3.03 but not formally approved.	

NRF APPROVAL TESTING AT CLOSE DOWN FOR 2003/2004

APPENDIX B

Project No	Projects title	Organisation	Spend on LAFIS at Final Closedown 2003/2004	Clawback	Approval	Quorate	Exceptions	Evidence
B11	Falls Prevention	Walsall PCT	150,038.99		NONE NOTED		Agenda item 17.2.03, project not discussed. Delegated to Programme Board. Returned to 24.3.03 but not formally approved.	
B12	SmartRisk	Walsall PCT	-		NOT INCLUDED IN SAMPLE	n/a	n/a	n/a
B13	Walsal Independent Living Centre	Walsall PCT						
C01	Children's Services	Education Walsall-SERCO	60,000.00		2001/02 statement of use	n/a	none	A1
C02	Lifelong Learning	Walsall Lifelong	22,500.00		NOT INCLUDED IN SAMPLE	n/a	n/a	n/a
C03	Literacy and Numeracy	Education Walsall-SERCO	130,000.00		2001/02 statement of use	n/a	none	A1
C04	Pupil Referral Unit	Education Walsall-SERCO	250,000.00		2001/02 statement of use	n/a	£40k in 2001/02 statement of use	A1
C05	Raising Education Standards	Education Walsall-SERCO	100,000.00		2001/02 statement of use	n/a	none	A1
C06	Recruitment and Retention	Education Walsall-SERCO	50,000.00	£25,750.00	23.9.02	yes	No £x value approved by LSP	B6
C07	Early Years Curriculum Support	Education Walsall-SERCO	20,500.00	£16,890.00	NOT INCLUDED IN SAMPLE	n/a	n/a	n/a
C08	Impact - Raising Achievement in Areas of Particular Disadvantage	Education Walsall-SERCO	10,000.00		NOT INCLUDED IN SAMPLE	n/a	n/a	n/a
C09	Narrowing Gaps/Tackling Underachievement	Education Walsall-SERCO	17,000.00		NOT INCLUDED IN SAMPLE	n/a	n/a	n/a
C10	Leadership Training KS 1+2	Education Walsall-SERCO	42,000.00		23.9.02	yes	No £x value approved by LSP	B6
C11	Leadership Training KS 3	Education Walsall-SERCO	42,000.00		23.9.02	yes	No £x value approved by LSP	B6
C12	Transforming Learning KS 1+2	Education Walsall-SERCO	21,000.00		NOT INCLUDED IN SAMPLE	n/a	n/a	n/a
C13	Transforming Learning KS 3	Education Walsall-SERCO	3,000.00		NOT INCLUDED IN SAMPLE	n/a	n/a	n/a
C14	Open Learning KS 4+5	Education Walsall-SERCO	7,500.00		NOT INCLUDED IN SAMPLE	n/a	n/a	n/a
C15	Goscote Neighbourhood Renewal (Edgar Stammers Junior School).	Education Walsall-SERCO	65,625.00		20.1.04	yes	No £x value approved by LSP	B10
C16	Awards/Rewards Support for the Learning Charter	Walsall Lifelong Learning Alliance.	37,500.00		NOT INCLUDED IN SAMPLE	n/a	n/a	n/a
C17	Walsall Schools Inclusion Forum	Black Country Connexions (Walsall Centre)	130,000.00		NONE NOTED		Agenda item 17.2.03, project not discussed. Delegated to Programme Board. Returned to 24.3.03 but not formally approved.	
C18	Open Learning KS 1 & 2	Education Walsall-SERCO	-		NOT INCLUDED IN SAMPLE	n/a	n/a	n/a
C19	Open Learning KS 3	Education Walsall-SERCO	-		NOT INCLUDED IN SAMPLE	n/a	n/a	n/a
C20	Skills Escalator	Walsall Borough Strategic partnership	100,000.00		22.9.03	yes		B17
D01	Global Grants	Walsall MBC	17,000.00	£93,000.00	NOT INCLUDED IN SAMPLE	n/a	n/a	n/a

NRF APPROVAL TESTING AT CLOSE DOWN FOR 2003/2004

APPENDIX B

Project No	Projects title	Organisation	Spend on LAFIS at Final Closedown 2003/2004	Clawback	Approval	Quorate	Exceptions	Evidence
D02	Job Creation Initiatives	Walsall MBC	100,000.00		2001/02 statement of use	n/a	none	A1
D03	Street Theatre	Walsall MBC	50,000.00		2001/02 statement of use	n/a	none	A1
D04	Town Centre Regeneration	Walsall MBC	70,000.00		2001/02 statement of use	n/a	none	A1
D05	Walsall Health and Work (Employers)	Walsall PCT	80,000.00		NONE NOTED		Went to JSB on 23.9.02 but not formally minuted as discussed or approved.	
D06	Settle In Walsall	Black Country Chamber	10,966.29		NOT INCLUDED IN SAMPLE	n/a	n/a	n/a
D07	M6 Pilot Project	Steps to Work	63,500.00		21.10.02	yes	No Ex value approved by LSP	B7
D08	Improving Employability in Walsall	Walsall MBC	153,300.00		21.10.02	yes	No Ex value approved by LSP	B7
D09	Priority Employment Areas-Evaluation Study	Walsall MBC	-		NOT INCLUDED IN SAMPLE	n/a	n/a	n/a
D10	Economic Forum Manager	Black Country Chamber & Business Link-Walsall Division	7,299.40		NOT INCLUDED IN SAMPLE	n/a	n/a	n/a
D11	Early Interventions	Starting Point	70,000.00		NONE NOTED			
E01	Refuse	Walsall MBC	200,000.00		2001/02 statement of use	n/a	listed as one project Physical Environment £600k in total	A1
E02	Grounds Maintenance	Walsall MBC	200,000.00		2001/02 statement of use	n/a	listed as one project Physical Environment £600k in total	A1
E03	Highways Maintenance	Walsall MBC	200,000.00		2001/02 statement of use	n/a	listed as one project Physical Environment £600k in total	A1
E04	Transforming Your Space	Walsall MBC	-					
F01	Confident Communities	Walsall Borough Strategic PartnershipBSP	230,606.43	£59,393.57	2001/02 statement of use	n/a	£290k in 2001/02 statement of use	A1
F02	Cultural Events	Walsall MBC	42,000.00		2001/02 statement of use	n/a	none	A1
F03	Development of Person Centered Planning	Walsall MBC	50,000.00		NONE NOTED			
F04	Disability - DDA - Deaf	Walsall Deaf People's Centre	21,042.00		NOT INCLUDED IN SAMPLE	n/a	n/a	n/a
F05	Disability - DDA - Shopmobility	Access All Areas	20,000.00		NOT INCLUDED IN SAMPLE	n/a	n/a	n/a
F06	Independent Living	Walsall MBC	60,000.00		2001/02 statement of use	n/a	none	A1
F07	Interpreting Service	Communication & Translation Service	20,000.00		NOT INCLUDED IN SAMPLE	n/a	n/a	n/a
F08	Parents against Drugs	ESCAPE,	8,147.32		NOT INCLUDED IN SAMPLE	n/a	n/a	n/a
F09	Research and Baseline Studies:	Walsall MBC	53,000.00		2001/02 statement of use	n/a	none	A1
F10	Resource Centres	Walsall MBC	60,000.00		2001/02 statement of use	n/a	none	A1
F11	Wiring Communities	Walsall MBC	225,000.00		2001/02 statement of use	n/a	£125k in 2001/02 statement of use	A1
F12	Youth Initiatives	Walsall MBC	600,000.00		2001/02 statement of use	n/a	none	A1
F13	Promoting participation	Walsall Voluntary Action	50,736.00		23.9.02	yes	02/03 approved. No indication of subsequent years	B6
F14	Voluntary and Community Sector NRF policy support	Walsall Voluntary Action	66,644.00		NONE NOTED		Agenda item 17.2.03, project not discussed. Delegated to Programme Board. Returned to 24.3.03 but not formally approved.	
F15	Voluntary and Community Sector Research Project	Walsall Voluntary Action	34,650.75		NOT INCLUDED IN SAMPLE	n/a	n/a	n/a

WALSALL BOROUGH STRATEGIC PARTNERSHIP

CONFIDENTIAL

Late Report

Approval of Governance Arrangements of the Walsall Borough Strategic Partnership

Monday 5th July 2004

1. Purpose of this Report

- 1.1 To ratify decisions made by the Joint Strategy Board as some inaccuracies have been identified through minutes of meetings where decisions had been taken by the Board.

2. Context

- 2.1 The Walsall Borough Strategic Partnership (WBSP) was established in 2001.

The WBSP as one of the Government's Local Strategic Partnerships (LSP's) is awarded, subject to accreditation and approved Performance Management, Neighbourhood Renewal Fund (NRF), with the Local Authority as the Accountable Body.

- 2.2 The Joint Strategy Board has been responsible for the allocation of the NRF in the past. However the WBSP has recently allocated NRF through the Commissioning process, in order to achieve a more strategic impact. The move to Commissioning heralded a desire by Partners to develop a more strategic focus and to work more effectively and efficiently.
- 2.3 The Local Authority and all Partners supported this development toward more strategic working and, in response to this' a consultation was instigated in November 2003. The consultation focussed on the need to become strategic and effective
- 2.4 A number of key issues were identified as central to the ability of Partnership to operate more effectively, these included:
- Clarity of Members versus Observers in attendance
 - Some lack of clarity regarding substitutions and subsequent query regarding meetings being quorate for their duration
- 2.5 As part of the review of the WBSP, the Head of Programme Management was commissioned to identify any queries resulting from

attendance and records of decisions made at Joint Strategy Board Meetings.

- 2.6 A number of queries emerged regarding attendance and subsequently decisions made at meetings were identified from minutes. These queries fall into the following categories:
- Decisions made at meetings that were quorate and where minutes record this
 - Decisions made at meetings that were quorate in part, but due to Members arriving or leaving were in part inquorate
 - Decisions made where meetings were quorate for part or for the whole of the meeting, but where minutes were not agreed as accurate due to subsequent meetings being/becoming inquorate
 - Decisions made where meetings were not quorate or not recorded as quorate and therefore question whether decisions made were the intended decisions of the Joint Strategy Board
- 2.7 The consequence of queries regarding attendance at meetings, accuracy and approval of minutes and decisions of the Board are:
- Decisions made by the JSB at meetings which were quorate stand
 - Decisions made by the JSB which were not quorate/not recorded as quorate or due to subsequent inquorate meetings, where minutes were not approved, can be approved retrospectively
 - Decisions made by the JSB that were not quorate for whole or part of the meeting/not recorded as quorate where funding was time expired and therefore cannot be backdated
- 2.8 There are a number of issues that are being addressed which had previously led to these anomalies. These include greater clarity of membership through the Partnership reshaping, the need for clarity in respect of substitutions and when the Board of other partnership structures are inquorate, and improved minute taking.
- 2.9 It must be recognised however that due to the extent of reports, presentations and paperwork regarding decisions of the Joint Strategy Board between April 2003 and March 2004 there is sufficient evidence to ensure that the intention of that Board was to:
- Approve Commissioning as the method to allocate the NRF
 - Establish the Commissioning Executive
 - Approve funding decisions discussed or/and agreed at the meetings

3. Current Position

- 3.1 This review forms part of the Council's, as the Accountable Body, desire to ensure proper processes are in place.

- 3.2 The review confirms that improvements of the governance arrangements and processes of the WBSP need to take place.
- 3.3 To support this review and the recommendations made in this report, the advice from the Council's Legal Department is that it is the responsibility of the Board to ensure business is conducted effectively.
- 3.4 The Accountable Body is confident that the reshaping of the WBSP and of the Board, with clearer roles and structures will address issues identified.
- 3.5 In addition, minute taking arrangements with clearly identified recording of attendance at meetings is to be put in place for all future Board meetings.

4. Recommendation

- 4.1 It is recommended to the Board that all decisions made were in line with the intention of the Joint Strategy Board.
- 4.2 To approve all funding agreements for 2003/04, attached at appendix A.
- 4.3 To approve all current arrangements of the:
- Establishment of the WBSP Board
 - Establishment of the Commissioning Executive
 - All funding decisions by the Joint Strategy Board, the Performance and Review Group and Commissioning Executive up to May 6th WBSP Board Meeting.
- 4.4 To approve that new arrangements are made for recording all business conducted at Board Meetings.

Contact Officers:

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NRF EXPENDITURE TESTING AT CLOSE DOWN FOR 2003/04

APPENDIX D

Project No	Projects title	Organisation	Spend on LAFIS at Final Closedown 2003/2004	Clawback	Evidence	AMOUNT	AGREED TO LAFIS	EXCEPTIONS	EVIDENCE REF
A01	CCTV	Community Safety	188,000.00		JTTRK100	£188,000.00	Y	N	C1
A02	Community Safety	Community Safety	108,105.76		JTTRK100	£95,000.00	Y	£95k allocated £108k spent	C1
A03	Secure By Design	Community Safety	103,000.00	£83,952.00	JTTRK087	£103,000.00	Y	N	C2
A04	Youth Offender Team	Walsall MBC, Social Services	50,000.00		JTTRK100	£50,000.00	Y	N	C1
A05	Domestic Violence Unit (Management)	Domestic Violence Forum	48,000.00		INVOICE CU03/B2	£48,000.00	Y	N	C3
A06	Offender Management Scheme (Walpop)	Community Safety	112,400.00	£20,843.52	JTTRK100	£112,400.00	Y	N	C1
A07	Leamore CCTV	Community Safety	-	£74,929.50	JTTRK090	£74,929.50	Y	N	C4
A08	Stowe Street	Environmental Regeneration	22,062.00	£27,691.61	NOT INCLUDED IN SAMPLE	NA	NA	NA	NA
A09	Mobile Warden Scheme	Community Safety	74,814.00	£26,186.38	JTTRK100	£101,000.00	Y	N	C1
A10	Crime Stoppers Project	Community Safety	10,000.00		NOT INCLUDED IN SAMPLE	NA	NA	NA	NA
A11	Building Safer Communities-WALPOP (4th QTR Policeman)	Community Safety	5,000.00		NOT INCLUDED IN SAMPLE	NA	NA	NA	NA
A12	Building Safer Communities-GLUG (Healthy Schools Initiative)	Community Safety	4,000.00		NOT INCLUDED IN SAMPLE	NA	NA	NA	NA
A13	Building Safer Communities-BUZZ (Theatre Touring Programme)	Community Safety	7,000.00		NOT INCLUDED IN SAMPLE	NA	NA	NA	NA
A14	Building Safer Communities-MLECT (Midland Life Education Trust)	Community Safety	2,000.00		NOT INCLUDED IN SAMPLE	NA	NA	NA	NA
A15	Building Safer Communities-Police Enforcement Programme	Community Safety	19,500.00		NOT INCLUDED IN SAMPLE	NA	NA	NA	NA
A16	Building Safer Communities-Target Hardening WHG	Community Safety	3,000.00		NOT INCLUDED IN SAMPLE	NA	NA	NA	NA
A17	Building Safer Communities-Crisis Point (Health Initiatives)	Community Safety	3,000.00		NOT INCLUDED IN SAMPLE	NA	NA	NA	NA
A18	Building Safer Communities-Walsall Mini-reloaded - "Feb Fab Fun" Project	Community Safety	40,000.00		JTTR064	£40,000.00	Y	N	C5
A19	Building Safer Communities-Addiction "Time to Change" Publicity Campaign	Community Safety	4,000.00		NOT INCLUDED IN SAMPLE	NA	NA	NA	NA
B01	Benefits Takeup Initiatives	Walsall MBC	230,600.00	£230,600.00	JTTRK101	£230,600.00	Y	N	C6
B02	Better parenting through Art		27,546.62		NOT INCLUDED IN SAMPLE	NA	NA	NA	NA
B03	Domestic Violence (Stepping Stones)	Domestic Violence Forum	50,000.00		INVOICE NRF10102	£50,000.00	Y	Invoice date 28.7.02 but rec'd 1 Aug 03 related to 03/04 budget so prob typo	C7
B04	Home Start	Home Start Walsall	71,500.00		INVOICES	£71,500.00	Y	2 invoices for budget 03/04, 1 invoice no description for £31,500	C8
B05	Mother to Mother lay breastfeeding support	Walsall Manor Hospital	19,130.00		NOT INCLUDED IN SAMPLE	NA	NA	NA	NA
B06	School Breakfast Clubs	Walsall PCT	20,000.00		NOT INCLUDED IN SAMPLE	NA	NA	NA	NA
B07	Sure Start Plus Co-ordinator	Walsall PCT	17,000.00		NOT INCLUDED IN SAMPLE	NA	NA	NA	NA
B08	Maximisation of Income	Walsall MBC	151,284.00		JTTRK106 /354	£151,284.00	Y		C9 /C28
B09	Communication Aids	Walsall PCT	20,000.00		NOT INCLUDED IN SAMPLE	NA	NA	NA	NA

NRF EXPENDITURE TESTING AT CLOSE DOWN FOR 2003/04

APPENDIX D

B10	Walsall Health and Work(Employees)	Walsall PCT	40,000.00		INV808	£40,000.00	Y	invoice description 'employment retention - project for one quarter' not clear. Remaining quarters not identified.	C10
B11	Falls Prevention	Walsall PCT	150,038.99		INV 1288	£75,000.00	Duplicate payment	Invoice 2/3/04 does not give detail of financial year to which it relates.	C11
B12	SmartRisk	Walsall PCT	-		NOT INCLUDED IN SAMPLE	NA	NA	NA	NA
C01	Childrens Services	Education Walsall-SERCO	60,000.00		JTTRK102	£60,000.00	Y	N	C12
C02	Lifelong Learning	Walsall Lifelong Learning Alliance.	22,500.00		NOT INCLUDED IN SAMPLE	NA	NA	NA	NA
C03	Literacy and Numeracy	Education Walsall-SERCO	130,000.00		JTTRK102	£130,000.00	Y	N	C12
C04	Pupil Referral Unit	Education Walsall-SERCO	250,000.00		JTTRK102	£250,000.00	Y	N	C12
C05	Raising Education Standards	Education Walsall-SERCO	100,000.00		JTTRK102	£100,000.00	Y	N	C12
C06	Recruitment and Retention	Education Walsall-SERCO	50,000.00	£25,750.00	INV 5262 / 5925	£50,000.00	Y	N	C13
C07	Early Years Curriculum Support	Education Walsall-SERCO	20,500.00	£16,890.00	NOT INCLUDED IN SAMPLE	NA	NA	NA	NA
C08	Impact - Raising Achievement in Areas of Particular Disadvantage	Education Walsall-SERCO	10,000.00		NOT INCLUDED IN SAMPLE	NA	NA	NA	NA
C09	Narrowing Gaps/Tackling Underachievement	Education Walsall-SERCO	17,000.00		NOT INCLUDED IN SAMPLE	NA	NA	NA	NA
C10	Leadership Training KS 1+2	Education Walsall-SERCO	42,000.00		INV 5922 /5259	£42,000.00	Y	SERCO invoice / or journal transfer - no consistency	C14
C11	Leadership Training KS 3	Education Walsall-SERCO	42,000.00		INV 5260 / 5924	£42,000.00	Y	SERCO invoice / or journal transfer - no consistency	C15
C12	Transforming Learning KS 1+2	Education Walsall-SERCO	21,000.00		NOT INCLUDED IN SAMPLE	NA	NA	NA	NA
C13	Transforming Learning KS 3	Education Walsall-SERCO	3,000.00		NOT INCLUDED IN SAMPLE	NA	NA	NA	NA
C14	Open Learning KS 4+5	Education Walsall-SERCO	7,500.00		NOT INCLUDED IN SAMPLE	NA	NA	NA	NA
C15	Goscote Neighbourhood Renewal (Edgar Stammers Junior School).	Education Walsall-SERCO	65,625.00		INV 5256/7/919	£65,625.00	Y	SERCO invoice / or journal transfer - no consistency	C16
C16	Awards/Rewards Support for the Learning Charter	Walsall Lifelong Learning Alliance.	37,500.00		INV 764/830/1181	£37,500.00	Y	N	C17
C17	Walsall Schools Inclusion Forum	Black Country Connexions (Walsall Centre)	130,000.00		NO INVOICE	£130,000.00	Y	Invoices written on WMBC proforma	C18
C18	Open Learning KS 1 & 2	Education Walsall-SERCO	-		NOT INCLUDED IN SAMPLE	NA	NA	NA	NA
C19	Open Learning KS 3	Education Walsall-SERCO	-		NOT INCLUDED IN SAMPLE	NA	NA	NA	NA
C20	Skills Escalator	Walsall Borough Strategic partnership	100,000.00		JTTRK913	£100,000.00	Y	N	C19
D01	Global Grants	Walsall MBC	17,000.00	£93,000.00	JTTRK093/ 354	£110,000.00	Y	N	C20, C28
D02	Job Creation Initiatives	Walsall MBC	100,000.00		JTTRK093	£100,000.00	Y	N	C20
D03	Street Theatre	Walsall MBC	50,000.00		NO JOURNAL	£50,000.00	Y	No journal input form	C21
D04	Town Centre Regeneration	Walsall MBC	70,000.00		JTTRK093	£70,000.00	Y	N	C20
D05	Walsall Health and Work (Employers)	Walsall PCT	80,000.00		INV 749/50/125/1250	£80,000.00	Y	2 invoices do not make distinction whether relate to ee's or er's project	C22
D06	Settle In Walsall	Black Country Chamber & Business Link-Walsall Division	10,966.29		NOT INCLUDED IN SAMPLE	NA	NA	NA	NA

NRF EXPENDITURE TESTING AT CLOSE DOWN FOR 2003/04

APPENDIX D

D07	M6 Pilot Project	Steps to Work	63,500.00		INV 25653/25812/2590 4	£63,500.00	Y	N		C23
D08	Improving Employability in Walsall	Walsall MBC	153,300.00		JTTRK093	£153,300.00	Y	N		C20
D09	Priority Employment Areas-Evaluation Study	Walsall MBC	-		NOT INCLUDED IN SAMPLE	NA	NA	NA		NA
D10	Economic Forum Manager	Black Country Chamber & Business Link-Walsall Division	7,299.40		NOT INCLUDED IN SAMPLE	NA	NA	NA		NA
D11	Early Interventions	Starting Point	70,000.00		INV 25654/25817/2589 1	£70,000.00	Y	N		C24
E01	Refuse	Walsall MBC	200,000.00		JTTRK098	£200,000.00	Y	N		C25
E02	Grounds Maintenance	Walsall MBC	200,000.00		JTTRK098	£200,000.00	Y	N		C25
E03	Highways Maintenance	Walsall MBC	200,000.00		JTTRK098	£200,000.00	Y	N		C25
F01	Confident Communities	Walsall Borough Strategic PartnershipBSP	230,606.43	£59,393.57	JTTRK104	£290,000.00	Y	N		C26
F02	Cultural Events	Walsall MBC	42,000.00		NOT INCLUDED IN SAMPLE	£42,000.00	NA	NA		C26
F03	Development of Person Centered Planning	Walsall MBC	50,000.00		JTTRK099	£50,000.00	Y	N		C27
F04	Disability - DDA - Deaf	Walsall Deaf People's Centre	21,042.00		NOT INCLUDED IN SAMPLE	NA	NA	NA		NA
F05	Disability - DDA - Shopmobility	Access All Areas	20,000.00		NOT INCLUDED IN SAMPLE	NA	NA	NA		NA
F06	Independent Living	Walsall MBC	60,000.00		JTTRK104	£60,000.00	Y	N		C26
F07	Interpreting Service	Communication & Translation Service	20,000.00		NOT INCLUDED IN SAMPLE	NA	NA	NA		NA
F08	Parents against Drugs	ESCAPE,	8,147.32		NOT INCLUDED IN SAMPLE	NA	NA	NA		NA
F09	Research and Baseline Studies:	Walsall MBC	53,000.00		JTTRK097	£53,000.00	Y	N		C27
F10	Resource Centres	Walsall MBC	60,000.00		JTTRK104	£60,000.00	Y	N		C26
F11	Wiring Communities	Walsall MBC	225,000.00		JTTRK104 / 3554	£225,000.00	Y	N		C26, C28
F12	Youth Initiatives	Walsall MBC	600,000.00		JTTRK091	£600,000.00	Y	N		C29
F13	Promoting participation	Walsall Voluntary Action	50,736.00		INV 268/280/287/319	£50,736.00	Y	N		C30
F14	Voluntary and Community Sector NRF policy support	Walsall Voluntary Action	66,644.00		INV 269 /279/288/320	£66,644.00	Y	N		C31
F15	Voluntary and Community Sector Research Project	Walsall Voluntary Action	34,650.75		INV 267/281/318	£34,650.97	Y	N		C32
F16	Neighbourhood Renewal Project Support	Walsall Voluntary Action	-		NOT INCLUDED IN SAMPLE	NA	NA	NA		NA
G01	WBSP Programme Manager/Strategic Director	Walsall Borough Strategic PartnershipBSP	127,047.02		JTTRK354/096	£127,042.02	Y	N		C28 / C33
G02	WBSP Administration	Walsall Borough Strategic PartnershipBSP	50,000.00		JTTRK354/096	£140,000.00	Y	N		C28 / C33
G03	Young Peoples Consultation Framework	Black Country Connexions	92,199.93		INV 162/163/164	£92,199.93	Y	N		C34
G04	Walsall's Local Compact	Walsall CVS	75,828.44		INV 264/282/285/317	£75,828.44	Y	Y		C35
G05	Neighbourhood Management Co-ordinator	Walsall Borough Strategic PartnershipBSP	49,804.48	£8,977.53	NO REFERENCE		N		No journal input form	-
G06	Walsall Summer Reloaded	Walsall MBC - Lifelong Learning & Community	450,000.00		JTLSC232	£450,000.00	Y	N		C36
G07	Neighbourhood Management	New Deal for Communities	47,751.59		JTETB869	£47,751.59	Y	N		C37
G08	Local Connexions Manager	Black Country Connexions	134,174.54		Duplicate Payment				Duplicate payment Duplicate payment	-

NRF EXPENDITURE TESTING AT CLOSE DOWN FOR 2003/04

APPENDIX D

H01	Essex Street, Kent Street & Webster Road Env Improvements	Walsall MBC	21,953.30		NOT INCLUDED IN SAMPLE	NA	NA	NA	NA
H02	Leamore Park: Environmental Enhancements	Walsall MBC	54,728.34		NO REFERENCE		N	No journal input form	-
H03	Cavendish Gardens Flats: Environmental Enhancements	Walsall MBC	22,361.10		NOT INCLUDED IN SAMPLE	NA	NA	NA	NA
H04	Litter Hit Squad	Walsall MBC	75,000.00		INV 9851/1583/X	£75,000.00	Y	N	C38
H05	Brown Bins	Walsall MBC	134,000.00		INV 211582	£134,000.00	Y	N	C39
H06	Sustainable Communities Partnership Support Officer	Walsall MBC	6,284.78		NOT INCLUDED IN SAMPLE	NA	NA	NA	NA
H07	Mallory Crescent Open Space Improvements	Walsall MBC	54,728.34		NO REFERENCE		N	No journal input form	-
TOTAL			6,869,360.42	668,214.11					

Walsall Metropolitan Borough Council
Internal Audit Service

Neighbourhood Renewal Fund

Audit Report 2005/2006

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AUDIT ACTION PLAN

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Appendix B – final audit report – NRF approvals and spends 2003/04

Appendix C – responsibilities for the management and administration of NRF

Appendix D – final audit report – NRF special investigation 2002/03

**Neighbourhood Renewal Fund
Audit Report 2005/06**

EXECUTIVE SUMMARY

A. Introduction

1. A series of reports and communications were forwarded in confidence by a council officer (who has since left the council) to internal audit between March and July 2004, detailing a number of concerns / allegations regarding the council's use, management and administration of neighbourhood renewal fund (NRF).
2. Internal audit shared the main concerns arising with the chief executive, executive director for finance, law & performance (*Section 151* officer) and executive director, regeneration, housing and the built environment (RHBE) on 9 and 14 July 2004, respectively.
3. ██████, audit commission manager was also made aware of the issues with regard to NRF, by the source. It was agreed with the audit commission that the investigation would be undertaken jointly between internal audit and the audit commission, with internal audit taking the lead role.
4. Each concern / allegation requiring investigation was risk assessed by the audit commission manager and internal audit to enable issues to be prioritised.
5. Many of the allegations have already been investigated and final audit reports regarding NRF administrative costs 2004/05 (**Appendix A**) and NRF approvals and spends 2003/04 (**Appendix B**) were issued in November 2004 and June 2005 respectively. This report represents the final piece of work in this area and concludes internal audit's work on the allegations made. This report focuses on:
 - Project Appraisal/Targeting Funds
 - Project Approval
 - Contracting
 - Project Monitoring/Financial Management
 - Governance (including quoracy)
 - Commissioning (including test commission)
 - CAB Mental Health Project
 - Independent Living Centre Project
 - Job Creation Initiatives Project
 - Skills Escalator Project
 - Monopole Advertising Project
 - SERCO Projects
 - Walsall CVS Project; and
 - M6 Pilot Project.

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B. Work Undertaken

1. Allegations mainly referred to the 2003/04 and 2004/05 financial years. Each allegation made has been examined. In order to attempt to substantiate the allegations, a review of relevant documentation / files and a sample of 17 projects funded in 2003/04 and 3 commissions and 6 projects funded in 2004/05 has been undertaken.
2. Discussions have been held with Walsall borough strategic partnership (WBSP) officers.
3. A review of the minutes of the WBSP and the WBSP's commissioning executive (CE) has been undertaken.

C. Background

1. Since 2001, NRF has aimed to enable the 88 most deprived local authorities, in collaboration with their LSP, to improve services thereby narrowing the gap between deprived areas and the rest of England. It is one of the features of NRF that the grant can be used to support mainstream funding. Another is that when first introduced, the guidance from ODPM was limited and non specific.
2. NRF can be used in any way that tackles deprivation in the most deprived neighbourhoods, particularly, but not exclusively, in relation to floor targets and to local targets set out in the local neighbourhood renewal strategy agreed by each of the LSPs. NRF spending plans are to be determined by each local authority, working with, and as part of, an LSP.
3. Where service quality is at risk or requires improvement, it is strongly desirable that funding should go to mainstream services, such as schools – provided the funding benefits the most deprived areas. The money can be used to support not only local authority services but those of other organisations, including other organisations within the LSP.
4. Walsall council has received the following NRF allocations:-
 - 2001/02 - £3.56 million
 - 2002/03 - £5.34 million
 - 2003/04 - £7.12 million
 - 2004/05 - £7.12 million
5. Walsall council has been allocated £7.12 million per annum for 2005/06. It is understood that Walsall are to be allocated a further £6.5m in 2006/07 and £5.5m in 2007/08.
6. Responsibilities for the management and administration of NRF since its inception at Walsall MBC are detailed at **Appendix C**.

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D. Overall Conclusions

1. Many of the concerns raised regarding NRF in 2003/04 and the early part of 2004/05 appear to be founded. The control environment regarding the management and administration of NRF within the council, as accountable body to these funds; and by the WBSP, as the decision making body regarding the use of these funds; has, in the past, been either insufficient or ineffective. This appears to have led to an element of distrust and criticism which in turn has led to a heightened level of scrutiny, focused on the council as accountable body, both from internally amongst certain of the council officers; and externally within the wider partnership.
2. The officer raising these concerns with internal audit had been promoted to a role which involved managing many of the NRF processes which he had identified as having control weaknesses. This officer has subsequently left the council; and this has been the case for the majority of officers who have been responsible for NRF in the past. Internal audit have been pleased to note, however, that many of the issues raised have been addressed / or are in the process of being addressed by the managers currently undertaking these roles.
3. The council's approach to the management and administration of NRF has improved. The decision to adopt a commissioning approach for use of NRF has, for example, attracted praise from Government Office.
4. There are, however, a number of controls which require significant attention, in particular the general administration of NRF, project management and monitoring and an overall review of governance arrangements. NRF, while not specifically ring fenced or subject to as detailed grant requirements as other grant funded regimes, remains public money for which the council is accountable and should therefore be managed to the same high standards as that expected of Walsall council's mainstream funding. Due to the level of criticism which has been levelled at the council in the past, the council, as the accountable body to these funds, must ensure that its control environment is sufficiently robust and effective, to protect itself and its officers from further criticism and speculation.
5. The WBSP and commissioning executive must also remain mindful of their role / accountability in ensuring that their decisions / practices are sufficiently robust to defend any adverse criticism which may be levelled at them. The implementation of the recommendations made within this and other internal audit reports on this theme should assist in this respect.
6. It is suggested that the report and others in the series, also act as an exemplar to the council in highlighting the risks associated with partnership activity and associated funding.

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E. Summary of Findings

1. Project Appraisal/Targeting Funds

1.1 In order to attempt to verify the allegations made with regard to project appraisal / targeting funds, a sample of 17 projects funded in 2003/04; and 6 projects and 3 commissions funded in 2004/05 were examined. Guidance relating to management and administration of NRF has also been examined.

1.2 The following was alleged:

Difficult to establish from projects approved by the WBSP how NRF funding is benefiting the priority neighbourhoods in terms of directed activity and measurable impact and bending of mainstream resources.

1.2.1 Guidance states that NRF can be used in any way that tackles deprivation in the most deprived neighbourhoods, particularly, but not exclusively, in relation to floor targets and to local targets set out in the local neighbourhood renewal strategy agreed by the local strategic partnership (LSP).

1.2.2 It was difficult to clearly establish from 2003/04 project submission forms and other project documentation examined, how NRF funding was benefiting priority neighbourhoods / floor or local targets set out in the local neighbourhood renewal strategy. This is not to say that these projects were not indirectly or directly targeted as required; just that documentation to clearly support this was not available on the project files examined. In addition, it was identified that of 17 projects examined, completed project submission forms were not detailed on 9 of the project files (B13, C01, C20, D02, E04, F14, G04, G06 and H05). Of the 8 project submission forms detailed on file, 6 (A01, C04, C05, C17, F10 and G01) had not been signed and dated by the applicant.

1.2.3 In 2004/05, it was noted that a commission pro-forma is completed by the lead officer for each commission. The pro-forma allows the commissioning executive to consider each commission against a standard set of questions, including 'impact upon floor targets' and 'WBSP priority / priorities'. Of 3 commission files examined, a commissioning pro-forma had not been completed in one case (C22).

1.2.4 In 2004/05, non commissioned projects receiving NRF funding, are also required to complete a 'pro-forma' form. Review of 6 project files, identified that a pro-forma form had not been completed in any of the cases (G10, UG1, UG6, D08, G03 and F17). In 2 of these cases (D08 and G03), the project had been funded in previous years.

Conclusions & Recommendations

1.	<p>It is difficult to identify from project / commission documentation explicitly how such projects / commissions tackle deprivation in the most deprived neighbourhoods, or meet floor targets or local targets set out in the local neighbourhood renewal strategy. This is not to say that such projects / commissions have not been strategically targeted in this way, but that documentation to support this was not always available on project files.</p>
2.	<p>While arrangements in respect of evidence of targeting appear to have been strengthened in 2004/05, control weaknesses have been identified from a review of project / commission files.</p> <p>Recommendations</p> <ul style="list-style-type: none">• <i>Management should consider undertaking a complete file review of 2003/04 NRF projects to ensure that files clearly detail evidence of how NRF funded projects benefit priority neighbourhoods / floor or local targets set out in the local neighbourhood renewal strategy. Where discrepancies are identified, project managers should be asked to source the relevant supporting documentation and place clearly on file. Project Officers should be reminded to ensure that such supporting documentation is present on all currently funded projects and commissions.</i>• <i>Project submission forms should be identified for the projects cited in 1.2.2 and placed on the relevant project file.</i>• <i>The 6 project submission forms cited in 1.2.2 should be forwarded to the applicant for signing before being placed on the relevant project file.</i>• <i>Management should consider undertaking a complete file review of all commissions funded in 2004/05 to ensure that a completed commissioning pro-forma is detailed on each commission file. A review should include the project cited in 1.2.3. Project officers should further be reminded to ensure that a completed commissioning pro-forma is detailed on each currently funded project file.</i>• <i>A complete file review of 'non commissioned' project files in 2004/05 should be considered to ensure that completed pro-formas are detailed on all non 'commissioned project' files. This review should include those projects cited in 1.2.4. Project officers should further be reminded to ensure that a completed pro-forma is detailed on all currently funded 'non commissioned' files.</i>

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1.3 The following was alleged:

Project submission form does not follow DETR/ODPM guidance therefore project appraisal may not be as robust as it should be.

1.3.1 A review of guidance supplied in respect of NRF identified no advice in respect of project submission arrangements. Generally, guidance relating to NRF appears to be more limited / discretionary than guidance provided for other grant funded regimes such as single regeneration budget (SRB). In the absence of definitive guidance, it follows that a council administering NRF should utilise its own internal control framework for project submission arrangements.

Conclusions & Recommendations

1.	There is no guidance / requirement regarding project submission arrangements. In the absence of such guidance, it follows that councils should therefore make their own arrangements for safe and effective project submission and appraisal. Recommendations <ul style="list-style-type: none">• None.
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1.4 The following was alleged:

There is no independent appraisal of projects submitted.

1.4.1 There is no requirement for an independent appraisal of projects funded via NRF. Guidance provides that 'the local authority shall agree the use of grant with the local strategic partnership (LSP)'.

1.4.2 The WBSP approved projects in line with this guidance from 2001/2 to 2003/04, until the commissioning executive was also granted delegated responsibility in their inaugural meeting of 9 January 2004.

1.4.3 The use of independent project appraisers is a practice utilised for SRB.

Conclusions & Recommendations

1.	There is no independent appraisal of NRF project submissions and there is no statutory requirement for this. In line with guidance, the WBSP and later the commissioning executive and their associated theme groups, undertake this role. Recommendations <ul style="list-style-type: none">• None.
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1.5 The following was alleged:

It is not clear from documentation what information is presented to various groups.

1.5.1 From an examination of minutes for a sample of projects funded via NRF in 2003/04, it was not always possible to identify what information had been submitted to theme groups or the WBSP. In 2004/05, however, a review of minutes of the commissioning executive and WBSP identified improvements in this respect. In the case of the WBSP, this was largely due to support from committee specialists from constitutional services.

Conclusions & Recommendations

1.	<p>In 2003/04, it was not clear from review of minutes, what documentation had been presented to theme groups or the WBSP. This position appears, however, to have improved in 2004/05.</p> <p>Recommendations</p> <ul style="list-style-type: none">• <i>The WBSP has benefited from the minute taking expertise of officers from constitutional services. The commissioning executive should consider utilising the services of constitutional services for the production of their minutes.</i>• <i>Although improvements have been noted, it would be prudent for minute takers to be reminded to ensure that any documentation presented to either the WBSP or the commissioning executive is clearly referenced within the appropriate minutes.</i>
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1.6 The following was alleged:

In 2003, a small team comprising the NRF Co-ordinator, Neighbourhood Renewal Strategic Adviser, Group Accountant for Regeneration and an NRF evaluator (seconded from GOWM) was formed to evaluate all NRF projects. The process involved self assessment by the project officer completing a pro-forma followed by an interview involving one or more of the evaluation team. It is not clear from the documentation that the process was completed for every project and there appears to be no overall assessment of the use of NRF funding. In addition there is little or no evidence in terms of beneficiary details etc of the impact on the priority neighbourhoods, contribution to the neighbourhood renewal strategy or measurable targets.

1.6.1 On 28 April 2003, the WBSP approved the evaluation of 23 NRF projects by the team cited above as a 'pilot tranche'. A report detailing the result of this work was submitted by [REDACTED] (seconded from GOWM) and [REDACTED], NRF co-ordinator, to the Joint Strategy Board (JSB) on 21 July 2003. In November 2003, the JSB were informed that all 93 projects had been evaluated and that a full report would be submitted to their next meeting. A review of relevant minutes, however, does not identify this report being submitted to the next or subsequent meetings.

Conclusions & Recommendations

1.	<p>While a pilot tranche of 23 projects, appraised by a team including [REDACTED] and [REDACTED], was presented in a formal report to the WBSP in July 2003, the findings of their work regarding a complete appraisal of 93 projects does not appear to have been subsequently presented to the WBSP and there is little minuted evidence of action being taken as a result of these findings.</p> <p>Recommendations</p> <ul style="list-style-type: none">• Officers should be reminded to ensure that where work / consultancy is commissioned by either the WBSP or the commissioning executive, that the findings of this work should be presented and discussed in full.• Officers may consider undertaking an evaluation exercise at the end of each commission of consultancy work to ascertain the value of the work together with any learning points for future.
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1.7 The following was alleged:

Despite possible weaknesses in the evaluation exercise a number of projects were awarded additional funds at JSB meeting of 18/08/03.

Towards the end of 2003/04 programme management staff began receiving requests from organisations who appeared to have received a letter from [REDACTED] in Oct 2003 awarding additional NRF funds in 2004/05. JSB notes failed to identify the authorisation. [REDACTED] letters were initiated by a decision made at the JSB on 21/7/03 following an evaluation report by [REDACTED]. No mention in report of project names just that a number of projects will be awarded totalling £480,000. 11 projects totalling £440,730 were granted.

1.7.1 A report was submitted to the meeting of 18 August 2003 by [REDACTED] and [REDACTED] entitled 'update on the evaluation of NRF initiatives/projects' which recommended additional funding to 9 specific projects. The board approved the contents of the report.

1.7.2 A report was submitted to the JSB on 21 July 2003 which stated that 'late starting projects from 2002/03 financial year should not be penalised for receiving their finances later in the fiscal year. They should be offered their funding for the two full years to make their desired impact through their project, i.e. past March 2004. This should apply to all relevant NRF projects, including those that have not undergone the evaluation process yet. The assessment of 'full year' funding entitlement for all relevant projects is that this will require a commitment in the region of £480,000'. There was no mention of the specific projects. It was identified that [REDACTED] had sent letters to the specified projects notifying them of their additional NRF funding.

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Conclusions & Recommendations

1.	<p>Organisations appear to have been sent communication detailing additional funding as a result of a project appraisal exercise, approved by the JSB in July 2003. Minutes of the JSB did not however specify the project or the allocation of NRF funding approved.</p> <p>Recommendation</p> <ul style="list-style-type: none">• <i>Officers should be reminded to ensure that the appropriate approval has been obtained before NRF commission / grant recipients are informed of their award of NRF.</i>
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1.8 The following was alleged:

In developing projects for NRF funding little or no account has been taken of existing regeneration programmes resulting in duplicating existing activities, failing to obtain best value and failing to consult.

1.8.1 From the projects examined, no evidence of duplicate funding was identified. The head of programme management and later head of neighbourhood management, were appointed to bring NRF under the umbrella of other regeneration grant funded initiatives such as SRB and European funding and to prevent duplication. The pro-forma includes a section detailing whether the project is a joint commission, however, it does not specifically ask whether any other sources of funding are being received or whether the project / commission is the subject of any existing regeneration activity.

Conclusions & Recommendations

1.	<p>No duplication has been identified from the projects examined.</p>
2.	<p>The purpose of the restructure of programme management and later neighbourhood management was to bring regeneration funding regimes under one umbrella. While this minimises the risk of duplication funding, the recommendation made below can tighten these controls further.</p> <p>Recommendation</p> <ul style="list-style-type: none">• <i>Consideration should be given to providing a standard entry on the commissioning pro-forma and pro-forma for non commissioned NRF funded projects, to ensure that projects submitted for approval are not already subject to existing funding (to prevent duplicate funding); or existing regeneration activity. The council should extend this recommendation to all council funding regimes to ensure that there is a specific requirement to check for duplicate funding.</i>

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1.9 The following was alleged:

NRF became the only source of funding for a project without any recognition of mainstream resources.

1.9.1 DTLR guidance states that NRF is a 'non ring fenced grant' which can be used to support services not only provided by the local authority but also by organisations that are members of the LSP. Further, 'A New Commitment to Neighbourhood Renewal – National Strategy Action Plan' states that to achieve necessary improvements, service providers can reallocate resources (NRF) into their mainstream programmes'. Guidance states that it is both 'acceptable and strongly desirable' to use NRF funds in this way. NRF, however, while not specifically ring fenced or subject to as detailed grant requirement as other grant funded regimes, remains public money for which the council is accountable and should therefore be managed to the same in accordance with the standards applied to the council's mainstream funding.

1.9.2 This issue was the subject of the neighbourhood renewal fund special Investigation 2002/03 (**Appendix D**).

Conclusions & Recommendations

1.	NRF has been used to support internally managed council projects. Guidance states that this is acceptable.
2.	See also conclusions of the neighbourhood renewal fund special investigation 2002/03 (Appendix D).
	Recommendations <ul style="list-style-type: none">• None.

2. Project Approval

2.1 The following was alleged:

GOWM stressed that the LSP should not be concerned with detailed projects. LSP agreed to suspend existing process and develop new to be presented to meeting on 21.08.02. No report presented, GOWM stressed issue again at meeting. Flowchart submitted to LSP away day on 14.09.02 but at meeting of 23.09.02 LSP returned to approving projects.

2.1.1 At a meeting of the JSB on 16 July 2002, [REDACTED] (GOWM) stated that the board should not be concerned with the detail of projects. This comment was made because the board appeared to be spending a lot of time examining every detail of the project submissions. As a result, it appears that the format of the report submitted to the JSB for project approval was revised / simplified. It was also the case at this time that projects had already been discussed by the appropriate theme group and then approved by the programme management board before being submitted to the JSB.

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- 2.1.2 The commissioning executive, operative from 9 January 2004, have delegated responsibility from the WBSP for project / commission, appraisal / approval.

Conclusions & Recommendations

1.	There was a concern, identified by GOWM, that the LSP spent too much time considering and approving projects for NRF.
2.	This concern has since been addressed, both in the revision of the report formally presented for NRF project approval and more recently in the commissioning executive being given delegated responsibility for NRF project approval from the WBSP.
Recommendations <ul style="list-style-type: none">• None.	

- 2.2 The following was alleged:

A breakdown of process for approval of funds which was recorded in governing documents as involving theme groups, programme management board and JSB.

- 2.2.1 Project approval issues for 2003/04 spend were identified and associated recommendations made in the NRF Approvals & Spend Report 2003/04 detailed at **Appendix B**.
- 2.2.2 In examining 6 files for projects and 3 files for commissions funded in 2004/05 the following were noted:
- The SAM learning project (UG1) had been approved by the commissioning executive on 24 January 2005. There was no copy of the minutes of this approval on the project file.
 - The Manor Hospital Community Training project (UG6) had been approved by the commissioning executive on 24 January 2005. There was no copy of the minutes of this approval on the project file.
 - A grant agreement had been produced for the improving employability in Walsall project for £169,662. The approved amount was £101,000. From information on the file it was not possible to verify the total approved amount.
 - The commissioning executive approved the funding for one commission (C22) on 7 May 2004. The minutes of the meeting do not detail the amount of approved funding.

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- 2.2.3 During the course of this audit, the issue of processes for approval of NRF expenditure has been discussed in depth by internal audit, the audit commission, legal services and RHBE Finance. The wider issue of approval of NRF projects / commissions has been identified as an area for review and should be considered as part of a recommended review of the overall governance arrangements of the partnership and their associated groups, including the commissioning executive. Under current arrangements, the WBSP or the commissioning executive have no delegated powers to approve NRF spend. Only officers of the council, as representatives of the accountable body, have such delegations.
- 2.2.4 Guidance must also be considered on this point which states 'NRF spending plans are to be determined by each local authority, working with, and as part of, an LSP'. The recommended review of governance arrangements should therefore seek to ensure that payments from NRF, as well as being considered by the WBSP and their delegated groups, are also authorised in accordance with an appropriate scheme of council delegation.

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Conclusions & Recommendations

1.	Project approval was identified as a control weakness in the NRF Approvals & Spend Report 2003/04.
2.	Of the project / commission files selected for examination relating to 2004/05, control regarding project approval could be tightened by the implementation of the recommendations below.
3.	<p>It has also been identified as part of this audit that an overall review of the governance arrangements of the WBSP and their associated groups should be undertaken. Under current arrangements, the WBSP or the commissioning executive have no delegated powers to approve NRF spend. Only officers of the council, as representatives of the accountable body, have such delegations. The recommended review of governance arrangements should therefore seek to ensure that payments from NRF, as well as being considered by the WBSP and their delegated groups; are also authorised in accordance with an appropriate scheme of council delegation.</p> <p>Recommendations</p> <ul style="list-style-type: none">• <i>Officers should ensure that evidence of the appropriate approval (for example, the minutes of the relevant commissioning executive) should be clearly documented on project files, including those cited in 2.2.2.</i>• <i>Officers should be reminded that only the NRF amount approved should be awarded. Payments in excess of the amount approved should only be made with sufficient prior approval.</i>• <i>Officers should further be reminded that minuted approval should include the project name, amount awarded and financial year(s) to which this award relates.</i>• <i>Approval for the amount of NRF awarded to the improving employability in Walsall project should be clarified. Should retrospective approval be required, the opportunity for this should be pursued.</i>• <i>The wider issue of approval of NRF projects / commissions should be considered as part of a recommended review of the overall governance arrangements of the partnership and their associated groups. Under current arrangements, the WBSP or the commissioning executive have no delegated powers to approve NRF spend. Officers of the council, as representatives of the accountable body, only, have such delegations. A review of governance arrangements should therefore seek to ensure that payments are authorised in accordance with an appropriate scheme of council delegation.</i>

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2.3 The following was alleged:

In a letter to ██████, Director, WBSP, on 27/07/04, examples of approval sheets used by SRB were sent with a suggestion that they be adapted to notify programme management of decisions made. No response has been received to this.

2.3.1 Unable to pursue this allegation due to the director, WBSP, having since left the council. The NRF approvals & spend report 2003/04 (**Appendix B**), however, identified control weaknesses in relation to this aspect and made associated recommendations.

Conclusions & Recommendations

1.	Unable to pursue. See, however, NRF approvals & spend report 2003/04 and recommendations detailed within that report. Recommendations <ul style="list-style-type: none">• None.
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3. Contracting

3.1 The following was alleged:

Grant agreements do not record expenditure profiles, milestones, expected outcomes or outputs and require only one signature from the organisation and the NRF co-ordinator.

3.1.1 In examining the 17 files for projects funded in 2003/04 the following were noted:

- The standard grant agreement did not record expenditure profiles, expected outcomes or outputs and only required one signature from the organisation and the NRF co-ordinator.
- It did not appear that grant agreements had been completed for 11 of the projects (B13, C01, C05, C17, C20, E04, F10, F14, G01, G04 and H05). Of the 6 projects where a grant agreement had been completed, 3 had not been signed and dated (A01, C04 and G06).

3.1.2 In examining the 6 files for projects and 3 commissions funded in 2004/05 the following were noted:

- The grant agreement used in 2003/04 had been updated for both project and commission related funding from 2004/05 onwards and now includes quantitative and qualitative impacts and milestones (including floor targets). It now requires two signatures (authorised signature and witness signature) from the council and the organisation. It was noted, however, that this agreement does not request a signatory date to be entered.

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- The last page of the commission grant agreement states “use this signatory page if agreement is over £100,000” to ensure that “in witness where of the parties hereto have hereunto affixed their Common Seals to this Deed the day and year first before written”. In both files selected for examination which exceeded this amount (A23 and C22) this page had not been completed.
- One signed commission grant agreement (C22) had been amended by hand in several places.

Conclusions & Recommendations

1.	Prior to 2004/05, NRF grant agreements did not record expenditure profiles, milestones, expected outcomes or outputs and required only one signature from the organisation and that of the NRF co-ordinator. In 2004/05, however, this has since been addressed in the revised grant agreement form.
2.	<p>Control weaknesses have been noted on review of grant agreements for a sample of projects selected for examination in both 2003/04 and 2004/05. The recommendations below should assist in this respect.</p> <p>Recommendations</p> <ul style="list-style-type: none">• <i>Grant agreements should be sourced and detailed on the project files of those 2003/04 projects referenced in 3.1.1. Also, where possible and for completeness, signatures should be sought on the grant agreements referenced in 3.1.1.</i>• <i>The revised grant agreement form should include the date of the signatures of the grant recipients and the council to ensure evidence is available of the timeliness of the agreement.</i>• <i>Where commissions are £100k or over, officers should ensure that all relevant sections of the grant agreement are completed and actioned including those referenced in 3.1.2.</i>• <i>Where grant agreements have been amended, each amendment must be signed and dated by all parties to the agreement. Dependent on the number of amendments, consideration should be given to issuing a revised grant agreement.</i>

3.2 The following was alleged:

Variations to original grant agreements are poorly recorded. A number of projects report verbal agreements but are not clearly documented.

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3.2.1 In examining the 6 files for projects and 3 commissions funded in 2004/05 the following were noted:

- The Young Peoples Consultation Framework project had been approved on 10 September 2004 for funding of £101,250 for which a grant agreement had been signed and dated. On 17 January 2005 the commissioning executive approved further funding of £25,000, but it was identified that a further grant agreement was not issued for the £25,000. While, a letter was issued stating that the commissioning executive had approved a variation to the 2004/05 grant agreement, it did not state that the funding should be spent in accordance with the original grant agreement. The signature of the grant recipient in agreeing the terms of the variation was also not detailed.
- The Compact Officer project managed by Walsall Voluntary Action had been approved on 23 September 2002 for which a grant agreement had been signed and dated. On 23 March 2005, the WBSP approved further funding of £35,789, however, a further grant agreement / letter was not issued to Walsall Voluntary Action for this additional amount.

Conclusions & Recommendations

1.	<p>Variations to original grant agreements appear to be poorly recorded / documented. The recommendations detailed below should assist in this respect.</p> <p>Recommendations</p> <ul style="list-style-type: none">• <i>Where additional amounts are approved to the original NRF approval, officers should be reminded that either a revised grant agreement form or a variation to the original grant agreement should be issued. Revised grant agreements / variations should also be subject to the same authorisations / approvals as grant agreements themselves.</i>• <i>In light of the recommendation above, a check of all projects currently funded back to their original grant agreements should be undertaken and revised grant agreements / variations to the original grant agreement issued where required. This should include the projects referenced in 3.2.1.</i>
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4. Project Monitoring/Financial Management

4.1 The following was alleged:

There is a poor audit trail for programme submission, appraisal and approval, the process is over complex. Weaknesses in development, appraisal and approval mean that data is generally of a poor quality, making monitoring ineffective.

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Regular reporting regime not established. Relied heavily on NRF co-ordinator being able to carry out quarterly monitoring visits.

Poor monitoring of achievement and outcomes. Not always possible to say whether the funds awarded have impacted on the priority neighbourhood or floor targets.

Of 87 projects listed as receiving NRF funds only 6 can be identified as having a clear geographical focus on the priority neighbourhoods. Other projects have poor monitoring and evaluation and project officers were reluctant to provide detailed information.

The grant determination 2004 continues to say that NRF is a targeted grant it can be spent in any way that will tackle deprivation... WMBC may continue to be vulnerable if it cannot demonstrate that NRF has been spent in such a way.

For spends in 2003/04 there are still more than 50 projects where there is no evidence or incomplete evidence of expenditure and no narrative report to say how the funds have been spent to support deprived neighbourhoods. Most of these are service areas or major partners where funds were paid in advance. In many cases the funds will have been paid into the general fund. Requests for information have been ignored and in some cases senior managers have told fund holders not to respond.

Organisations fail to response to requests for monitoring information (only 39/87 responded in December 2003).

General issues relate to poor audit trail between development and approval; lack of clarity of what constitutes satisfactory evidence of expenditure; lack of clarity about targeting NRF; lack of clarity about use of delegation; lack of clarity about the management and monitoring of large commissions.

Projects paid in arrears normally submitted an invoice and supporting evidence of expenditure not required. No records kept by NRF co-ordinator so difficult to reconcile payments to performance.

4.2.1 In examining the 17 project files for funding in 2003/04 in relation to these allegations, the following were noted:

- There was no evidence on any of the project files to show that regular monitoring had been undertaken.
- There was no evidence on any of the project files to show that project outcomes, outputs or targets had been monitored and achieved.
- Due to the lack of monitoring information on the file it was not possible to confirm whether the funding had benefited its targets.
- Responses for requests for project monitoring information were not always received.

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- NRF allocations to external bodies were supported by an invoice from the recipient and allocations to internal bodies were supported by LAFIS printouts. However, in 11 cases out of 17 (A01, C01, C04, C05, C20, D07, F10, G01, G06, H05, D02) there was no evidence of how the grant had been spent. Where evidence was available on file, 3 projects were noted from the same applicant detailing the same expenditure details (invoice copies) on each of the project files (F13, F14 and G04).
- There was no invoice to support payments to Black Country Connexions in respect of the Walsall schools' inclusion forum project (C17).
- NRF allocated to SERCO projects were supported in some instances by an invoice from SERCO and on other occasions payments were made to SERCO via journal transfer.
- A request for payment for the Brown Bins project (H05) had been made with an internal sundry debtor invoice.
- It was noted that documentation held on NRF project files is not always date stamped.

4.2.2 In examining the 6 files for projects and 3 commissions funded in 2004/05 the following were noted:

- Since the January 2004, the programme management section have been solely responsible for processing claims and payments and ensuring that evidence is obtained to substantiate claims made. Improved programme management monitoring forms have been produced which allow for better management of each commission/project, monthly profile spend and give earlier warnings if a commission/project is not performing (either financially or via milestones). From 1 April 2005 these forms are to be issued monthly. Monitoring visits will be undertaken on a half yearly basis.
- Although £3,041,773.86 had been paid to SERCO for the learning commission, only £3,000,000 had been approved by the commissioning executive (total overpayment £41,773.86). In examining the paperwork held on file, it was found by the auditor that an overpayment of £40,219.87 had occurred in a payment made on 12 April 2005. An analysis of spend had been provided by SERCO which included salaries & wages £183,051.67, employers NI £17,279.23 and employers pension £22,940.64 separately (total £223,271.54). In checking evidence of spend provided it appears that the officer concerned verified the total wage bill as £223,271.54 and amended the salaries and wages figure of £183,051.67 to this amount therefore doubly accounting for the NI and pensions. The balance of the overpayment of £1,553.99 could not be identified.
- Cheques are returned to originators, which represents a control risk.
- In examining claims made it was found in certain instances where a cheque had been issued that cheque recipients were requested to sign and return a photocopy of the cheque to confirm receipt. This had not, however, always been returned.
- In 1 case, a claim form had not been completed for funding requested. (C22).

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- There appears to be some confusion regarding the treatment of VAT when calculating the claim amount. It was found in some cases that some expenditure detailed on the certain claims included VAT and in other cases the VAT had been excluded.
- It was noted in some instances that there was a delay in issuing cheques raised. For example a cheque was raised on 7 April 2005 but not issued to the payee until 22 April 2005 (H08).
- A total of £120,000 had been approved to part fund the costs of neighbourhood management. However, it was noted that £125,399.78 had been paid resulting in an overpayment of £5,399.78 (G10).
- The finance report for 2004/05 detailed a budget of £102,389 for the Improving Employability in Walsall project. The grant agreement detailed funding of £169,662 and it was identified that £142,700 had been paid out.
- The finance report for 2004/05 included expenditure of £60,425 for the Compact Officer project but payments of only £53,884.79 could be identified on the file.
- In one case (G03) claim forms had been completed and copies of Black Country Connexions nominal departmental analysis had been provided. Copies of invoices had not, however, been provided to substantiate the information on the nominal analysis.
- In 7 out of 9 cases it did not appear that a monitoring visit had been undertaken. (A23, C22, G10, UG1, UG6, D08 and F17).
- The form completed when monitoring visits are undertaken does not have to be signed or dated by the officer undertaking the visit.
- In 2004/05 it did not appear that regular monitoring of projects/commissions was undertaken. It is, however, understood that procedures have been tightened up since this date.
- From the sample of commissions/projects examined it was found that the majority had been approved in the latter part of 2004/05 resulting in NRF expenditure not being defrayed until the end of the financial year.

Conclusions & Recommendations

1.	<p>Monitoring of NRF expenditure has been unsatisfactory. A number of weaknesses have been identified which require attention.</p> <p>Recommendations:</p> <ul style="list-style-type: none">• <i>Robust and regular monitoring arrangements of project outcomes/ targets / spends should be implemented immediately. This should include evidence that the project has met / is targeted to meet the outcomes agreed at project approval, including those relating to floor targets and tackling deprivation. Evidence of such monitoring should be clearly recorded on project files.</i>• <i>Where monitoring reveals that a grant recipient has failed / is in danger of failing to meet agreed outcomes, then a procedure should be drafted detailing actions / reporting requirements in the event of a projects failure to deliver.</i>• <i>A review of projects cited in 4.2.1 should be undertaken to ensure that sufficient evidence of NRF spend has been obtained and that duplicate evidence has not been accepted to support evidence of spend.</i>• <i>Officers should be reminded that all project correspondence should be date stamped.</i>• <i>The overpayments to SERCO and neighbourhood management detailed in 4.2.2. should be addressed and recovered as a matter of urgency.</i>• <i>Officers should ensure that grant recipients complete claim forms for all funding requested.</i>• <i>VAT arrangements require immediate clarification.</i>• <i>The practice of raising cheques and holding them should be ceased. Cheques should not be returned to originators as this represents a control risk. Such events should only be in exceptional / emergency circumstances. This issue has been the subject of previous internal and external audit reports, regarding programme management (including SRB audit report 2003/04).</i>• <i>The anomalies identified in the improving employability in Walsall project should be investigated and resolved. Officers should be reminded to ensure consistency between figures quoted in finance reports, grant agreements and amounts subsequently paid out in respect of projects. Where variances exist a clear audit trail, documenting the necessary approvals should exist.</i>• <i>The difference between the compact officer project amount included on the finance report and that included on the project file should be investigated and resolved.</i>• <i>The monitoring visit form should be updated to include the signature and date of the officer undertaking the visit.</i>
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(cont).

- ***As unspent NRF can be subject to claw back by GOWM, care should be taken with the commissioning approach to ensure that projects / commissions are approved in sufficient time to enable sufficient project expenditure to be defrayed within the financial year.***

4.3 The following was alleged:

Neighbourhood renewal strategic adviser seconded in but despite recognising weaknesses did not make improvements.

Failure to follow through on agreed actions. A NRF strategic adviser was appointed on secondment in Feb 2003 but management systems were not approved; evaluations were started but not completed, failure to bring follow up reports to JSB before additional funds were granted and fully committed.

4.3.1 On 20 January 2003 a report was presented to the JSB which detailed a secondment to the partnership from Wolverhampton (urgent item). The minutes state that ██████ asked why Wolverhampton were willing to give this person to us. ██████ replied that there are many offers to help Walsall and that this is one of them. The person that will be in post is very experienced in all the areas identified within the objectives of the report. The chair reiterated his comments at previous meetings regarding Walsall not being successful at sub-regional and regional levels. This post is in recognition of this'. The board approved the project, in principle, with a more detailed proposal being brought forward to the next meeting.

4.3.2 At the JSB meeting of 17 February 2003 the chair welcomed ██████, who was seconded from Wolverhampton City Council, to work with the partnership for at least 6 months to assist with neighbourhood management and development of the NRF process. It was stated that ██████ had experience of neighbourhood management in Wolverhampton and had previously worked with GOWM. ██████ went on to be appointed to the role of Director of the WBSP on 25 November 2003 and left the council on 5 June 2005.

Conclusions & Recommendations

1. ██████ was seconded as neighbourhood renewal strategic advisor in February 2003. No documentation detailing a proposed work plan or an evaluation of the effectiveness of this work was identified.

Recommendations

- ***As 1.6.***

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4.4 The following was alleged:

There is no regular reporting mechanism in place from project officers so the accounting body cannot be confident that funds have been used for the correct purpose. This includes WMBC service areas.

4.4.1 There did not appear to be any reporting by project officers during 2003/04. A finance report is now presented to the commissioning executive on a monthly basis by [REDACTED], head of finance (regeneration and neighbourhood services), which details spend on individual projects/commissions. A "Performance of Commissions" is regularly reported to the commissioning executive which sets out how commissions are performing against their agreed indicators/milestones, and allows for early intervention of any issues arising.

Conclusions & Recommendations

1.	Although no regular reporting mechanism appeared to be in place up to and including 2003/04; a finance report is now regularly reported to the commissioning executive detailing spend against individually approved projects / submissions. Recommendations <ul style="list-style-type: none">• None.
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4.5 The following was alleged:

Statement of use returns to GOWM may not be an accurate reflection of the extent to which NRF funds were actually defrayed.

4.5.1 The council was required to submit an annual statement of use (each October) to GOWM detailing how NRF was being spent. This has since been discontinued in place of quarterly returns which began in December 2003.

4.5.2 Unlike other grant funded regimes, there is no requirement for the statement of use to be subject to audit certification prior to its submission. This is not to say that the statement of use did not have to be accurate. A sample of 3 projects (secure by design; youth initiatives and domestic violence) was selected and agreed to the relevant entry in the statement of use (2002/03) with no exceptions.

Conclusions & Recommendations

1.	All projects sampled could be verified to the statement of use. Recommendations <ul style="list-style-type: none">• None.
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4.6 The following was alleged:

There is no formal auditing requirement between GOWM and Walsall MBC.

4.6.1 There is no requirement for NRF to be subject to external audit certification. NRF is, however, part of the internal audit's risk assessed plan and is subject to external audit scrutiny in their annual audit of the council's (as accountable body) annual accounts.

Conclusions & Recommendations

1.	<p>There is no requirement for NRF to be subject to external audit certification. NRF is, however, part of internal audit's risk assessed plan and subject to the same external audit scrutiny as any part of the council as part of external audit's annual audit process.</p> <p>Recommendations</p> <ul style="list-style-type: none">• None.
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4.7 The following was alleged:

There is no project level financial and performance management system in place.

4.7.1 Each project file examined for funding in 2003/04 was found to have certain documentation missing in relation to the approval, monitoring and payment of the projects.

4.7.2 The quality of the project files was considered to be poor. From the files examined for 2004/05 funding, it was found that there had been a marked improvement. It was noted, however, that written procedure notes had not been produced documenting the financial and performance management arrangements of the council's, as accountable body, administration of NRF.

Conclusions & Recommendations

1.	<p>The financial and performance management arrangements in respect of the administration of NRF files have improved. These arrangements could be strengthened yet further with the implementation of the recommendations made in this and other referenced internal audit reports.</p> <p>Recommendations</p> <ul style="list-style-type: none">• Procedure notes should be produced regarding the financial and performance management arrangements of NRF project administration. Once complete, these should be issued to all relevant officers who should sign for their receipt.
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4.8 The following was alleged:

A number of projects have been paid a full annual allocation in advance resulting in less control. There is no criteria for advance payments.

Payments regularly made in advance. There is no way of knowing in every case if the funds were used for the purpose for which they were granted.

4.8.1 In 9 of the 17 2003/04 project files examined, the funding had been paid in advance and in two cases the funding had been paid partly in advance.

4.8.2 The assistant programme manager has confirmed that in 2004/05, the head of finance (regeneration and neighbourhood services) approved an advance payment for the learning commission project but this was not taken up and evidence of spend was provided prior to any payment being made. The under spends group approved £43,000 for Walsall Shop Mobility but as the organisation did not have the capacity for the level of spend, a payment in advance was approved by the head of finance (regeneration and neighbourhood services). It is understood that payments in advance have now ceased. The audit commission manager and head of finance (regeneration and neighbourhood services) did, however, agree a process by which advanced payments may be made in relation to schools expenditure in a controlled way. Payments are only made now upon receipt of an approved claim form and evidence of spend.

Conclusions & Recommendations

1.	Payment in advance is no longer practice. Recommendations: <ul style="list-style-type: none">• None.
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4.9 The following was alleged:

Best practice from SRB programme not implemented for NRF.

4.9.1 The frameworks for SRB and NRF do not necessarily align and there is no requirement for them to align.

4.9.2 Further, limited best practice has been identified by internal and external audit in their respective reviews of NRF. The audit commission have identified issues with regard to evidence of spend and project management in their audit of the SRB grant claim; and certain controls in relation to SRB were also found to be insufficient and ineffective as detailed in the SRB audit report 2003/04.

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Conclusions & Recommendations

1.	Frameworks for SRB and NRF do not necessarily align. Recommendations <ul style="list-style-type: none">• None.
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4.10 The following was alleged:

Faced with a situation at the end of March (2004) whereby because of the practice of payment in advance a number of service areas had been paid more NRF than they could account for. If it had been left to stand as in previous years it would have resulted in an overpayment of nearly £811,000. We therefore clawed back much of this funding and obviously attracted a bit of flack.

4.10.1 Information was requested from the head of finance (regeneration and neighbourhood services) regarding this, but he was unable to provide any further information regarding the £811,000.

Conclusions & Recommendations

1.	No findings available. See section regarding payments in advance at 4.8. Recommendations: <ul style="list-style-type: none">• None.
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4.11 The following was alleged:

Being asked by GOWM to complete the quarterly return for 2004/05. Currently received £2,167,634 but LAFIS only shows a spend of £45,200. This does not include the £1,046,436 carried forward from last year.

4.11.1 The finance report to the December 2004 meeting of the commissioning executive forecast a significant under spend of £1.4 million, approximately 17 per cent of the total NRF budget. The commissioning executive agreed to re-allocate NRF in line with commissioning priorities and the final under spend and carry forward was reduced to £431,000. It was noted that GOWM agreed to increase the limit on carry forward of NRF into 2005/06, in light of the new commissioning approach, but the partnership did not need to make use of this flexibility. The finance report to the commissioning executive on 10 June 2005 outlined that from a budget of £8,276,163 (note that of this £7,121,950 is the current year allocation), £7,895,850 had been spent resulting in total under spend of £380,314.

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Conclusions & Recommendations

1.	A total under spend of £380,314 or 5% of the total NRF budget was noted at the year end 2004/05. Recommendations: <ul style="list-style-type: none">• None.
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5. Governance (including quoracy)

5.1 The following was alleged:

Notes of JSB verbatim narrative of proceedings - not clear what has been agreed or level of funding approved.

5.1.1 This has been addressed in the NRF approvals & spend report 2003/04 (**Appendix B**).

Conclusions & Recommendations

1.	This has been addressed in the NRF approvals & spend report 2003/04 (Appendix B) and associated recommendations. Recommendations <ul style="list-style-type: none">• None.
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5.2 The following was alleged:

Practice of receiving declarations of interest does not appear to have been rigorously adhered to.

WMBC members of the JSB did not declare an interest at the meeting on 16.06.03 in either Summer Reloaded or CCTV projects.

At meeting of 15/12/03 the chair (CE of PCT) failed to declare an interest in the Independent Living Centre project.

5.2.1 Two Walsall council members were in attendance (as core members) at a JSB meeting on 16 June 2003 when the Summer Reloaded project was submitted for approval. They did not declare an interest.

5.2.2 At a JSB meeting on 15 December 2003 the Chair, [REDACTED] (PCT) did not declare an interest in the Independent Living Centre / Integrated Community Equipment Store project.

5.2.3 Board members are aware of the need to declare an interest and details of such declarations are included in the minutes of the meeting.

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Conclusions & Recommendations

1.	<p>Members of organisations subject to approval of NRF funds have been present as voting members at meetings of the LSP without declaring an interest.</p> <p>Recommendations:</p> <ul style="list-style-type: none">• <i>The procedure for declaration of interests of members of the commissioning executive and LSP; when decisions regarding the use of NRF funds are made, should be clarified with constitutional services to ensure that sound governance arrangements exist. This should form part of the overall review of governance recommended previously in this report.</i>
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5.3 The following was alleged:

Notes also say that decisions on NRF would be taken by the council as the accountable body which may be contrary to approval process.

5.3.1 At the meeting of the JSB on 15 December 2003, the chair informed the board that “they were inquorate. Therefore the board proposed that any decisions taken would be “in principal” and ratified at the next meeting. With regards to decisions on the NRF, the final decision would be taken by the local authority, as the accountable body”. This proposal was agreed by members.

5.3.2 At the same meeting, in the case of the community safety lead in commission, an action was recorded that '██████ to speak with the accountable body to ensure that they are happy with the change to the funding request'.

5.3.3 These decisions were not ratified at subsequent meetings of the LSP, which was an issue identified by the head of programme management in his review of the governance arrangements of the LSP. The issue of quoracy and governance was highlighted to management by the head of programme management who prepared a report to the Director of the WBSP, which in turn was rectified in reports to the WBSP on 5 July 2004 and the commissioning executive on 16 July 2004.

Conclusions & Recommendations

1.	The allegation that 'decisions on NRF would be taken by the council as the accountable body, which may be contrary to approval process' is based on the presumption that the council should not approve decisions regarding NRF and that this should be the responsibility of the WBSP only. As highlighted in 2.2.3 and 2.2.4, while the WBSP and associated groups should, in the spirit of partnership working, should determine spending plans, under current arrangements, only officers of the council, as accountable body to these funds, with the appropriate delegation can approve NRF expenditure. The overall review of governance recommended at 2.2.4 should assist in this respect.
2.	<p>There was an issue with approvals at the meeting of 15 December 2003, but these were addressed in subsequent meetings of the LSP. Please also see NRF approvals & spend report 2003/04.</p> <p>Recommendations:</p> <ul style="list-style-type: none">• Minute takers should be reminded that care should be taken in providing concise and accurate minutes of meetings of the LSP to ensure there is little scope for alternative interpretation of a comment.

5.4 The following was alleged:

Establishment of Commissioning Executive - Meeting on 15/12/03 inquorate and decision not ratified at meeting of 19/01/04. it is questionable that any decisions concerning the allocation are valid.

5.4.1 The meeting of 15 December 2003 was inquorate and decisions made were not ratified at the next meeting on 19 January 2004. As part of the review of the WBSP, the head of programme management was commissioned to identify any queries resulting from attendance and records of decisions made at board meetings. As a result of this [REDACTED] acted to rectify the concerns raised by submitting reports to the WBSP on 5 July 2004 and the commissioning executive on 16 July 2004 to ratify decisions made. Both reports were approved by the respective boards.

Conclusions & Recommendations

1.	<p>Quoracy has been identified as a control weakness. See NRF approvals & spend report 2003/04 (Appendix B).</p> <p>Recommendations:</p> <ul style="list-style-type: none">• None.
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5.5 The following was alleged:

Of the 12 meetings held between 28/04/03 to 31/03/04 only 4 meetings were quorate for the duration of the meeting.

Of the 5 meetings held between 17/11/03 to 31/03/04 3 meetings were inquorate and the other 2 became inquorate during the meeting.

Decisions made by the JSB between 28/4/03 to 31/3/04 fall into three categories:

- 1. decisions made at meetings which were quorate and where the minutes were agreed at a quorate meeting.*
- 2. decisions made at meetings which were quorate but where the minutes were not agreed because the subsequent meeting was inquorate.*
- 3. decisions made at meetings which were inquorate.*

5.5.1 12 JSB meetings were held in 2003/2004 where projects requiring approval for funding were submitted. In examining the minutes of the meetings it was found that only four of the meetings were quorate throughout. Two meetings were inquorate throughout and six became inquorate during the course of the meeting.

5.5.2 As part of the review of the WBSP, the head of programme management was commissioned to identify any queries resulting from attendance and records of decisions made at board meetings. As a result of this [REDACTED] acted to rectify the concerns raised by submitting reports to the WBSP on 5 July 2004 and the commissioning executive on 16 July 2004 to ratify decisions made. Both reports were approved by the respective boards.

5.5.3 Quoracy issues have also been dealt with and associated recommendations made in the NRF Approvals & Spend Report 2003/04 (**Appendix B**).

Conclusions & Recommendations

1.	Quoracy has been identified as a control weakness. Please see NRF Approvals & Spend Report 2003/04. Recommendations <ul style="list-style-type: none">• None.
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5.6 The following was alleged:

Meeting of 28/4/03 only meeting quorate which was followed by a quorate meeting on 19/5/03 at which minutes of previous meeting approved.

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Practise adopted of receiving minutes of previous meeting as last item of business and on many occasions the meeting had become inquorate so the minutes of the previous meeting were not formally adopted as a true and accurate record. This also makes it difficult to deal with effectively with any matters arising.

5.6.1 This was found to be the case during the financial year 2003/04.

Conclusions & Recommendations

1.	<p>During 2003/04 it appears that the minutes of certain meetings have not been adopted as a true and accurate record due to the inquoracy of the subsequent meetings in which they were approved.</p> <p>Recommendations</p> <ul style="list-style-type: none">• <i>A quorate membership should always be present when the minutes of the previous meeting are being formally approved. To assist this process the agenda item of the approval of the previous meeting minutes should be brought forward to one of the first items of business.</i>
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5.7 The following was alleged:

Meetings of 21/07/03, 22/09/03, 17/11/03 and 23/02/04 became inquorate but this was not recorded in the minutes.

5.7.1 Four of the JSB meetings held in 2003/2004 became inquorate part way through but this was not recorded in the minutes.

Conclusions & Recommendations

1.	<p>Four of the JSB meetings held in 2003/2004 became inquorate part way through but this was not recorded in the minutes.</p> <p>Recommendations</p> <ul style="list-style-type: none">• <i>Where a meeting becomes inquorate, minute takers should be reminded to notify the meeting as such and record this in the minutes.</i>
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5.8 The following was alleged:

Meeting of 19/1/04 inquorate as █████ shown as a member, however, it is inappropriate to record her as a member as she is an officer of the WBSP (interim civic commissioning manager)

Meeting of 15/12/03 inquorate and the proposal to retrospectively record █████ as a substitute for █████ is questionable.

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- 5.8.1 At the JSB meeting of 19 January 2004 the minutes did not reflect the fact that [REDACTED] (who was on secondment to the partnership from the PCT) was acting as a substitute for [REDACTED]. Failure to record this substitution brought into question whether [REDACTED] should have been listed as a member of the board.

Conclusions & Recommendations

1.	<p>[REDACTED] (on secondment to the partnership from the PCT) was acting as a substitute for [REDACTED]. Failure to record this substitution brought into question whether [REDACTED] should have been listed as a member of the WBSP.</p> <p>Recommendations</p> <ul style="list-style-type: none">• <i>The membership of the WBSP should be clarified at the start of each meeting. Where substitutes are allowed and appointed, these should be determined in advance and included within the terms of reference / constitutional arrangements of the WBSP.</i>• <i>A review of the minutes of meetings attended by [REDACTED] in which she substituted for [REDACTED], while acting in her capacity as interim civic commissioning manager, should be reviewed to confirm the validity of the decisions made.</i>
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- 5.9 The following was alleged:

No AGM was held at 31.03.03 and therefore the WBSP is acting contrary to its published constitution.

Constitution suggests that changes can only be made at the AGM and it is questionable whether the commissioning executive could have been established until it had been agreed at an AGM.

- 5.9.1 The AGM was held on 24 March 2003.

Conclusions & Recommendations

1.	<p>The AGM of the WBSP was held on 24 March 2003.</p> <p>Recommendations</p> <ul style="list-style-type: none">• <i>The WBSP should continue to ensure that it holds its AGM in accordance with its constitution.</i>
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- 5.10 The following was alleged:

Report of 31.03.04 is the first paper which clearly recommends the disestablishment of the JSB. Members may not have been fully aware of the implications.

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A formal motion to the extraordinary general meeting of the JSB in Feb/Mar 2004 re their disestablishment would have been prudent.

- 5.10.1 A report to the JSB of 31 March 2004 recommended the disestablishment of the board. The principal partnership officer stated that it was not possible to judge people's awareness. However, consultation had been ongoing since November 2003 and had been discussed at all board and executive meetings. Subsequent to the meeting letters were forwarded to relevant members regarding this.

Conclusions & Recommendations

1.	Members of the board appear to have been made aware of the associated implications of their disestablishment. This appears, however, to be subsequent to the proposal being put before them for approval. Recommendations: <ul style="list-style-type: none">• Officers should be reminded to ensure that the board are fully aware of any associated consequences / implications of all proposed actions.
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- 5.11 The following was alleged:

At WSPB meeting on 6/05/04 the minutes record that the constitution was approved and adopted however the constitution submitted was draft and under section 5.2 no list of members.

- 5.11.1 The constitution was submitted as a draft document as it had not yet been approved. Although members are not listed in the constitution, the organisations from which members originate is detailed. A final copy of the constitution was not presented to a subsequent meeting.
- 5.11.2 It is usual practice for a draft document to be submitted to a committee for approval. The document becomes final on committee's approval. It is not a requirement that the document be presented again to the next committee marked as final.

Conclusions & Recommendations

1.	The draft constitution was approved on 6/5/04 in accordance with usual practice. Recommendations: <ul style="list-style-type: none">• None.
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- 5.12 The following was alleged:

It is questionable whether the WBSP has been properly constituted.

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5.12.1 The constitution was submitted to the AGM's on 24 March 2003 and 6 May 2004.

Conclusions & Recommendations

1.	<p>The WBSP appears to have been properly constituted. The overall review of governance arrangements recommended at 2.2.4 may require a review of the current WBSP and associated group's constitutions.</p> <p>Recommendations</p> <ul style="list-style-type: none">• None.
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5.13 The following was alleged:

The partnership director refers to hers and others delegation to approve NRF funding to extend projects. No such delegation has been granted.

Report submitted to meeting of 15.12.03 to request delegated powers. Notes of meeting state that they are being requested so that small amounts of funds can be approved without the board having the detail. The notes also say that the report was accepted not agreed. The meeting was inquorate. The report was not resubmitted to the next meeting on 19/01/04.

Meeting of 15/12/03 inquorate and decision to grant delegated powers was not ratified. Notes of meeting state further report to made to January meeting but not done. Therefore decisions made under delegated powers may not be valid.

At commissioning executive meeting of 6.02.04 5 members left the meeting making it inquorate before delegated powers were granted to [REDACTED], [REDACTED] and [REDACTED] to agree additional funding of £50,000 for Walsall Mini Reloaded Commission.

No delegation has been approved by JSB for the commissioning executive.

5.13.1 A report was submitted to the JSB on 15 December 2003 requesting delegated powers for small amounts of funding, the limits to be reported to the next meeting. The meeting was inquorate and it was agreed that decisions would be ratified at the next meeting. The decisions were not ratified at the next meeting and a further delegation report was not submitted.

5.13.2 A report was submitted to the commissioning executive on 6 February 2004 regarding the Walsall Mini Reloaded commission when the Executive agreed that [REDACTED], [REDACTED] and [REDACTED] be given delegated powers to consider the request and approve funding of up to £50,000.

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- 5.13.3 As part of the review of the WBSP, the head of programme management was commissioned to identify any queries resulting from attendance and records of decisions made at board meetings. As a result of this [REDACTED] acted to rectify the concerns raised by submitting reports to the WBSP on 5 July 2004 and the commissioning executive on 16 July 2004 to ratify decisions made. Both reports were approved by the respective boards.
- 5.13.4 On 22 June 2004 the commissioning executive approved delegated authority of up to £250,000 to [REDACTED], [REDACTED], [REDACTED] and [REDACTED] (non Walsall council employee). The meeting was, however, inquorate and it was agreed that decisions would be ratified at the next meeting. The details of this were included in the report submitted by [REDACTED] detailed in 5.13.3.

Conclusions & Recommendations

1.	There appears to have been issues with the approval of the delegation to certain appointed officers. These issues have since been addressed.
2.	<p>The legality of the granting of delegated authority for NRF spend to non Walsall council employees should be pursued with legal services and as part of the overall governance arrangements of the WBSP. [REDACTED] should be asked not to make any delegated decisions / authorisations until appropriate guidance from legal services has been obtained.</p> <p>Recommendations:</p> <ul style="list-style-type: none">• Where decisions are made based on delegated approval, they should be documented as such on project / commission files. These decisions should also be reported back for information to the next available meeting of the commissioning executive / WBSP as appropriate to ensure complete transparency / accountability.• Legal services should be asked to undertake a review of the legality of the granting of delegated authority for NRF spend to non council employees. This should form part of the overall review of governance arrangements recommended at 2.2.4 of this report.

- 5.14 The following was alleged:

Report "recommendation on the development of the WBSP" submitted to JSB on 23.02.04. The meeting was inquorate but the notes state that the report was approved in principle with a further report to be brought to the next meeting. No action should have been taken until after this.

A report was submitted to the JSB on 31 March 2004 'reshaping the partnership'. The meeting was inquorate and could therefore not make decisions.

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Report to meeting of 23/2/04 re JSB being replaced by WBSP agreed in principle with a further report to the March meeting. Meeting of 31/3/04 inquorate and therefore proposals not formally approved.

- 5.14.1 The meeting of 23 February 2004 and 31 March 2004 were both inquorate.
- 5.14.2 As part of the review of the WBSP, the head of programme management was commissioned to identify any queries resulting from attendance and records of decisions made at board meetings. As a result of this [REDACTED] acted to rectify the concerns raised by submitting reports to the WBSP on 5 July 2004 and the commissioning executive on 16 July 2004 to ratify decisions made. Both reports were approved by the respective boards.

Conclusions & Recommendations

1.	<p>There appears to have been an issue with the quoracy of the WBSP when the item of 'reshaping the partnership' was discussed. This appears to have since been addressed.</p> <p>Recommendations:</p> <ul style="list-style-type: none">• None.
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- 5.15 The following was alleged:

The proposal to establish a commissioning executive was put to the JSB on 15/12/03 but the meeting was inquorate.

Commissioning executive was not approved by JSB as the meeting of 15/12/03 was inquorate.

- 5.15.1 The meeting of 15 December 2003 was inquorate.
- 5.15.2 As part of the review of the WBSP, the head of programme management was commissioned to identify any queries resulting from attendance and records of decisions made at board meetings. As a result of this [REDACTED] acted to rectify the concerns raised by submitting reports to the WBSP on 5 July 2004 and the commissioning executive on 16 July 2004 to ratify decisions made. Both reports were approved by the respective boards.

Conclusions & Recommendations

1.	<p>There appears to have been an issue with the quoracy of the WBSP when the item of establishing the commissioning executive was discussed. This appears to have since been addressed.</p> <p>Recommendations:</p> <ul style="list-style-type: none">• None.
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5.16 The following was alleged:

At programme management board on 4/8/03 [REDACTED] presented a report entitled "agreement to rectify admin error leading to query of NRF payment". The report does not identify the projects in question, payment was made in full in Feb 2003 without a grant agreement which was not signed until Nov 2003.

5.16.1 A report was presented to the programme board on 4 August 2003 entitled "agreement to rectify administrative error, leading to query of NRF payment" by [REDACTED]. The report does not identify the projects in question.

5.16.2 An examination of the minutes of the programme management board on 4 August 2003 detail that "[REDACTED], NRF co-ordinator raised the issue of an administrative error that had occurred with three projects from the previous financial year, which came to light when this year's agreement letters were issued. Two of the projects are for SERCO, who had submitted 12 projects in total. While the programme board had recommended these to the JSB, the summaries submitted to the JSB did not include two of the projects. [REDACTED], WBSP chair had requested the matter be resolved at this level. It was acknowledged that the board had previously seen the papers, the projects had delivered and felt that if the JSB had received the summaries, they would have been approved. The other outstanding project is the M6 Pilot Programme. The amount stated in the grant agreement was different to what had been agreed in the original bid. Again the bid had been approved at the relevant stages. The board agreed for these projects to receive their relevant funding.

5.16.3 In examining records maintained the programme officer identified two possible SERCO projects to which [REDACTED] could have been referring; the Literacy and Numeracy Project and the Raising Educational Standard Projects. In both cases the grant agreements had not been signed until 3 November 2003. Payments were made to SERCO in 2001/02, 2002/03 and 2003/04 for the projects.

Conclusions & Recommendations

1.	A report was submitted to programme management board on 4/8/03 by ██████ presented a report entitled 'agreement to rectify admin error leading to query of NRF payment'. The report did not identify the projects in question.
2.	<p>It appears that payments have been made to SERCO in 2001/02 and 2002/03 despite a signed grant agreement not being in place until Nov 2003.</p> <p>Recommendations:</p> <ul style="list-style-type: none">• Officers should ensure that all reports submitted for the board's consideration, clearly state the projects to which they refer.• Officers should ensure that appropriate approval has been obtained and is detailed on all project files prior to funding being awarded.• Care should be taken to ensure that the value of NRF awarded is consistent across grant applications; approvals and agreements. Any anomalies should be immediately investigated and corrective action taken where necessary.• Officers should ensure that grant agreements have been appropriately signed before payments are made to grant recipients.

5.17 The following was alleged:

On 23/06/04 ██████ sent an e-mail saying that on 22/6/04 the commissioning executive delegated authority to ██████, ██████ and ██████ up to £250,000. The e-mail fails to recognise the commissioning executive was not properly established and cannot therefore make decisions. ██████ is not an employee of the council and could make decisions on funding which is the council's responsibility.

5.17.1 On 22 June 2004 the commissioning executive approved delegated authority of up to £250,000 to ██████, ██████, ██████ and ██████. The meeting was, however, inquorate and it was agreed that decisions would be ratified at the next meeting.

5.17.2 As part of the review of the WBSP, the head of programme management was commissioned to identify any queries resulting from attendance and records of decisions made at board meetings. As a result of this ██████ acted to rectify the concerns raised by submitting reports to the WBSP on 5 July 2004 and the commissioning executive on 16 July 2004 to ratify decisions made. Both reports were approved by the respective boards. The details of this were included in the report submitted by ██████ detailed in 5.18.1.

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Conclusions & Recommendations

1.	The commissioning executive delegated authority to █████, █████, █████ and █████ up to £250,000. This meeting was inquorate, but approval issues have since been addressed.
2.	█████ is an employee of the PCT.
	Recommendations: <ul style="list-style-type: none">• See section 5.13.

5.18 The following was alleged:

On 5/7/04 the head of programme management was called to █████ office to be shown a report headed "approval of governance arrangements of the WBSP". She asked that he compare it to the original report that he had presented to her on 19/06/04. The following points were noted:

- ♦ *the revised report fails to portray the catastrophic failure of governance (see 5.18.2)*
- ♦ *para 2.7 requests retrospective approval for decisions made while the meeting was inquorate. This is highly irregular. (see 5.18.2)*
- ♦ *para 2.7 refers to decisions which were time expired which cannot be backdated. The report makes not reference to the fact that some payments had been made. (see 5.18.2).*
- ♦ *para 2.9 says there is sufficient evidence in the various reports to be sure that the JSB's intention was to approve commissioning, establishing a commissioning executive and approve funding decisions. This is not correct. (5.18.3).*
- ♦ *rec 4.4 is to approve that new arrangements are made for recording all business conducted at board meetings but does not say what those arrangements are. (see 5.18.4).*
- ♦ *appendix A is an eclectic mix of the recommendations from head of programme management 's original report. The items are taken out of chronological order without reference to the date of the original decision. (see 5.18.5)*
- ♦ *the item recruitment director does not include a salary. (see 5.18.6)*
- ♦ *the funding for the Independent Living Centre fails to make note that project effectively does not exist and not site has been identified. (see 5.18.7).*
- ♦ *the final item "delegated authority to the Chair of the WBSP up to £50,000" is a new item and was never proposed to the JSB at any meeting between April 2003 and March 2004. (see 5.18.8).*
- ♦ *the report fails to recognise the point made in the original report that the JSB was disestablished without its approval. (see 5.18.9)*
- ♦ *the revised report also fails to address the issues of decisions made by the commissioning executive between January 2004 and June 2004 when it was not properly approved. (see 5.18.10)*

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- 5.18.1 As part of the review of the WBSP, the head of programme management was commissioned to identify any queries resulting from attendance (quoracy) and records of decisions made at board meetings. As a result of this [REDACTED] acted to rectify the concerns raised by submitting reports to the WBSP on 5 July 2004 and the commissioning executive on 16 July 2004 to ratify decisions made. Both reports were approved by the respective boards.
- 5.18.2 The report submitted to the WBSP by [REDACTED] on 5 July 2004 details that a number of queries emerged regarding attendance and subsequently decisions made at meetings. The report does not identify that some payments may have been made or that decisions were time expired.
- 5.18.3 Paragraph 2.9 of the report states that there was sufficient evidence to ensure that the intention of the board was to approve commissioning, establish the commissioning executive and approve funding decisions discussed or/and agreed at the meetings. Commissioning was discussed at the JSB/commissioning executive on a regular basis and the draft framework for commissioning was presented to the JSB on 16 June 2003. On 15 December 2003 a report was submitted to the JSB on establishing a commissioning executive and on 23 February 2004 a report was submitted regarding the replacement of the JSB.
- 5.18.4 The report includes a recommendation to approve that new arrangements are made for recording all business conducted at board meetings. This is covered within section 3.5 of the report, which states that minute taking arrangements with clearly identified recording of attendance at meetings is to be put in place for all future board meetings.
- 5.18.5 Appendix A to [REDACTED] report does not make reference to the date the project was originally submitted to the board.
- 5.18.6 The item within Appendix A, "headed JSB approved seeking ratification where minutes in question" includes the recruitment of director – per annum (to 31 March 2006) but does not include a salary figure. All other items included under this heading included a financial amount.
- 5.18.7 The request to approve funding towards the development of the independent living centre of £325,000 within Appendix A does not give any details regarding the progress of the project.
- 5.18.8 A report was submitted to the commissioning executive on 6 February 2004 regarding the Walsall Mini Reloaded commission when the Executive agreed that [REDACTED], [REDACTED] and [REDACTED] be given delegated powers to consider the request and approve funding of up to £50,000.
- 5.18.9 Included within Appendix A is a request to approve the dissolution of the JSB. The JSB was dissolved in March 2004 and the last meeting was held on 31 March 2004.

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5.18.10 [REDACTED] report to the WBSP on 5 July 2004 includes a recommendation to approve all funding decisions by the JSB, the performance and review group and the commissioning executive up to 6 May WBSP board meeting. The report submitted to the commissioning executive on 16 July 2004 by [REDACTED] states that to ensure that all decisions made by the commissioning executive can demonstrate full approval, decisions from April 2004 to date should be ratified by the commissioning executive.

Conclusions & Recommendations

1.	<p>There appears to have been some concern by the head of programme management that the issues identified were not sufficiently reported to the WBSP or the commissioning executive by the previous director of the WBSP. This concern appears to have arisen from the director not submitting the previous head of programme management's full report. See also NRF approvals & spend report 2003/04 (Appendix B).</p> <p>Recommendations</p> <ul style="list-style-type: none">• None.
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5.19 The following was alleged:

CCTV project brought to meeting of 16.06.03 for approval, meeting inquorate and board agreed to make decisions in principle and to ratify at the next meeting however it was not specifically ratified at the next meeting.

5.19.1 The meeting of 16 June 2003 was inquorate and decisions were not ratified at the next meeting on 21 July 2003.

5.19.2 See also NRF Approvals & Spend Report 2004/05.

Conclusions & Recommendations

1.	<p>The meeting of 16 June 2003 was inquorate and decisions were not ratified at the next meeting on 21 July 2003. See NRF approvals & spend report 2004/05 (Appendix B).</p> <p>Recommendations</p> <ul style="list-style-type: none">• None.
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5.20 The following was alleged:

On 15/12/03 discussion on a proposed audit and mapping exercise. It was not clear whether NRF expenditure was agreed as it was not ratified at the next meeting.

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- 5.20.1 The audit and mapping exercise of BME organisations was discussed at the meeting of 15 December 2003. It was agreed that in order for the work to be undertaken a sub group be established. The meeting was inquorate and decisions made were not ratified at the next meeting on 19 January 2004.
- 5.20.2 As part of the review of the WBSP, the head of programme management was commissioned to identify any queries resulting from attendance and records of decisions made at board meetings. As a result of this [REDACTED] acted to rectify the concerns raised by submitting reports to the WBSP on 5 July 2004 and the commissioning executive on 16 July 2004 to ratify decisions made. Both reports were approved by the respective boards.

Conclusions & Recommendations

1.	There appears to have been a quoracy issue at the meeting where a proposed audit and mapping exercise was discussed. Approval has, however, since been addressed. Recommendations: <ul style="list-style-type: none">• None.
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6. Commissioning (including test commission)

6.1 The following was alleged:

On 3/7/03 GOWM cautioned that the development of the commissioning model should not jeopardise continuing delivery despite this a number of proposals were put on hold resulting in funding remaining unallocated.

In early 2003 the WBSP decided NRF resources would be allocated on a commissioning approach. However a number were submitted under the project lead approach leading to confusion and suspicion that double standards were being applied. Since June 2003, 9 new projects approved majority of which were for WMBC and PCT – vulnerable to criticism that they are being treated more favourably.

Some projects were put on hold in June 2003 but other one off commissions have come forward and circumvented the commissioning process.

Although organisations were told in June 2003 the project lead approaches were being abandoned a number of special arrangements appear to have been made to circumvent the commissioning process.

Movement to commissioning could adversely affect the ability to deliver activities against NRF funding in 2004/05.

- 6.1.1 The programme board on 2 June 2003 acknowledged that the partnership was moving away from a bid culture and that this would be re-iterated at an away day scheduled for later that month. The JSB did, however, continue to approve a number of projects to sustain the community support that was being provided.

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- 6.1.2 In 2004/05 when the commissioning process commenced, funding for the year was broken down into the following categories:
- Projects with agreed carry over from 2003/04 (16 totalling £563k);
 - projects granted extra funds in 2003/04 (12 totalling £469k);
 - projects agreed in 2003/04 to commence in 2004/05 (7 totalling £1.1million);
 - commissions (8 totalling £4.9 million);
 - funding for posts (7 elements totalling £613k); and
 - NRF sub group expenditure approved (19 totalling £885k).
- 6.1.3 A total of £8.5 million NRF was budgeted in 2004/05. Of this Walsall PCT was awarded 7 projects totalling £461k (5.4% of total 2004/05 budgeted spend) and the council was awarded 39 projects totalling £3.4 million (41% of total 2004/05 budgeted spend). The remainder of the NRF allocation in 2004/05 was awarded to organisations including Groundwork, Chamber of Commerce, SERCO, Lifelong Learning Alliance, Walsall Voluntary Action, Domestic Violence Forum and Walsall Manor Hospital Trust.
- 6.1.4 There was an under spend of NRF funding in 2004/05. The finance report to the December 2004 meeting of the commissioning executive forecast a significant under spend of £1.4 million, approximately 17 per cent of the NRF budget. The commissioning executive agreed to reallocate NRF in line with commissioning priorities and the final under spend and carry forward was reduced to £431,000; the majority of this being allocated to commissions whose funding will be proportionately reduced in 2006. It was noted that GOWM agreed to increase the limit on carry forward of NRF into 2005/06, in light of the new commissioning approach, but the partnership did not need to make use of this flexibility. The finance report to the commissioning executive on 10 June 2005 outlined that from a budget of £8,276,163, £7,895,850 had been spent resulting in total final underspend of £380,314.
- 6.1.5 In examining the 3 commission files which were funded in 2004/05 the following was found:
- 6.1.6 The Community Safety and Reclaiming Our Neighbourhoods commission (A23) was awarded to the council's Safer Walsall Partnership (SWP) and was approved (£252k) by the commissioning executive on 5 November 2004. In this case the commissioning process was not instigated and the commission was not tendered.
- 6.1.7 The Lifelong Learning commission (C22 - £3 million) was awarded to SERCO, the provider of education services to the council and was approved by the commissioning executive on 7 May 2004. In this case the commissioning process was not instigated and the commission was not tendered.

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- 6.1.8 The Caper Project commission (H08 - £58k) was awarded to Groundwork and was approved by the commissioning executive on 10 September 2004. In this case the commissioning process was not instigated and therefore the commission did not go out to tender. Groundwork had received NRF funding in previous years for the project.
- 6.1.9 All of the above commissions had been discussed at the JSB and commissioning executive on a regular basis before the decision to approve the funding was made.
- 6.1.10 Review of the framework for commissioning (dated June 2003) defines commissioning in its simplest form as 'an order for a piece of work'. The framework also details under contract and procedure rules, 'all commissioning will adhere to the regulations laid out in the council standing orders schedules and thresholds'. It is understood that only the 'Improving the Image of Walsall' commission went through the tender process.

Conclusions & Recommendations

1.	The development of the commissioning model does not appear to have jeopardised the delivery of NRF. A potentially significant under spend position was turned around in 2004/05 giving a final total under spend of only £380k (4.6% of the total budget).
2.	Although the commissioning approach was adopted fully for NRF funding in 2004/05, there remained a significant number of non-commissioned project based funding allocations in 2004/05. This could explain the confusion and suspicion of double standards and allegations of 'circumventing of the commissioning process'.
3.	Some 46.4% of the total NRF spend in 2004/05 appears to have been awarded to the council and PCT. There is no evidence of 'more favourable treatment'.
4.	<p>A review of a sample of commission files and the associated commissioning framework, identified an urgent need to clarify the difference between a 'commission' as a procurement exercise and a 'commission' as a grant. If this is not made immediately clear, the commissioning executive could be at risk of breaching aspects of the council's contract procedure rules and also OJEU requirements; particularly where 'commissions' have been allocated outside of the council.</p> <p>Recommendations:</p> <ul style="list-style-type: none">• <i>The commissioning framework requires review and update. This review should immediately clarify the term 'commissioning' making the distinction between commissioning as a 'grant' and as 'a procurement exercise' absolutely clear. It is recommended that legal services assist in this respect.</i>• <i>The review of commissioning should ensure that commissioning executive has adequate arrangements in place to ensure compliance with the council's contract and financial procedure rules and European procurement requirements.</i>• <i>To be prudent, it is also recommended that a full review of the legal arrangements for the WBSP and associated groups is undertaken.</i>

6.2 The following was alleged:

In June 2003, WBSP agreed to move to a commercial commissioning basis. No linkage to mainstream funds allocated by partner.

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- 6.2.1 The grant agreement introduced in 2004/05 includes a requirement under monitoring and evaluation that the 'recipient commission lead organisation shall maintain records of activity taking place in terms of the following... progress towards mainstreaming / effecting mainstream service change'.
- 6.2.2 It was identified that where projects have been funded by NRF, mainstream funding is used wherever possible to enable successful projects to continue. For example the secure by design project is now mainstream funded (apart from salary costs).

Conclusions & Recommendations

1.	Consideration of mainstream funds is considered as part of the grant agreement form. Recipient commission lead organisations are required to record the effect / potential of the project for mainstream funding. Recommendations: <ul style="list-style-type: none">• Management should request recipient commission lead organisations to document a formal exit strategy, detailing financial sustainability at the end of the project.
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- 6.3 The following was alleged:

Programme management staff do not feature in the proposed commissioning process.

- 6.3.1 Programme management officers are responsible for monitoring NRF projects/commissions and making approved payments from NRF, under the management of the head of neighbourhood management. Issues have arisen in the past where programme management officers have not been kept informed of approvals / duplicate payments. This has since been addressed. See also the NRF approvals & spend report 2003/04 (**Appendix B**) and associated recommendations.

Conclusions & Recommendations

1.	Programme management staff have a key role in the commissioning process. Recommendations: <ul style="list-style-type: none">• None.
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- 6.4 The following was alleged:

Process fails to anticipate conflicts of interests if members of theme groups are involved. No clear provider/purchaser split.

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- 6.4.1 Relevant theme groups (consisting of partners' representatives) are notified of commissions approved by the board and requested to select a group of specialists to work with to develop the specification. Returned tenders are evaluated by the theme group also. There is a potential for a conflict of interest as a member of the theme group may have an interest in the commission as they may wish individually or as part of an organisation to submit a tender.

Conclusions & Recommendations

1.	The risk does exist that a theme group member may bid / tender for a commission, which is being managed by their group. Governance arrangements in respect of such occasions should be clarified. Recommendations: <ul style="list-style-type: none">• See 5.2.3.
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- 6.5 The following was alleged:

The commissioning process has not been approved by the JSB.

- 6.5.1 The commissioning framework was presented and approved by the JSB on 16 June 2003. The meeting was however inquorate.
- 6.5.2 As part of the review of the WBSP, the head of programme management was commissioned to identify any queries resulting from attendance and records of decisions made at board meetings. As a result of this [REDACTED] acted to rectify the concerns raised by submitting reports to the WBSP on 5 July 2004 and the commissioning executive on 16 July 2004 to ratify decisions made. Both reports were approved by the respective boards.

Conclusions & Recommendations

1.	There appears to have been a quoracy issue when the commissioning framework was initially presented for approval to the WBSP. This has, however, since been addressed. Recommendations: <ul style="list-style-type: none">• None.
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- 6.6 The following was alleged:

Not sufficient to claim that the intention of the JSB in respect of commissioning was clear. Minutes of meetings of 18/8/03 and 21/9/03 suggest members were ambivalent to the process.

- 6.6.1 In examining the minutes of these two meetings, a number of differing opinions were noted regarding the commissioning process. It is understood that the members of the board were from diverse backgrounds/organisations and there was some conflict of opinion between those favouring the project and those favouring the commissioning process.

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- 6.6.2 The commissioning process was discussed at each JSB meeting between February 2003 and March 2004 and at each commissioning executive meeting from January 2004 onwards. The draft framework for commissioning was presented to the JSB on 16 June 2003 and despite there being quoracy issues with this meeting (later resolved), the board approved the process.

Conclusions & Recommendations

1.	<p>Whilst some ambivalence may have been noted in members from the minutes of the JSB, the JSB did approve the commissioning approach.</p> <p>Recommendations:</p> <ul style="list-style-type: none">• None.
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- 6.7 The following was alleged:

The 'test commission' recently advertised gives no indication of funds available, is funded entirely by NRF and does not focus on most deprived neighbourhoods and therefore not eligible. No value for the commission was established before tendering and therefore it is not clear whether OJEC rules apply or whether the council's procurement rules are satisfied.

No indicative allocation of funds set against proposed commissions and therefore may fall under the European tendering regulations.

The first commission for NRF has been awarded to a PR firm at £800,000 pa for two years – this should have complied with council's procurement rules. Having awarded the contract [REDACTED] is having a meeting with [REDACTED] which seems the wrong way round.

Commissioning report submitted to JSB on 20/10/03. On 12/06/03 [REDACTED] was advised by [REDACTED] that the OJEC values for contracting were around £154,000 for supplies and services.

The awarding of the Commission for the Economic Improvement and Improving the Image of Walsall test commission is questionable.

- 6.7.1 It is understood that when the test commission (improving the image of Walsall) was undertaken, no indicator value was included within the tendering package. The rationale was for prospective contractors to calculate their own with their tenders.
- 6.7.2 3 external consultancy firms were successfully short listed to attend before the commissioning executive of 2 April 2004. These companies included David Clarke Associates (DCA), WAA and Harrison Cowley. Each firm gave a presentation to the CE before the decision was made that DCA's bid at £750k per phase over 2 phases (£1.5m in total) was successful.

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- 6.7.3 Under both UK and EU law, local authorities are required to follow certain regulations including the placement of OJEU notices for part A services in the region of £153k, of which the test commission was one. It was discovered that the appointment of the contract to DCA would mean the council would be acting unlawfully so the awarding of the contract was put on hold and was never awarded. The commissioning executive was informed in subsequent meetings that this was due to legal / OJEU issues.
- 6.7.4 A letter is detailed on the commission file from the commissioning executive to [REDACTED], head of communications dated 23 February 2005, approving the 'research element' of the economic development commission for £50,000 for the 2004/05 financial year. Payments have been made to DCA totalling £56k for the 'economic development commission' for 'benchmarking, measurement and evaluation research programme. No approval could be identified, however, for this project from the minutes of commissioning executive.

Conclusions & Recommendations

1.	The commissioning executive tendered the test commission 'improving the image of Walsall', without fully adhering to the requirements of European procurement legislation. The contract was not awarded to the successful contractor on the basis of this.
2.	<p>It appears that the contractor has, however, been awarded work totalling £56k based on the 'research' element of their original tender, without minuted evidence of approval from the commissioning executive.</p> <p>Recommendations: <i>The commissioning executive are reminded to ensure that their actions are fully in compliant with contract procedure rules. This includes ensuring:-</i></p> <ul style="list-style-type: none">• <i>in accordance with CPR 16, the value of contracts is ascertained prior to commencing the tendering procedure;</i>• <i>that quotations or tenders are obtained as necessary in accordance with CPR 18 and 19 ; or where exemptions apply under CPR 17.</i> <p><i>Approval for the payments made to DCA should be sought as a matter of urgency.</i></p>

- 6.8 *Commissioning executive met on 2/04/04 received presentations from 3 short listed consultants. One member questioned how long the commission would last for and how much it was going to cost. Explained that consultants had not received a firm figure and the work would take place over the next two years. The Chair left after the presentations making the meeting inquorate.*

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- 6.8.1 At the meeting of the commissioning executive of 2 April 2004, the chair had cause to leave the meeting part way through. On leaving, the chair responsibility passed to [REDACTED]. The meeting was, however, inquorate after the chair left.
- 6.8.2 As part of the review of the WBSP, the head of programme management was commissioned to identify any queries resulting from attendance and records of decisions made at board meetings. As a result of this [REDACTED] acted to rectify the concerns raised by submitting reports to the WBSP on 5 July 2004 and the commissioning executive on 16 July 2004 to ratify decisions made. Both reports were approved by the respective boards.

Conclusions & Recommendations

1.	Quoracy appears to have been an issue at the meeting of 2 April 2004. This has since been addressed. Recommendations: <ul style="list-style-type: none">• None.
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- 6.9 The following was alleged:

On 26/02/04 meeting with [REDACTED] to outline the commissioning process. Following the meeting concerns were raised via e-mail to [REDACTED], [REDACTED] and [REDACTED] regarding the process and the council's procurement regulations. No response was received.

- 6.9.1 It is unclear what the specific concerns were. Recommendations regarding procurement and compliance with the council's contract procedure rules are detailed at 6.1 and 6.7 of this report.

Conclusions & Recommendations

1.	Concerns have been identified regarding the commissioning process and its adherence to the council's contract procedure rules. These issues have been identified and associated recommendations made at 6.1 and 6.7 of this report. Recommendations: <ul style="list-style-type: none">• As 6.1 and 6.7.
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- 6.10 The following was alleged:

E-mail on 4/3/04 from [REDACTED] regarding procurement forwarded to [REDACTED]. She wasn't prepared to meet the head of programme management to discuss.

- 6.10.1 A copy of the e-mail was not provided. [REDACTED] has now left the authority and was therefore unable to comment on her availability to meet with the head of programme management.

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Conclusions & Recommendations

1.	Unable to conclude. Recommendations: <ul style="list-style-type: none">• None.
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6.11 The following was alleged:

The note of the meeting records that it was agreed that the majority were in favour of David Clarke Associates however it does not explicitly record that the contract should be offered to them.

6.11.1 The minutes of the commissioning executive of 2 April 2004 state that 'it was agreed that the majority were in favour of David Clarke Associates'. The minutes do not explicitly record that the contract should be offered to DCA. The contract was not subsequently awarded to DCA.

Conclusions & Recommendations

1.	The minutes of the 2 April 2004 do not explicitly record the action that the test commission contract should be offered to DCA. The contract was not subsequently awarded to DCA. Recommendations: <ul style="list-style-type: none">• When decisions regarding the awarding of commissions are made, minute takers should ensure that the specific action required following the decision is clearly minuted.
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6.12 The following was alleged:

The role of [REDACTED], PCT in the commissioning process is not clear from the notes. Nor is it clear who was involved in the short listing of the 3 consultants.

6.12.1 This refers to the Improving the image of Walsall commission. A selection panel was set up to shortlist for this commission involving [REDACTED] (commissioning manager), [REDACTED] (head of communications) and [REDACTED] (head of communications - PCT) who had the expertise in this area. They met to look at applications to ensure they were matching the selection criteria and eventually selected 3 firms to submit presentations to the board. [REDACTED] had been responsible for placing the adverts for the commission and had been recorded as the contact point.

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Conclusions & Recommendations

1.	<p>It is clear who was involved in the short listing process. It is not clear, however, how the selection of the shortlist was compliant with contract procedure rule (CPR) 24 (assessment of tenders) or CPR 10 European community procedures, or whether [REDACTED] should have been involved in the process as a non Walsall council employee.</p> <p>Recommendations:</p> <ul style="list-style-type: none">• Officers should ensure that tender evaluation follows exactly the requirements set out in contract procedure rule 21,22,23,24 and 25.• Only officers of Walsall council should be involved in such processes until the position is clarified as per recommendation 5.13.
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7. CAB Mental Health Project

7.1 The following was alleged:

CAB advised by e-mail that project successful. Then told after he had started work that the project had not been sent to JSB as decided commissioning way forward. CAB incurred £50,000 therefore had to pay.

Poor procedures and guillotining of existing procedures put a voluntary organisation at risk.

[REDACTED] refused to sign off the payment which has resulted in a row with the CAB and CAB making representation to [REDACTED]. Another example of poor process with NRF since no formal written notification went to CAB telling them about the situation.

7.1.1 On 1 May 2003 [REDACTED] (health and social care theme group leader) informed the chief executive (CAB) via e-mail that "I hope that you are aware that the bid for funding was successful and 2 years funding was agreed. Could you amend the bid to include a further years funding please. At present the next stage of approval for bids is unclear I will let you know asap when I find out what has to happen next, this is because the whole grant aid process is under review, ask [REDACTED] for details. I hope this is clear".

7.1.2 [REDACTED] informed [REDACTED] on 9 June 2003 that there had been no approval by the JSB for the project and that it was being held in abeyance until the partnership and the theme group make decisions on priorities for the strategic allocation of the NRF through commissioning. [REDACTED] correctly refused to sign off the payment because the funding had not been approved by the JSB.

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Conclusions & Recommendations

1.	The e-mail from [REDACTED] is not clear. While it states that the 'next stage of approvals is unclear', it also states that the 'bid for funding was successful and 2 years funding was agreed'.
2.	CAB appears to have been later informed that the funding had not been approved. Recommendations: <ul style="list-style-type: none">• <i>The process and responsibilities for informing grant/ commission applicants of the outcome of their funding bids should be clarified.</i>• <i>Grant / commission applicants should not be informed of any decision until the necessary approval has been obtained and such communication has been appropriately authorised.</i>• <i>Any communication with grant / commission applicants should make clear, the project, amount and financial period to which the communication relates.</i>

8. Independent Living Centre Project

8.1 The following was alleged:

The project proposal has very little detail and there is no option appraisal or risk assessment.

Independent Living Centre - meeting of 15/12/03 inquorate and project not ratified at the next meeting on 19/01/04.

No ratification of decision to fund Independent Living Centre at the next meeting of 19/01/04.

It was important that the project was approved as this would enable the project to be endorsed by the Economic Forum which would enable further european funding to be granted.

8.1.1 There was no project submission or grant agreement for the independent living centre project on the project file.

8.1.2 The meeting of 15 December 2003 was inquorate and decisions made were not ratified at the next meeting on 19 January 2004.

8.1.3 As part of the review of the WBSP, the head of programme management was commissioned to identify any queries resulting from attendance and records of decisions made at board meetings. As a result of this [REDACTED] acted to rectify the concerns raised by submitting reports to the WBSP on 5 July 2004 and the commissioning executive on 16 July 2004 to ratify decisions made. Both reports were approved by the respective boards.

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Conclusions & Recommendations

1.	Documentation in respect of the independent living centre project is not apparent on the project file.
2.	The project was initially subject to inquorate approval but this has since been addressed. Recommendations: <ul style="list-style-type: none">• <i>The independent living centre project file should be reviewed to ensure all necessary documentation is detailed on file.</i>

8.2 The following was alleged:

£325,000 was transferred at the request of [REDACTED] to the PCT in Feb 2004 without a building being identified or plan of works tendered or agreed. It would therefore not have been possible to defray this in less than a month.

On 24/05/04 PCT project officer confirmed that a site had still not been identified and that a purpose built building was being considered. Project officer was advised that this was significantly different and that no funds could be released until firm proposals were put forward.

On or around 12/02/04 the finance manager for programme management instructed [REDACTED] at the request of the WBSP to make a transfer of £325,000 from NRF to the PCT. At this time no site had been confirmed, no lease of purchase agreements entered into, no work specification drawn up, no proper costings, no project manager and no schedule of works. there was no likelihood that the funds could be spent by the PCT before 31.03.04. No grant agreement was issued prior to the transfer of funds.

8.2.1 The funding was issued to the PCT in February 2004 despite them not having identified a suitable building.

Conclusions & Recommendations

1.	The council appears to have awarded £325k to the PCT for a capital project which appears to have not been properly researched / appraised.
2.	<p>The funding was awarded with a limited likelihood of it being defrayed before the end of the financial year. As such, it could have been subject to claw back.</p> <p>Recommendations:</p> <ul style="list-style-type: none">• <i>On approving projects / commissions, the commissioning executive should ensure that projects have been thoroughly vetted, with all relevant information submitted, including the timeliness of potential defray of expenditure, to the Board before the decision to award funding is made.</i>

8.3 The following was alleged:

At a meeting on 5/3/04 concerns raised that the payment should not have been made and the head of programme management insisted that the money should be recovered.

8.3.1 Due to fact that a suitable building had not been identified and there was a strong likelihood that the funds would not be spent before 31 March 2004, a sundry debtor invoice was raised for £325,000 on 9 March 2004 which was paid by the PCT on 2 April 2004. The head of finance (regeneration and neighbourhood services) stated that he had given the instruction that the money should be recovered by raising a sundry debtor invoice.

8.3.2 Since then, in 2004/05 £285,114 was paid to Walsall PCT for the Independent Living Centre (ILC) project. £250k was identified as being claimable in 2004/05, however, as £285,114 was spent a further £30k was approved by the delegated signatories. The grant agreement for 2004/05 detailed £250k in section 1.1 (to aid the ILC project described in the project appraisal) but detailed a further £325k in sections 1.3, 1.4, and 3.1. This mistake appears to have been spotted by the PCT in an e-mail detailed on the project file. A review of the file indicated that complete proof of spend was not detailed.

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Conclusions & Recommendations

1.	The funds awarded to the PCT in respect of the Independent Living Centre (ILC) project were correctly recovered by the council.
2.	Exceptions have been noted in the award of NRF to the ILC project in 2004/05. Recommendations: <ul style="list-style-type: none">• <i>Officers should ensure that grant agreements correctly detail the approved amount. A senior / independent review of all grant agreements produced would assist in this process.</i>• <i>Proof of spend should be identified for the ILC project 2004/05. Officers should further be reminded that adequate proof of spend is required for all projects.</i>

8.4 The following was alleged:

The chair, as chief executive of the PCT did not declare an interest in the project.

8.4.1 At a JSB meeting on 15 December 2003 the Chair, [REDACTED] (PCT) did not declare an interest in the Independent Living Centre/Integrated Community Equipment Store.

Conclusions & Recommendations

1.	See conclusions and recommendations at 5.2. Recommendations: <ul style="list-style-type: none">• As 5.2.
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9. Job Creation Initiatives Project

9.1 The following was alleged:

£100,000 allocated to the Job Creation Initiatives project could not be accounted for. Because of shortfalls in the social care & supported housing budget [REDACTED] instructed that the funds should be transferred to housing support to support the sheltered workshop. Strongly advised not to challenge this decision. A report justifying the expenditure has not been received.

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- 9.1.1 The head of finance (regeneration and neighbourhood services) stated that there was no shortfall within social care and supported housing and that this claim is completely false. He confirmed that he had prepared a report on this issue which demonstrated that funding had assisted the 17 members of staff who worked at the supported workshop in transferring them from an activity that was ceasing, into full time employment with links to work. This approach was agreed by [REDACTED] and [REDACTED]. The report had not been submitted to the head of programme management. The head of finance (regeneration and neighbourhood services) stated that he had not strongly advised the head of programme management not to challenge this decision.
- 9.1.2 Upon examining the Job Creation Initiatives project file, a copy of this report or the agreement with [REDACTED] and [REDACTED] was not found.

Conclusions & Recommendations

1.	<p>Funds for the job creations initiative project appear to have been used to support the sheltered workshop. No documentation was available on the project file to support this decision or whether the necessary approvals had been obtained.</p> <p>Recommendations:</p> <ul style="list-style-type: none">• <i>The job creations initiative project file should be updated to ensure it contains the necessary documentation, including the report produced by the head of finance.</i>• <i>Officers should ensure that the necessary approval for the transfer of funds within the job creation initiatives project has been obtained and ensure that adequate documentary evidence exists on file to support this.</i>
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10. Skills Escalator Project

10.1 The following was alleged:

Skills Escalator - significant piece of work to which £600,000 has been allocated but very few details exist. The project appears to have changed from July 2003. £100,000 paid in advance but no evidence of expenditure provided. The JSB minutes of the meeting on 15.12.03 record that [REDACTED] had met with [REDACTED] and agreed a specification for [REDACTED] to develop' – it is not clear who [REDACTED] is or how she was appointed. Unclear how £250,000 for 2003/04 will be contracted.

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10.1.1 On 21 July 2003 the programme manager submitted a report to the JSB regarding the WBSP Skills Escalator. The report stated that it had been identified both in the sub-region and borough that a sharp escalation of the skills base would be a key factor in regenerating the economy, and as part of the WBSP commitment to raising skills, it would commission a 2½ year skills escalation programme. The WBSP would champion the programme and the programme manager/partnership director would commission relevant organisations to carry out the work, monitor and report on the programme. It was proposed that programme be funded by NRF up to a maximum of £100,000 in 2003/04 and £250,000 2004/05. The board agreed that NRF be used to fund this initiative for this financial year and the following two financial years.

10.1.2 On 22 September 2003 the programme manager submitted a report to the JSB stating that there were 3 elements of the skills escalation which need to be actioned immediately:

- Initial work on skills and knowledge development for partner officers;
- bringing in expertise to scope the full programme; and
- supporting the GOWM Regeneration Graduate Scheme.

The recommendation of the report was that the programme manager/partnership director initiate this work immediately. The minutes of the meeting record that “the chair requested that the partnership agree the £100,000 funding for the skills escalator project. This would also include some skills development work with individual members of support staff and the Community Empowerment Network”. It was minuted that “the board agreed the funding for the skills escalator”.

10.1.3 On 15 December 2003 the partnership director submitted a report to the JSB regarding the skills escalator which states that [REDACTED] who has previously been requested to consider the skills needs of the partnership had agreed to develop a skills development proposal for the partnership. The board accepted the report.

10.1.4 There was no project submission, grant agreement or further documentation on the project file for funding relating to 2004/05. There was no documentation regarding the role/appointment of [REDACTED].

10.1.5 £100k was paid to WBSP by journal transfer in 2003/04 but no proof of spend was obtained.

10.1.6 £64k was spent in 2004/05. This consisted of a payment of £24,734 to CSR partnership Ltd; £21,909 to New Deal; and £17,320 to the WBSP.

Conclusions & Recommendations

1.	The skills escalator project appears to have been brought before the board on a number of occasions, each time in a slightly different form.
2.	There was no project submission, grant agreement or further documentation on the project file for the project relating to 2004/05. There was no documentation regarding the role/appointment of [REDACTED].
3.	Proof of spend was not always available on the project file. Recommendations: <ul style="list-style-type: none">• <i>The skills escalator project file should be updated to ensure it contains the necessary project submission and grant agreement and then forwarded immediately to internal audit for review.</i>• <i>Evidence of spend should also be obtained and detailed on the project file.</i>• <i>The arrangements for the appointment of [REDACTED] should be identified to ensure compliance with the accountable body's procedures.</i>

11. Monopole Advertising Project

11.1 The following was alleged:

Activities paid for by NRF which do not improve delivery of mainstream service or tackle deprivation.

[REDACTED] took a proposal to the commissioning executive to fund an extra £12,000 for monopole advertising.

Additional funding approved by the commissioning executive on 5/03/04 however notes do not reflect this.

11.1.1 No funding was provided from NRF for the monopole advertising project.

11.2.1 The minutes of the board meeting state that 'RS outlines an opportunity to buy advertising/promotional space at Walsall Football club. Additional funding is required for design/sign-writing. The executive supported the opportunity in principal provided that all themes were used from a cross cutting perspective and that concerns over the impact on the monopole of the planned redevelopment of the FC were resolved'. The subsequent work to address the issues was not undertaken and therefore the monopole opportunity was not taken up.

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Conclusions & Recommendations

1.	No funding was provided from NRF for the monopole advertising project. Recommendations: <ul style="list-style-type: none">• None.
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12. SERCO Projects

12.1 The following was alleged:

In 2003/2004 SERCO were paid in advance on all their projects. They have been asked to repay these funds but due to ineffective monitoring no offer to repay was made.

£290,000 for 2003/04 was allocated to education projects and paid in advance. The projects did not exist and the funds had to be reclaimed. The practice also appears to have been applied to 2001/02 and 2002/03 which went undetected.

£290,000 was paid to education without any agreement as to what it was for. Education complained that to clawback the full amount would present an adverse view of Education Walsall. They were asked to provide evidence as to how the NRF was spent but could only say that it went into the general standards fund and therefore displaced WMBC mainstream funding.

12.1.1 Of the four project files examined where funding had been provided to SERCO in 2003/04 it was found that a project submission form had not been completed in one case (C01). It was found that all had been paid in advance. In 2004/05, a proforma for the lifelong learning commission does not appear to have been completed.

12.1.2 From the sample of files examined, it was found that NRF allocated to SERCO projects were supported in 1 instance by an invoice from SERCO and in 3 instances via a journal transfer. No proof of spend was provided in any of the 4 cases.

Conclusions & Recommendations

1.	<p>There appears to have been an overall breakdown in control and monitoring of payments made to SERCO via NRF. The recommendations below should assist in improving the control environment.</p> <p>Recommendations:</p> <ul style="list-style-type: none">• <i>Project submission forms / commission pro-formas, as appropriate should be completed for all projects. A review of SERCO funded projects should be undertaken to ensure this is the case for all SERCO projects.</i>• <i>SERCO should be requested to provide the council with full evidence of spend for all NRF monies defrayed. This should show clearly how funds have met original project submission arrangements and targets.</i>• <i>The practice of paying SERCO in advance for funds should be immediately reviewed.</i>
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12.2 The following was alleged:

The process has happened for the last 3 years, total £870,000. This would mean that false statement of use returns were made to GOWM in 2001/02 and 2002/03.

12.2.1 Due to a lack of project monitoring it is possible that the statement of use returns forwarded to GOWM did not accurately reflect the extent to which NRF funds were actually defrayed by SERCO.

Conclusions & Recommendations

1.	<p>Due to a lack of project monitoring, it is possible that the statement of use returns forwarded to GOWM in relation to SERCO funded projects may not be accurate.</p> <p>Recommendations:</p> <ul style="list-style-type: none">• <i>Officers should ensure that all projects are robustly and effectively monitored. This should assist with the accuracy of returns made to GOWM.</i>
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12.3 The following was alleged:

An invoice was received from Serco on 7/05/04 for the final 2003/04 NRF payment, no supporting evidence or claim form was provided. The invoice exceeded the approved NRF grant by £1,000. [REDACTED], on 17/05/04 was requested to change the invoice. The invoice is still on hold.

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- 12.3.1 This issue has now been resolved. The principle officer, WBSP confirmed that the programme management officer involved had miscalculated the payment amount in error and when it was rechecked it was found the invoice was for the correct amount and has now been paid.

Conclusions & Recommendations

1.	This issue has since been resolved. Recommendations: <ul style="list-style-type: none">• None.
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- 12.4 The following was alleged:

An invoice was received from SERCO on 19/05/04 for a payment of £125,000. The project was not recognised and no supporting evidence of the spend was provided. It was established that this project had been discussed by the Commissioning Executive at a meeting in January 2004 but no decision had been taken to approve any funds. The project was an exhibition of work by primary schools. It was found that the total spend to 9/08/04 was £30,000 and it was unclear why an invoice for £125,000 had been submitted. The invoice is still being held pending a resolution of this issue by the WBSP.

- 12.4.1 This has now been resolved. When the invoice was received it was found that there was no evidence of spend and the project had not actually been approved by the board. The commissioning executive on 10 September 2004 approved the funding, the principal officer, WBSP confirmed that evidence of spend had been provided by SERCO, and payment was made in full.

Conclusions & Recommendations

1.	This issue has since been resolved. Recommendations: <ul style="list-style-type: none">• None.
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13. Walsall CVS Project

- 13.1 The following was alleged:

Walsall CVS were awarded a number of posts in relation to improving community participation some of which were appointed late.

Head of programme management was instructed by [REDACTED] to extend some of the posts (borough wide), which she agreed with [REDACTED], [REDACTED] and [REDACTED].

- 13.1.1 Funding was issued to Walsall CVS to fund a number of posts the late approval of which resulted in funding being carried over to 2004/05.

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13.1.2 [REDACTED] informed the head of programme management via e-mail on 1 March 2004 that posts of policy and strategy officer, theme leader and compact officer had been approved for continued funding until 31 March 2006 and that the funding had been agreed with delegated officers [REDACTED], [REDACTED] and [REDACTED]. There was not a copy of the delegated approval on the project file so it was not possible to determine whether this delegated approval had actually be given.

Conclusions & Recommendations

1.	<p>Approval for the extension to Walsall CVS posts funded by NRF appears to have been given under delegated approval. There was no copy of the delegated approval on the project file so it was not possible to determine whether this delegated approval had actually been given.</p> <p>Recommendations:</p> <ul style="list-style-type: none">• Where approvals are given in accordance with delegations sufficient evidence of this should be available on the project file.• The necessary approvals for the Walsall CVS posts should be obtained and detailed on the project file.
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14. M6 Pilot Project

14.1 The following was alleged:

At performance management board (PMB) on 4/08/03, [REDACTED] submitted a report regarding the M6 Pilot Project. The project for £46,000 was approved on 14/10/ PMB and by JSB in October. [REDACTED] (Steps to Work) argued that he believed that £65,000 had been requested. The report recommended that due to another admin error the £19,000 should be honoured.

14.1.1 The project submission form (not signed or dated) detailed the cost of the project as £19,000 in 2002/03 and £27,315 in 2003/04 (total £46,315). The performance management board approved the sum of £19,000 and the project was approved by the JSB on 21.10.02. A grant agreement was issued in 2002/03 for £19,000. This was signed by [REDACTED].

14.1.2 A grant agreement was issued in 2003/04 for £27,300 and a further £70,000 was approved by the JSB on 18 August 2003 (total £97,300). Only £63,500 was spent during the year and the balance of £33,800 was carried forward to 2004/05.

14.1.3 The minutes of the programme board on 4 August 2003 state "The other outstanding project is the M6 Pilot Programme. The amount stated in the grant agreement was different to what had been agreed in the original bid. Again, the bid had been approved at the relevant stages". The board agreed that this project receive its relevant funding.

14.1.4 There was no evidence on the file to substantiate the allegation that £65,000 had been requested.

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Conclusions & Recommendations

1.	<p>There was no evidence on the file to substantiate the allegation that £65,000 had been requested.</p> <p>There does, however, appear to be limited audit trail reconciling the amount of NRF approved, to the relevant grant agreements, to the actual expenditure defrayed.</p> <p><i>Recommendations:</i></p> <ul style="list-style-type: none">• <i>A review of the M6 pilot project should be undertaken to ensure a clear audit trail exists linking approved amounts to grant agreements; and evidence of expenditure defrayed.</i>
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E. Recommendations

1. Recommendations have been included within the action plan attached to this report.
2. Having regard to the issues detailed within this report, the relevant executive director / assistant director should consider, in consultation with personnel services, whether disciplinary action may be necessary.

**Neighbourhood Renewal Fund
AUDIT OPINION AND ACTION PLAN**

F. ACTION PLAN

Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale
1.2	***	Management should consider undertaking a complete file review of 2003/04 NRF projects to ensure that files clearly detail evidence of how NRF funded projects benefit priority neighbourhoods / floor or local targets set out in the local neighbourhood renewal strategy. Where discrepancies are identified, project managers should be asked to source the relevant supporting documentation and place clearly on file. Project Officers should be reminded to ensure that such supporting documentation is present on all currently funded projects and commissions.	Complete file review of 2003/04, 2004/05 and 2005/06 to be undertaken.	Principal partnership officer / assistant programme manager January 2006
1.2	***	Project submission forms should be identified for the projects cited in 1.2.2 and placed on the relevant project file.	Complete file review of 2003/04 files to be undertaken.	Principal partnership officer / assistant programme manager January 2006
1.2	***	The 6 project submission forms cited in 1.2.2 should be forwarded to the applicant for signing before being placed on the relevant project file.	Complete file review of 2003/04 files to be undertaken.	Principal partnership officer / assistant programme manager January 2006

**Neighbourhood Renewal Fund
AUDIT OPINION AND ACTION PLAN**

Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale
1.2	***	Management should consider undertaking a complete file review of all commissions funded in 2004/05 to ensure that a completed commissioning pro-forma is detailed on each commission file. A review should include the project cited in 1.2.3. Project officers should further be reminded to ensure that a completed commissioning pro-forma is detailed on each currently funded project file	Complete file review of 2004/05 files undertaken.	Principal partnership officer / assistant programme manager Implemented
1.2	***	A complete file review of 'non commissioned' project files in 2004/05 should be considered to ensure that completed pro-formas are detailed on all non 'commissioned project' files. This review should include those projects cited in 1.2.4. Project officers should further be reminded to ensure that a completed pro-forma is detailed on all currently funded 'non commissioned' files.	Complete file review of 2004/05 files undertaken.	Principal partnership officer / assistant programme manager Implemented
1.5	***	The WBSP has benefited from the minute taking expertise of officers from constitutional services. The commissioning executive should consider utilising the services of constitutional services for the production of their minutes.	As part of the suggested commissioning executive governance review, the use of constitutional services will be considered. Minutes have been tightened up considerably, with reports, minutes, approval letters, grant / commissioning agreements all refer to the same information for clarity.	Principal partnership officer/chair of commissioning executive Implemented

**Neighbourhood Renewal Fund
AUDIT OPINION AND ACTION PLAN**

Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale
1.5	***	Although improvements have been noted, it would be prudent for minute takers to be reminded to ensure that any documentation presented to either the WBSP or the commissioning executive is clearly referenced within the appropriate minutes.	Minute takers have been reminded and minutes have been tightened up considerably, with reports, minutes, approval letters, grant / commissioning agreements all referring to the same information for clarity. As part of the suggested commissioning executive governance review, the use of constitutional services will be considered.	Principal partnership officer / chair of commissioning executive Implemented
1.6	***	Officers should be reminded to ensure that where work / consultancy is commissioned by either the WBSP or the commissioning executive, that the findings of this work should be presented and discussed in full.	A programme of agenda items is kept (currently by the principal partnership officer), including standing agenda items, and follow up on actions are reported back to the commissioning executive at the appropriate time.	Principal partnership officer Implemented
1.6	***	Officers may consider undertaking an evaluation exercise at the end of each commission of consultancy work to ascertain the value of the work together with any learning points for future.	An independent review of commissioning and commissions is being developed with IDeA.	Principal partnership officer / assistant programme manager February 2006

**Neighbourhood Renewal Fund
AUDIT OPINION AND ACTION PLAN**

Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale
1.7	***	Officers should be reminded to ensure that the appropriate approval has been obtained before NRF commission / grant recipients are informed of their award of NRF	Adequate evidence of approval is now detailed within the minutes. An approval letter is issued to each recipient, detailing how much, for which financial year, and what the reporting requirements are, after approval has been obtained.	Principal partnership officer / chair of commissioning executive Implemented
1.8	***	Consideration should be given to providing a standard entry on the commissioning pro-forma and pro-forma for non commissioned NRF funded projects, to ensure that projects submitted for approval are not already subject to existing funding (to prevent duplicate funding); or existing regeneration activity. The council should extend this recommendation to all council funding regimes to ensure that there is a specific requirement to check for duplicate funding.	Agreed.	Principal partnership officer Implemented
2.2	***	Officers should ensure that evidence of the appropriate approval (for example, the minutes of the relevant commissioning executive) should be clearly documented on project files, including those cited in 2.2.2.	Complete file review of 2003/04, 2004/05 and 2005/06 to be undertaken.	Principal partnership officer / assistant programme manager January 2006

**Neighbourhood Renewal Fund
AUDIT OPINION AND ACTION PLAN**

Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale
2.2	***	Officers should be reminded that only the NRF amount approved should be awarded. Payments in excess of the amount approved should only be made with sufficient prior approval.	Additional amounts required are reported to the commissioning executive, either via the finance report, performance of commissions report, or a separate report for approval as necessary to the level of additional funding required.	Principal partnership officer / head of finance (regeneration & neighbourhood services) Implemented
2.2	***	Officers should further be reminded that minuted approval should include the project name, amount awarded and financial year(s) to which this award relates	Adequate evidence of approval is now detailed within the minutes. An approval letter is issued to each recipient, detailing how much, for which financial year, and what the reporting requirements are after approval has been obtained.	Principal partnership officer / chair of commissioning executive Implemented
2.2	***	Approval for the amount of NRF awarded to the improving employability in Walsall project should be clarified. Should retrospective approval be required, the opportunity for this should be pursued.	Investigation to be undertaken.	Principal partnership officer / assistant programme manager January 2006

**Neighbourhood Renewal Fund
AUDIT OPINION AND ACTION PLAN**

Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale
2.2	***	The wider issue of approval of NRF projects / commissions should be considered as part of a recommended review of the overall governance arrangements of the partnership and their associated groups. Under current arrangements, the WBSP or the commissioning executive have no delegated powers to approve NRF spend. Officers of the council, as representatives of the accountable body, only, have such delegations. A review of governance arrangements should therefore seek to ensure that payments are authorised in accordance with an appropriate scheme of council delegation.	A comprehensive review of the corporate governance arrangements of the WBSP/commissioning executive will be carried out. This will resolve any areas of uncertainty in terms of the current arrangements as well as to facilitate the implementation of the local area agreement.	Head of finance (regeneration & neighbourhood services) / WBSP director March 2006
3.1	***	Grant agreements should be sourced and detailed on the project files of those 2003/04 projects referenced in 3.1.1. Also, where possible and for completeness, signatures should be sought on the grant agreements referenced in 3.1.1.	Complete file review of 2003/04 files to be undertaken.	Principal partnership officer / assistant programme manager January 2006
3.1	***	The revised grant agreement form should include the date of the signatures of the grant recipients and the council to ensure evidence is available of the timeliness of the agreement.	Agreed.	Principal partnership officer / assistant programme manager Implemented

**Neighbourhood Renewal Fund
AUDIT OPINION AND ACTION PLAN**

Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale
3.1	***	Where commissions are £100k or over, officers should ensure that all relevant sections of the grant agreement are completed and actioned including those referenced in 3.1.2.	This appears to be a “hangover” from the fact that the NRF grant agreements are based on SRB agreements. This procedure is not necessary and will be stopped.	Head of finance (regeneration & neighbourhood services) March 2006
3.1	***	Where grant agreements have been amended, each amendment must be signed and dated by all parties to the agreement. Dependent on the number of amendments, consideration should be given to issuing a revised grant agreement.	Agreed.	Assistant programme manager Implemented
3.2	***	Where additional amounts are approved to the original NRF approval, officers should be reminded that either a revised grant agreement form or a variation to the original grant agreement should be issued. Revised grant agreements / variations should also be subject to the same authorisations / approvals as grant agreements themselves.	Agreed.	Assistant programme manager Implemented
3.2	***	In light of the recommendation above, a check of all projects currently funded back to their original grant agreements should be undertaken and revised grant agreements / variations to the original grant agreement issued where required. This should include the projects referenced in 3.2.1.	Complete review of 2004/05 files to be undertaken.	Principal partnership officer / assistant programme manager Implemented

**Neighbourhood Renewal Fund
AUDIT OPINION AND ACTION PLAN**

Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale
4.2	***	Robust and regular monitoring arrangements of project outcomes/ targets / spends should be completed. This should include evidence that the project has met / is targeted to meet the outcomes agreed at project approval, including those relating to floor targets and tackling deprivation. Evidence of such monitoring should be clearly recorded on project files.	<p>This recommendation is perhaps best answered with reference to the Audit Commissions review of the governance arrangements of the WBSP, which stated that:</p> <p><i>The commissioning executive receives updates at each of its monthly meetings on progress with commissions in addition to finance reports on NRF spend. The finance reports are also presented to the WBSP Partnership Board. The head of finance for the council's regeneration and neighbourhood services directorate has taken the lead on preparing the finance reports, and the quality of these reports has improved considerably:</i></p> <ul style="list-style-type: none"> • <i>Each project or commission is clearly shown, with named lead officers</i> • <i>the format is very clear, and includes colour flags to highlight the overall financial 'health' of each project</i> • <i>actual and projected spend is shown, with any projected under/over spend highlighted</i> 	<p>Principal partnership officer</p> <p>Implemented</p>

**Neighbourhood Renewal Fund
AUDIT OPINION AND ACTION PLAN**

			<ul style="list-style-type: none"> • <i>The covering reports are concise and clear, and highlight the key issues and risks</i> <p>The commissioning executive receives regular performance of commissions report detailing whether milestones / targets are being met, which is risk assessed, and a financial report. The WBSP Board receives quarterly reports on where Walsall's position is regarding floor targets.</p> <p>Programme management ensure that robust evidence is produced by recipients regarding claims. Including provision of monthly / quarterly monitoring reports. Site visits have also been programmed in.</p> <p>A dedicated NRF programme officer has been employed.</p> <p>The financial support to NRF (and ultimately the LAA) is being strengthened even further with the recruitment of an accounting technician.</p>	
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**Neighbourhood Renewal Fund
AUDIT OPINION AND ACTION PLAN**

Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale
4.2	***	Where monitoring reveals that a grant recipient has failed / is in danger of failing to meet agreed outcomes, then a procedure should be drafted detailing actions / reporting requirements in the event of a projects failure to deliver.	<p>This recommendation is perhaps best answered with reference to the Audit Commissions review of the governance arrangements of the WBSP, which stated that:</p> <p><i>The commissioning executive receives updates at each of its monthly meetings on progress with commissions in addition to finance reports on NRF spend. The finance reports are also presented to the WBSP Partnership Board. The head of finance for the council's regeneration and neighbourhood services directorate has taken the lead on preparing the finance reports, and the quality of these reports has improved considerably:</i></p> <ul style="list-style-type: none"> • <i>Each project or commission is clearly shown, with named lead officers</i> • <i>the format is very clear, and includes colour flags to highlight the overall financial 'health' of each project</i> • <i>actual and projected spend is shown, with any projected</i> 	<p>Principal partnership officer</p> <p>Implemented</p>

**Neighbourhood Renewal Fund
AUDIT OPINION AND ACTION PLAN**

			<p style="text-align: center;"><i>under/over spend highlighted</i></p> <ul style="list-style-type: none"> • <i>The covering reports are concise and clear, and highlight the key issues and risks</i> <p>The commissioning executive receives regular performance of commissions report detailing whether milestones / targets are being met, which is risk assessed, and a financial report. The WBSP Board receives quarterly reports on where Walsall's position is regarding floor targets. Programme management ensure that robust evidence is produced by recipients regarding claims. Including provision of monthly / quarterly monitoring reports. Site visits have also been programmed in. A dedicated NRF programme officer has been employed. The financial support to NRF (and ultimately the LAA) is being strengthened even further with the recruitment of an accounting technician.</p>	
4.2	***	A review of projects cited in 4.2.1 should be undertaken to ensure that sufficient evidence of NRF spend has been obtained and that duplicate evidence has not been accepted to support evidence of spend.	Investigations to take place.	Principal partnership officer / assistant programme manager February 2006

**Neighbourhood Renewal Fund
AUDIT OPINION AND ACTION PLAN**

Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale
4.2	***	Officers should be reminded that all project correspondence should be date stamped.	Agreed.	Assistant programme manager Implemented
4.2	***	The overpayments to SERCO and neighbourhood management detailed in 4.2.2. should be addressed and recovered as a matter of urgency.	This is being investigated currently.	Head of finance (regeneration & neighbourhood services) January 2006
4.2	***	Officers should ensure that grant recipients complete claim forms for all funding requested.	Claim forms have been made more robust, including the supporting evidence.	Assistant programme manager Implemented
4.2	***	VAT arrangements require immediate clarification.	Agreed.	Head of finance (regeneration & neighbourhood services) March 2006
4.2	***	The practice of raising cheques and holding them should be ceased. Cheques should not be returned to originators as this represents a control risk. Such events should only be in exceptional / emergency circumstances. This issue has been the subject of previous internal and external audit reports, regarding programme management (including SRB audit report 2003/04).	Agreed.	Programme management team / finance support Implemented

**Neighbourhood Renewal Fund
AUDIT OPINION AND ACTION PLAN**

Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale
4.2	***	<p>The anomalies identified in the improving employability in Walsall project should be investigated and resolved.</p> <p>Officers should be reminded to ensure consistency between figures quoted in finance reports, grant agreements and amounts subsequently paid out in respect of projects. Where variances exist a clear audit trail, documenting the necessary approvals should exist.</p>	<p>Investigation to be undertaken.</p> <p>Agreed.</p>	<p>Principal partnership officer / assistant programme manager</p> <p>January 2006</p> <p>Principal partnership officer / assistant programme manager</p> <p>Implemented</p>
4.2	***	<p>The difference between the compact officer project amount included on the finance report and that included on the project file should be investigated and resolved.</p>	<p>Investigation to take place.</p>	<p>Principal partnership officer / assistant programme manager</p> <p>January 2006</p>
4.2	***	<p>The monitoring visit form should be updated to include the signature and date of the officer undertaking the visit.</p>	<p>Agreed.</p>	<p>Principal partnership officer / assistant programme manager</p> <p>Implemented</p>

**Neighbourhood Renewal Fund
AUDIT OPINION AND ACTION PLAN**

Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale
4.2	***	As unspent NRF can be subject to claw back by GOWM, care should be taken with the commissioning approach to ensure that projects / commissions are approved in sufficient time to enable sufficient project expenditure to be defrayed within the financial year.	<p>One of the key requirements of the commissioning approach is the ability of the project to deliver within the timeframe of a financial year. This is rigorously monitored during the course of the year and each finance report highlights the risk of not spending the total allocation in year. As a “back-up” a sub-group of the executive meet to re-allocate funding to other commissions where underspends are forecast.</p> <p>It should be noted that GOWM allow a 5% carry forward, and the carry-forward from 04/05 was well within this limit, which is particularly pertinent given that the carry forward was in excess of £1m in the previous year.</p>	<p>Head of finance (regeneration & neighbourhood services)</p> <p>Implemented</p>
4.7	***	Procedure notes should be produced regarding the financial and performance management arrangements of NRF project administration. Once complete, these should be issued to all relevant officers who should sign for their receipt.	Agreed.	<p>Principal partnership officer / assistant programme manager / head of finance (regeneration & neighbourhood services)</p> <p>Implemented</p>

**Neighbourhood Renewal Fund
AUDIT OPINION AND ACTION PLAN**

Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale
5.2	***	The procedure for declaration of interests of members of the commissioning executive and LSP; when decisions regarding the use of NRF funds are made, should be clarified with constitutional services to ensure that sound governance arrangements exist. This should form part of the overall review of governance recommended previously in this report.	To be undertaken as part of governance review.	Head of finance (regeneration & neighbourhood services) / WBSP director March 2006
5.3	***	Minute takers should be reminded that care should be taken in providing concise and accurate minutes of meetings of the LSP to ensure there is little scope for alternative interpretation of a comment.	As part of the suggested commissioning executive governance review, the use of constitutional services will be considered. Minutes have been tightened up considerably, with reports, minutes, approval letters, grant / commissioning agreements all refer to the same information for clarity. Draft minutes are overseen by the chair, commissioning executive, and WBSP director. These are then agreed at the next meeting.	Principal partnership officer / chair of commissioning executive Implemented

**Neighbourhood Renewal Fund
AUDIT OPINION AND ACTION PLAN**

Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale
5.6	***	A quorate membership should always be present when the minutes of the previous meeting are being formally approved. To assist this process the agenda item of the approval of the previous meeting minutes should be brought forward to one of the first items of business.	This is now the case for both the WBSP board and the commissioning executive. Quoracy is checked at the start of the meeting.	WBSP director / minute taker / chair of commissioning executive Implemented
5.7	***	Where a meeting becomes inquorate, minute takers should be reminded to notify the meeting as such and record this in the minutes.	This is agreed. To ensure that decisions are taken in accordance with established constitutional arrangements, minute takers notify the meeting if / when a meeting becomes inquorate. To be reinforced as part of the governance review.	Principal partnership officer / chair of commissioning executive Implemented Head of finance (regeneration & neighbourhood services) / WBSP director March 2006
5.8	***	The membership of the WBSP should be clarified at the start of each meeting. Where substitutes are allowed and appointed, these should be determined in advance and included within the terms of reference / constitutional arrangements of the WBSP.	Membership is clarified at the start of each meeting. Nominated substitutes have been made for the commissioning executive. Nominated substitutes for the WBSP board are being sought.	WBSP director February 2006

**Neighbourhood Renewal Fund
AUDIT OPINION AND ACTION PLAN**

Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale
5.8	***	A review of the minutes of meetings attended by ██████ in which she substituted for ██████, while acting in her capacity as interim civic commissioning manager, should be reviewed to confirm the validity of the decisions made.	A letter confirming these arrangements has been signed by ██████ and ██████.	WBSP director Implemented
5.9	***	The WBSP should continue to ensure that it holds its AGM in accordance with its constitution.	Agreed. To be undertaken as part of governance review.	Head of finance (regeneration & neighbourhood services) / WBSP director March 2006
5.10	***	Officers should be reminded to ensure that the board are fully aware of any associated consequences / implications of all proposed actions.	Reports detail consequences / implications of proposed actions.	WBSP director Implemented

**Neighbourhood Renewal Fund
AUDIT OPINION AND ACTION PLAN**

Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale
5.13	***	Where decisions are made based on delegated approval, they should be documented as such on project / commission files. These decisions should also be reported back for information to the next available meeting of the commissioning executive / WBSP as appropriate to ensure complete transparency / accountability.	<p>A comprehensive review of the corporate governance arrangements of the WBSP/commissioning executive will be carried out. This will resolve any areas of uncertainty in terms of the current arrangements as well as to facilitate the implementation of the local area agreement.</p> <p>Letters of approval, detailing how much and for which financial year, are issued to recipients. Letters are from the WBSP director, and signed by four commissioning executive officers with delegated authority. Copies of these letters are placed on file, and grant / commissioning agreements issued.</p> <p>A standing agenda item is now reported to the commissioning executive of any delegated authority decisions taken.</p> <p>A standing agenda for the WBSP board detailing decisions taken by the commissioning executive.</p>	<p>Head of finance (regeneration & neighbourhood services) / WBSP director</p> <p>March 2006</p> <p>Principal partnership officer / chair of commissioning executive</p> <p>Implemented</p>

**Neighbourhood Renewal Fund
AUDIT OPINION AND ACTION PLAN**

Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale
5.13	***	Legal services should be asked to undertake a review of the legality of the granting of delegated authority for NRF spend to non council employees. This should form part of the overall review of governance arrangements recommended at 2.2.4 of this report.	A comprehensive review of the corporate governance arrangements of the WBSP/commissioning executive will be carried out. This will resolve any areas of uncertainty in terms of the current arrangements as well as to facilitate the implementation of the local area agreement.	Head of finance (regeneration & neighbourhood services) / WBSP director March 2006
5.16	***	Officers should ensure that all reports submitted for the board's attention, clearly state the projects to which they refer.	Agenda items and report titles are now identical.	Principal partnership officer / partnership support manager / WBSP director Implemented
5.16	***	Officers should ensure that appropriate approval has been obtained and is detailed on all project files prior to funding being awarded.	Adequate evidence of approval is now detailed within the minutes. An approval letter is issued to each recipient, detailing how much, for which financial year, and what the reporting requirements are after approval has been obtained.	Principal partnership officer / chair of commissioning executive Implemented

**Neighbourhood Renewal Fund
AUDIT OPINION AND ACTION PLAN**

Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale
5.16	***	Care should be taken to ensure that the value of NRF awarded is consistent across grant applications; approvals and agreements. Any anomalies should be immediately investigated and corrective action taken where necessary.	<p>Approval is detailed within the minutes. An approval letter is issued to each recipient, detailing how much, for which financial year, and what the reporting requirements are.</p> <p>Additional amounts required are reported to the commissioning executive, either via the finance report, performance of commissions report, or a separate report, as necessary to level of additional funding required.</p> <p>Letters of approval, detailing how much and for which financial year, are issued to recipients. Letters are from the WBSP director, and signed by four commissioning executive officers with delegated authority. Copies of these letters are placed on file, and grant / commissioning agreements issued.</p> <p>A standing agenda item is now reported to the commissioning executive of any delegated authority decisions taken.</p> <p>A standing agenda for the WBSP board detailing decisions taken by the commissioning executive.</p>	Principal partnership officer / chair of commissioning executive implemented

**Neighbourhood Renewal Fund
AUDIT OPINION AND ACTION PLAN**

Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale
5.16	***	Officers should ensure that grant agreements have been appropriately signed before payments are made to grant recipients.	Agreed.	Assistant programme manager / head of neighbourhood partnerships & programmes / head of finance (regeneration & neighbourhood services) Implemented
6.1	***	The commissioning framework requires review and update. This review should immediately clarify the term 'commissioning' making the distinction between commissioning as a 'grant' and as 'a procurement exercise' absolutely clear. It is recommended that legal services assist in this respect.	To be undertaken as part of the overall governance review.	Head of finance (regeneration & neighbourhood services) / WBSP director March 2006
6.1	***	The review of commissioning should ensure that commissioning executive has adequate arrangements in place to ensure compliance with the council's contract and financial procedure rules and European procurement requirements.	Agreed. This will be reinforced as part of the overall governance review.	Principal partnership officer Implemented Head of finance (regeneration & neighbourhood services) / WBSP director March 2006

**Neighbourhood Renewal Fund
AUDIT OPINION AND ACTION PLAN**

Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale
6.1	***	To be prudent, it is also recommended that a full review of the legal arrangements for the WBSP and associated groups is undertaken.	To be undertaken as part of the overall governance review.	Head of finance (regeneration & neighbourhood services) / WBSP director March 2006
6.2	***	Management should request recipient commission lead organisations to document a formal exit strategy, detailing financial sustainability at the end of the project.	Commissioning pro-formas and any request for funding requires details of any exit strategy.	Principal partnership officer Implemented
6.7	***	The commissioning executive is reminded to ensure that their actions are fully in compliant with contract procedure rules. This includes ensuring:- <ul style="list-style-type: none"> • in accordance with CPR 16, that the value of contracts is ascertained prior to commencing the tendering procedure; • that quotations or tenders are obtained as necessary in accordance with CPR 18 and 19 ; or where exemptions apply under CPR 17. <p>Approval for the payments made to DCA should be sought as a matter of urgency.</p>	Agreed. This will be reinforced as part of the overall governance review.	Principal partnership officer Implemented Head of finance (regeneration & neighbourhood services) / WBSP director March 2006 Principal partnership officer / head of finance (regeneration & neighbourhood services) January 2006

**Neighbourhood Renewal Fund
AUDIT OPINION AND ACTION PLAN**

Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale
6.11	***	When decisions regarding the awarding of commissions are made, minute takers should ensure that the specific action required following the decision is clearly minuted.	<p>As part of the suggested commissioning executive governance review, the use of constitutional services will be considered.</p> <p>Minutes have been tightened up considerably, with reports, minutes, approval letters, grant / commissioning agreements all refer to the same information for clarity.</p> <p>Adequate evidence of approval is now detailed within the minutes. An approval letter is issued to each recipient, detailing how much, for which financial year, and what the reporting requirements are, after approval has been obtained.</p>	<p>Principal partnership officer / chair of commissioning executive</p> <p>Implemented</p>
6.12	***	Officers should ensure that tender evaluation follows exactly the requirements set out in contract procedure rule 21,22,23,24 and 25.	<p>Agreed.</p> <p>This will be reinforced as part of the overall governance review.</p>	<p>Principal partnership officer</p> <p>Implemented</p> <p>Head of finance (regeneration & neighbourhood services) / WBSP director</p> <p>March 2006</p>

**Neighbourhood Renewal Fund
AUDIT OPINION AND ACTION PLAN**

Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale
6.12	***	Only officers of Walsall MBC should be involved in such processes until the position is clarified as per recommendation 5.13.	Agreed. to be included as part of the overall governance review.	Head of finance (regeneration & neighbourhood services) / WBSP director March 2006
7.1	***	The process and responsibilities for informing grant/ commission applicants of the outcome of their funding bids should be clarified.	Adequate evidence of approval is now detailed within the minutes. An approval letter is issued to each recipient, detailing how much, for which financial year, and what the reporting requirements are, after approval has been obtained.	Principal partnership officer / chair of commissioning executive Implemented
7.1	***	Grant / commission applicants should not be informed of any decision until the necessary approval has been obtained and such communication has been appropriately authorised.	Adequate evidence of approval is now detailed within the minutes. An approval letter is issued to each recipient, detailing how much, for which financial year, and what the reporting requirements are, after approval has been obtained.	Principal partnership officer / chair of commissioning executive Implemented
7.1	***	Any communication with grant / commission applicants should make clear, the project, amount and financial period to which the communication relates.	Adequate evidence of approval is now detailed within the minutes. An approval letter is issued to each recipient, detailing how much, for which financial year, and what the reporting requirements are, after approval has been obtained.	Principal partnership officer / chair of commissioning executive Implemented

**Neighbourhood Renewal Fund
AUDIT OPINION AND ACTION PLAN**

Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale
8.1	***	The independent living centre project file should be reviewed to ensure all necessary documentation is detailed on file.	Review to take place.	Principal partnership officer / assistant programme manager January 2006
8.2	***	On approving projects / commissions, the commissioning executive should ensure that projects have been thoroughly vetted, with all relevant information submitted, including the timeliness of potential defray of expenditure, to the Board before the decision to award funding is made.	Commissioning pro-formas or detailed reports are submitted to the commissioning executive. Queries regarding the deliverability of commissions are brought back to following meetings before any award is made.	Principal partnership officer Implemented
8.3	***	Officers should ensure that grant agreements correctly detail the approved amount. A senior / independent review of all grant agreements produced would assist in this process.	The head of finance will conduct a regular review of a representative sample of grant agreements and ensure that they correspond to the approved amount as agreed by the commissioning executive.	Head of finance (regeneration & neighbourhood services) Implemented
8.3	***	Proof of spend should be identified for the ILC project 2004/05. Officers should further be reminded that adequate proof of spend is required for all projects.	Review of ILC to take place. All claims for funding are now required to supply robust evidence of spend.	Principal partnership officer / assistant programme manager January 2006

**Neighbourhood Renewal Fund
AUDIT OPINION AND ACTION PLAN**

Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale
9.1	***	The job creations initiative project file should be updated to ensure it contains the necessary documentation, including the report produced by the head of finance.	Agreed – copy of report given to programme management to put on the file.	Head of finance (regeneration & neighbourhood services) Implemented
9.1	***	Officers should ensure that the necessary approval for the transfer of funds within the job creation initiatives project has been obtained and ensure that adequate documentary evidence exists on file to support this.	This will require retrospective approval as the use of delegated powers has not been recorded and the two officers who approved the decision are no longer employed by the council.	Head of finance (regeneration & neighbourhood services) January 2006
10.1	***	The skills escalator project file should be updated to ensure it contains the necessary project submission and grant agreement and then forwarded immediately to internal audit for review.	Complete review of 2003/04 files to be undertaken.	Principal partnership officer (JL) / assistant programme manager January 2006
10.1	***	Evidence of spend should also be obtained and detailed on the project file.	Complete review of 2003/04 files to be undertaken.	Principal partnership officer / assistant programme manager January 2006

**Neighbourhood Renewal Fund
AUDIT OPINION AND ACTION PLAN**

Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale
10.1	***	The arrangements for the appointment of [REDACTED] should be identified to ensure compliant with the accountable body's procedures.	Complete review of 2003/04 files to be undertaken.	Principal partnership officer / assistant programme manager January 2006
12.1	***	Project submission forms / commission proformas, as appropriate should be completed for all projects. A review of SERCO funded projects should be undertaken to ensure this is the case for all SERCO projects.	Complete review of 2003/04, 2004/05 and 2005/06 files to be undertaken.	Principal partnership officer / assistant programme manager January 2006
12.1	***	SERCO should be requested to provide the council with full evidence of spend for all NRF monies defrayed. This should show clearly how funds have met original project submission arrangements and targets.	This has already been requested, as has a profile of spend for the current financial year.	Head of finance (regeneration & neighbourhood services) Implemented

**Neighbourhood Renewal Fund
AUDIT OPINION AND ACTION PLAN**

Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale
12.1	***	The practice of paying SERCO in advance for funds should be immediately reviewed.	<p>This facility will only be used in particular circumstances e.g. where the organisation is unable to provide sufficient cash to facilitate expenditure. The recent payment to SERCO of £1.2m for the Learning Commission was one such example and has only been processed after due consideration and approval from the Executive Committee (formerly the Commissioning Executive), along with a formal written request to ensure that:</p> <ul style="list-style-type: none"> • Actual spending is in line with the submitted profile • Robust and sufficient evidence of spend is submitted asap after payment • All evidence of spend along with appropriate analysis is submitted by 28 April 2006. 	<p>Head of finance (regeneration & neighbourhood services)</p> <p>Implemented</p>

**Neighbourhood Renewal Fund
AUDIT OPINION AND ACTION PLAN**

Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale
12.2	***	Officers should ensure that all projects are robustly and effectively monitored. This should assist with the accuracy of returns made to GOWM.	<p>This recommendation is perhaps best answered with reference to the Audit Commissions review of the governance arrangements of the WBSP, which stated that:</p> <p><i>The commissioning executive receives updates at each of its monthly meetings on progress with commissions in addition to finance reports on NRF spend. The finance reports are also presented to the WBSP Partnership Board. The head of finance for the council's regeneration and neighbourhood services directorate has taken the lead on preparing the finance reports, and the quality of these reports has improved considerably:</i></p> <ul style="list-style-type: none"> • <i>Each project or commission is clearly shown, with named lead officers</i> • <i>the format is very clear, and includes colour flags to highlight the overall financial 'health' of each project</i> • <i>actual and projected spend is shown, with any projected</i> 	<p>Principal partnership officer</p> <p>Implemented</p>

**Neighbourhood Renewal Fund
AUDIT OPINION AND ACTION PLAN**

			<p style="text-align: center;"><i>under/over spend highlighted</i></p> <ul style="list-style-type: none"> • <i>The covering reports are concise and clear, and highlight the key issues and risks</i> <p>The commissioning executive receives regular performance of commissions report detailing whether milestones / targets are being met, which is risk assessed, and a financial report. The WBSP Board receives quarterly reports on where Walsall's position is regarding floor targets.</p> <p>Programme management ensure that robust evidence is produced by recipients regarding claims. Including provision of monthly / quarterly monitoring reports. Site visits have also been programmed in.</p> <p>A dedicated NRF programme officer has been employed.</p> <p>The financial support to NRF (and ultimately the LAA) is being strengthened even further with the recruitment of an accounting technician.</p>	
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**Neighbourhood Renewal Fund
AUDIT OPINION AND ACTION PLAN**

Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale
13.1	***	Where approvals are given in accordance with delegations sufficient evidence of this should be available on the project file.	<p>A comprehensive review of the corporate governance arrangements of the WBSP/commissioning executive will be carried out. This will resolve any areas of uncertainty in terms of the current arrangements as well as to facilitate the implementation of the local area agreement.</p> <p>Letters of approval, detailing how much and for which financial year, are issued to recipients. Letters are from the WBSP director, and signed by four commissioning executive officers with delegated authority. Copies of these letters are placed on file, and grant / commissioning agreements issued.</p> <p>A standing agenda item is now reported to the commissioning executive of any delegated authority decisions taken.</p> <p>A standing agenda for the WBSP board detailing decisions taken by the commissioning executive.</p>	<p>Head of finance (regeneration & neighbourhood services) / WBSP director</p> <p>March 2006</p> <p>Principal partnership officer / chair of commissioning executive</p> <p>Implemented</p>

**Neighbourhood Renewal Fund
AUDIT OPINION AND ACTION PLAN**

Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale
13.1	***	The necessary approvals for the Walsall CVS posts should be obtained and detailed on the project file.	Complete review of 2003/04 files to be undertaken.	Principal partnership officer / assistant programme manager January 2006
14.1	***	A review of the M6 pilot project should be undertaken to ensure a clear audit trail exists linking approved amounts to grant agreements; and evidence of expenditure defrayed.	Complete review of 2003/04 files to be undertaken.	Principal partnership officer / assistant programme manager January 2006

Walsall Metropolitan Borough Council
Internal Audit Service

**Neighbourhood Renewal Fund – Special
Investigation**

Audit Report 2002 / 2003

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- B. WORK UNDERTAKEN**
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A. Introduction

1. On 7 August 2002, the Chief Internal Auditor was informed by ■■■, Head of Finance, that she had received concerns from ■■■, Crime Reduction Partnership Manager and Theme Leader for the Crime and Disorder Theme of the NRF fund; regarding the management of Neighbourhood Renewal Funds (NRF).
2. ■■■ attended an interview with Internal Audit Officers on 8 August 2002, where he outlined the following concerns regarding: -
 - the way in which NRF funding was being used by the Council;
 - the professionalism and effectiveness of the NRF Co-ordinator in managing the NRF funds;
 - the way in which the NRF funds and budget were being accounted for; and
 - the Local Strategic Partnership's (LSP) perception of the Council's use and management of NRF funds
3. As the above identified a number of concerns, it was deemed appropriate for Internal Audit Officers to carry out an investigation into the management and use of NRF funds.
4. A number of recommendations have resulted from the investigation. An Action Plan, detailing the recommendations made, has been included at the end of this report. Recommendations have been prioritised as high (***) , medium (**) or low (*).

B. Work Undertaken

1. For the purpose of this investigation interviews have been held with a number of officers involved in the NRF project.
2. Relevant guidance from the Department of Transport, Local Government and the Regions (DTLR) has also been reviewed as part of this enquiry.

C. Findings

1. Background

1.1 The following extract taken from DTLR guidance, provides a background of the Government's intention regarding NRF under the Local Government Finance Act 1988 ('the 1988 Act'): -

'The Neighbourhood Renewal Fund (NRF) aims to enable the 88 most deprived authorities to improve services, narrowing the gap between the deprived areas and the rest of the Country. The NRF can be spent in any way that will tackle deprivation in the most deprived neighbourhoods, particularly, but not exclusively, in relation to floor targets. It is strongly desirable that where service quality is at risk or requires improvement, funding should be devoted to mainstream services, such as schools, providing that the funding benefits the most deprived areas'.

(Source: <http://www.dtlr.gov.uk/neighbourhood/fund/index.htm>).

1.2 For Walsall MBC, the following NRF allocation was agreed over the 3 year period of the programme: -

	NRF Allocation 2001/02 (£m)	NRF Allocation 2002/03 (£m)	NRF Allocation 2003/04 (£m)	NRF Total Over 3 years (£m)
Walsall MBC	3.56	5.341	7.122	16.023

1.3 The DTLR has set 5 'floor targets' for tackling deprivation. The NRF can be spent in any way that will tackle deprivation in the most deprived neighbourhoods, particularly, but not exclusively, in relation to floor targets. Floor targets are detailed in the following table: -

Theme	Floor Target
Education	To increase the percentage of pupils obtaining 5 or more GCSEs at grades A* to C, to at least 38% in every LEA by 2004.
Work & Enterprise	To ensure an increase in the employment rates of the 30 local authority districts with the poorest initial labour market position. It will ensure a reduction in the difference between employment rates in these areas and the overall rates.
Crime	To reduce the level of crime, so that by 2005, no local authority area has a domestic burglary rate more than 3 times the national average while at the same time reducing the national rate by 25%.
Health & Inequalities	By 2010, to reduce at least by 10% the gap between 20% of areas with the lowest life expectancy at birth and the population as a whole. To reduce at least by 60% in 2010, the conception rate among the under 18's in the worst 20% of wards, thereby reducing the level of inequality between these areas and the average by at least 26% by 2010.
Housing & the Physical Environment	All social housing will be of a decent standard by 2010 with the number of families living in non-decent social housing falling by 33% by 2004.

(Source: <http://www.local-regions.opdm.gov.uk/lsp/guidance>).

1.4 In Walsall MBC, the management and administration of NRF is structured around 5 main themes which broadly encompass the national 'floor' targets above. Each theme has a thematic leader, who supports the NRF Co-ordinator, [REDACTED]. The current themes and thematic leaders are as follows: -

- Raising Education Standards – [REDACTED], Lifelong Learning Manager.
- Creating Job Opportunities – [REDACTED], Chamber of Commerce.
- Crime & Disorder Reduction – [REDACTED], Crime Reduction Partnership Manager.
- Reducing Health Inequalities – [REDACTED] / [REDACTED] / [REDACTED], Walsall Health Authority.
- Promoting Social Inclusion and Equality (including Voluntary Sector Development) – [REDACTED], Voluntary Sector.

(Source: Neighbourhood Renewal Fund 2002/03 : Walsall Borough Strategic Partnership)

1.5 The NRF Co-ordinator is also supported by [REDACTED], Resource Planning Manager, Financial Services.

1.6 A condition for receipt of NRF funds in 2002/03 and 2003/04 is that Local Authorities agree a strategy for neighbourhood renewal, encompassing the Government's 5 floor targets, with local strategic partners. Walsall Borough Strategic Partnership (WBSP) was set up in an inaugural meeting of 15 October 2001, to fulfil this requirement.

1.7 WBSB includes representatives from the Council, Health Service, Police, Employment Service / Benefits Agency, Voluntary and Business Sector, Higher and Further Education, Ethnic Minority; Faith; and Disabled Person's Group Representatives, Trades Council and District Community Representation.

2. Interviews

2.1 Interview with █████, Crime Reduction Partnership Manager

2.1.1 █████ was interviewed by Internal Audit Officers on 8 August 2002. The key points of the interview are detailed below: -

- █████ expressed concern that an under spend of approximately £50k on his 2001/2002 Crime & Community Safety budget, had 'gone missing' from the 2002/03 budget. He believed that this under spend should have been carried forward in order 'to develop further projects'.
- █████ was concerned that the Community Safety budget was being used to fund projects, which were 'against the concept of community safety'. For example, in funding 3 litter pickers as 'Town Centre Rangers' and the NACRO Motor Project. █████ had challenged such projects with █████ and █████, but had been told that these projects would stand.
- █████ expressed concern in the professionalism and 'approach' of █████, NRF Co-ordinator, since he believed that █████ did not have the 'skills, abilities and experience to embrace this role'.
- █████ said that the partnership were suspicious about the management of NRF by the Council.
- █████ stated that the Council must provide a complete evaluation of how NRF has been used to tackle floor targets. He expressed concern as to how this could be achieved when much of the NRF funding has been used to fund mainstream projects. █████ stated that although he had completed an evaluation of his theme for this purpose, he would have difficulty providing a financial justification, when he believed money had gone missing from his budget.
- █████ stated that █████ and █████ were to see the political leaders on Friday (9 August 2002) in order to 'come clean', regarding NRF.
- █████ believed, via reference from others, that when NRF monies were received by the Council, █████, the former Chief Executive; and █████, the political leader at that time, decided where NRF funds were to be allocated.

2.1.2 █████ was requested by Internal Audit to sign a copy of the notes of the interview of 8 August 2002, in accordance with standard Internal Audit practice. █████ did not, however, submit a signed copy of the notes but chose to detail his amendments to the interview transcript in a report to █████, Assistant Chief Executive dated 9 September 2002.

2.1.3 █████'s report, detailing his amended interview script, was received by Internal Audit on 2 October 2002. █████'s report reasserted the following: -

- His concern regarding 'the integrity of the administration of NRF'.
- His opinion that the 'management arrangements of the project left much to be desired'.
- 'Disquiet amongst partners regarding the Council's allocation and administration of NRF'.

2.1.4 █████ expressed concern in signing the interview notes of 8 August 2002, which he believed were 'out of context and in need of significant amendment and clarification'. A review of

██████'s amendments, however, identified no material misstatement between the original interview notes of 8 August 2002, and ██████'s subsequent revisions.

2.2 Interview with ██████, Neighbourhood Renewal Officer

2.2.1 ██████ was interviewed by Internal Audit Officers on 9 August 2002. The key points of the interview are detailed below: -

- ██████ stated that he 'had no officer to report to', and that his 'line management had always been unclear'.
- ██████ felt there was no need to report progress on the management of NRF funds to Committee as progress reports were already presented to meetings of the LSP.
- When asked to provide evidence of the reports provided to the LSP, ██████ stated that he usually gave a 'verbal progress report', as the LSP do not request written reporting.
- ██████ believed the use of NRF for mainstream funding followed guidance given by Government Office.
- ██████ stated that projects funded by NRF had been agreed by ██████ and ██████, before ██████ came to post.
- Regarding the LSP's perception of the Council's use of NRF for mainstream funding; ██████ stated that partners generally did not understand the term 'mainstream funding'. He believed that this has led to several problems and misunderstandings at the LSP.
- ██████ could provide no evidence of his actions regarding his monitoring role of NRF funds. He stated that he 'could only send e-mails' and 'remind officers of the information required'. With regard to financial monitoring of the NRF, ██████ stated that ██████ 'kept an eye on the financial aspect' of the Fund.
- ██████ said the Statement of Use submitted in October 2001 was a joint effort between himself and ██████.
- ██████ expressed concern regarding NRF. He believed there would be difficulty in completing the Statement of Use this year; and in reporting NRF spend. He said this was because Service Areas had 'not entered into the spirit of the arrangement'.
- ██████ informed that he spent 3 days per week working on NRF, and the remaining 2 days of the week working for New Deal. He stated that he was also heavily involved in the Pleck / Alumwell Residents / Tenants Association and Local Committee work at Goscote.

2.2.2 A copy of the notes of the interview held on 9 August 2002 were forwarded to ██████ on 9 September 2002. ██████ has yet to submit a signed copy of the interview notes.

2.3 Interview with ██████, Resource Planning Manager

2.3.1 ██████, Resource Planning Manager, was interviewed by Internal Audit Officers on 8 August 2002. The key points of the interview are detailed below: -

- ██████ stated that the 2001/02 financial year, saw an overall cut in allocation in funding from Central Government. Spending pressures meant that mainstream funding would not be enough to achieve a balanced budget. As a result it was decided that of £3.56 million NRF funds allocated to Walsall, £2.75 million would be used to fund mainstream programmes.
- ██████ believed the decision to use NRF to support mainstream funding was one taken by ██████, the former Chief Executive. ██████ believed that ██████ had consulted the Council's partners prior to making this decision.

- [REDACTED] believed the Council's actions were in line with Government guidance. He stated that the Council, as the accountable body for NRF, could use NRF to fund mainstream services in the first year of the grant, as long as agreement was sought from partners. He stated that this arrangement is more concrete for 2002/03, where NRF spending programmes require formal approval by the LSP.
- [REDACTED] stated that [REDACTED] used a 'highlighter pen' and went through mainstream projects he saw as being 100% NRF funded, and those that could be proportionately funded via NRF and mainstream means.
- [REDACTED] stated that he had approached Service Areas with [REDACTED], to secure their approval in funding ordinary mainstream projects out of NRF funds. He stated that a proforma was used, based on the current practice with SRB. Service Areas could either accept the NRF funding for elements of their Service or suffer a budget cut.
- [REDACTED] believed that it was [REDACTED] who agreed that [REDACTED] should be moved to the role of NRF Co-ordinator, remaining on his current General Manager salary.
- [REDACTED] stated that he completed the Statement of Use required by Government Office West Midlands on 30 October 2001, although he was surprised that he had been given this task. [REDACTED] also expressed concern that the Statement of Use for October 2002 may not be completed.
- With regard to the £50k, which [REDACTED] alleges was missing from his Community Safety budget; [REDACTED] stated that the £50k had gone back into 'mainstream funding'. The total under spend for 2001/02, will be considered by the LSP when approving the 2002/03 NRF spend. This money was intended to fund 2 supporting posts. It was envisaged that these posts would be secondments from within the Council; hence the budget for these posts would come from the secondments' originating service area.
- [REDACTED] stated that the NRF funds were aimed to transform and improve services. He expressed concern that at the end of the year, service areas receiving NRF funds would not be able to 'flag what they had achieved' as a result of receiving the funds.
- [REDACTED] said theme leaders 'lacked direction'. He exemplified this in that it was unclear who the theme leader for social inclusion was. He also commented that there appeared to be no monitoring of NRF outputs, no pulling together of milestones achieved and no matching of these to NRF aims.
- [REDACTED] expressed concern that insufficient NRF progress reports on performance were being presented to Committee.
- [REDACTED] saw his role in NRF as providing financial support and advice only.
- [REDACTED] saw the role of NRF Co-ordinator as monitoring and assessing the performance of NRF objectives, supporting NRF theme leaders and producing progress reports for members and partners.

2.4. Interview with [REDACTED], Head of Finance

2.4.1 [REDACTED], Head of Finance, was interviewed by Internal Audit Officers on 8 August 2002. The key points of the interview are detailed below: -

- [REDACTED] expressed concern regarding the management environment under which NRF has been / is being operated. She believed that [REDACTED] had certain development needs.
- [REDACTED] stated that [REDACTED]'s substantive role in NRF was to provide financial support and advice; to which he had 'gone the extra mile beyond his original remit in good faith'.
- [REDACTED] 'did not feel it financially prudent to underpin mainstream budget with NRF funds, to such an extent'. She stated that NRF was 'a new targeted grant, but it was not tightly ring fenced'. She stated that the guidance from the Government regarding NRF 'was not entirely clear'.

- ██████ stated that the £2.7 million of NRF funds used to support mainstream services in 2001/02, was in effect the 'balancing figure' of funds needed to set the annual General Fund Budget.
- With regard to the Government's intention to use NRF to 'transform services', ██████ stated that it was 'unrealistic to think that transformation would happen' in all services supported by NRF, 'particularly with weak project management arrangements'.

2.5 Interviews with Thematic Leaders

2.5.1 Interviews were held with the following thematic leaders: -

- ██████, Resource Planning Manager.
- ██████, Urban Regeneration Manager.
- ██████, Principal Local Policies Officer.
- ██████, Lifelong Learning Manager.

2.5.2 The following points were identified during interviews: -

Theme Leader	Key points
██████	<ul style="list-style-type: none"> • ██████ stated that revenue budgets were to be transferred into the NRF. The result was a budget balancing process. • ██████ attended initial meetings where funding was allocated based on ██████'s proposals. • ██████ stated that the budget cuts were seen as imperative and little thought was given to how funds would benefit deprived communities. The NRF is meant to provide support for the most needy neighbourhoods, but how they have been specifically targeted during year 1, is questionable. • ██████ never saw a job description, or terms of reference regarding the post of theme leader and as such never accepted the role. • ██████ questioned ██████'s experience in managing regeneration programmes. He believes someone is needed with a strategic head with some grant management and monitoring experience. • In comparing NRF to New Deal or SRB ██████ stated that there was no comparison. There is little independent scrutiny or appraisal of NRF projects and little robustness or openness.

Theme Leader	Key points
<p>██████</p>	<ul style="list-style-type: none"> • ██████ believed that year 1 NRF funding allocation was very much a 'fait accompli', by the time she became involved. • ██████ stated that the main element of NRF was the replacement of original mainstream funding, but there was also an element of NRF funds available for new projects. • ██████ believed there is currently an overall lack of strategic direction and management of NRF. The LSP's late accreditation is symptomatic of this. • ██████ believed the LSP is suspicious of the Council as a result of late accreditation, bad OFSTED and SSI reports, which has tended to compound the amount of scrutiny the Council has received. • ██████ appears to be a strong chair of the LSP. ██████ stated that the Council has much to do to re-organise itself and be clear how it engages with the LSP.
<p>██████</p>	<ul style="list-style-type: none"> • ██████ commented that much of the work that ██████ is involved with, impacts upon the work of the Community Development Unit. ██████ expressed concern that ██████ has no line management and that ██████ had no input into ██████'s work concerning the Community Development Unit. • ██████ stated that ██████ monitored his NRF work, generally by reviewing the budget. Meetings were however, not minuted. • ██████ stated that the LSP has approved all the funding that has gone in year 1. They are only interested in approving new monies now. All projects from year 1 that were carried forward to years 2 and 3 are already, therefore, approved. • LSP accreditation was late, because officers were not notified of the requirement until late on in the process. • ██████ stated that NRF has been used instead of mainstream funding. It should have been used to develop other projects and provide extra services. Floor targets will be hit, but he had doubt that transformation of services will occur. • ██████ said the LSP has spent a lot of time determining their terms of reference and membership; now that they have addressed this, they are beginning to question the Council's use of NRF funds. • ██████ is often unobtainable and spends a tremendous amount of time in meetings. • NRF needs a lead officer and an accountant. Someone is required to take a lead and form a strategy.

Theme Leader	Key points
<p>██████</p>	<ul style="list-style-type: none"> • ██████ stated that there is a certain amount of pressure and conflict within the LSP regarding the Council's use of the funds. She stated that as Walsall MBC is the accountable body, it is the Council's financial systems, which need to be adhered to. • ██████ commented that there were many types of meeting held, some merely giving feedback on others. • ██████ believed that there is only so much innovation that can be put into the system. If NRF funds had been used to fund only new projects from day 1, there would have been lots of 'warm and woolly projects', with no measurable impact. She believed that 'we have to challenge the way we do things now for a longer term benefit'. • There is some comment on the LSP regarding the Council using the NRF to underpin their mainstream budget, but at the end of the period of NRF, it will be the Council who have to 'pick up the tab', so it should be the Council as the accountable body who have a say in how the funds are managed.

2.6 Interview Summaries

2.6.1 The following can be summarised from the interviews:-

Use of NRF Funding

- In 2001/02, £2.75 million of the total £3.56 million NRF funds allocated, was used by the Council to support mainstream budget. The remaining £0.81 million of NRF was used to support new projects.
- The decision to use NRF to support mainstream funding appeared to be one made by ██████, the Former Chief Executive.
- Opinion on whether this was a correct use of NRF was divided. Some officers interviewed, believed the Council's use of NRF was in accordance with Government guidelines. Others believed that using NRF to replace / support existing mainstream budgets was in effect a 'budget balancing' process or a means of financing 'the Council's debts'.

Management of NRF Funding

- Officers expressed concern regarding the management environment under which NRF operated and in particular the experience and approach of the NRF Co-ordinator in managing the project.
- The NRF Co-ordinator could provide no evidence of his monitoring and controlling role.
- It was identified that the NRF Co-ordinator spent only 3 days per week on NRF work and was employed at New Deal for the remaining 2 days as Land & Property Co-ordinator. The charge for this is reimbursed to the NRF.

Accounting for NRF Funding

- Concern was expressed by ██████ regarding the lack of carry forward of a £50k under spend from his budget.
- It appears that this money had not 'gone missing' but had been allocated back into mainstream funding.

LSP

- There appeared to be some agreement from officers interviewed, that there was an element of suspicion from the LSP on the Council's use of NRF for mainstream funding. This was due to a 'lack of understanding of Council terminology such as mainstream funding'; the Council's reputation after critical OFSTED and SSI reports; and the lateness in the Council's securing accreditation for the LSP.

3. Government Guidance on the Use of NRF Funding

- 3.1 DTLR guidance states that NRF is a 'non ring fenced grant' which can be used to support services not only provided by the Local Authority, but also by organisations that are members of the LSP. Further, 'A New Commitment to Neighbourhood Renewal – National Strategy Action Plan' states that to achieve 'necessary improvements', service providers can reallocate resources in their mainstream programmes to tackle deprivation better.
- 3.2 Guidance states that it is both 'acceptable and strongly desirable' to use NRF funds in this way. The Council's use of £2.7 million of £3.56 million NRF allocation in 2001/02, to fund mainstream programmes, therefore, appears to be in line with Government Guidance, providing it can be demonstrated that deprivation has been tackled.
- 3.3 In 2001/02 Authorities were required to provide a statement of use by 31 October 2001, setting out how NRF money has been spent. This statement was completed by ██████ in 2001/2002; but there appears to have been no arrangements made for submission in 2002/03.
- 3.4 The only proviso the Government places on Authorities in the use of NRF is that 'secretariat functions and servicing Committees, which underpin the activity of the LSP, including providing papers for meetings, monitoring research work, co-ordinating partnership activities; require approval of the Secretary of State if NRF funding is to be used'. It is understood that £40k of the Policy & Urban Regeneration Unit budget, which is funded from NRF, is allocated to WBS (Walsall Borough Strategic Partnership) Administration Charges. This is clearly a breach of Government guidelines.

4. Government Guidance on LSP

- 4.1 In the first year of NRF funding, no formal condition was placed on Local Authorities to consult emerging strategic partnerships or other local partners in deciding how NRF funds are spent. Guidance stated that it would, however, be desirable to consult these parties where possible to avoid any substantial change of focus in second and third years. There appears to be no formal evidence of consultation with partners in 2001/02, although evidence from interviews suggests that some informal consultation took place between ██████ and key partners. This would appear to be in line with Government expectations.
- 4.2 The Government do, however, place a requirement for LSP's to go through an annual accreditation process. On 28 February 2002, it was reported by Lord Falconer to Parliament, that 87 out of the 88 authorities receiving NRF funding, had achieved accreditation. Walsall MBC was the only authority whose LSP did not achieve accreditation by that date, although it was subsequently achieved in June 2002.
- 4.3 The Government also require that LSP's secure accreditation in 2002/03 and 2003/04: -

'receipt of NRF funding for the following year (2003/2004) will again take place on the basis of an accreditation process. Government Officers and LSP's will assess their progress in the light of their 2002/03 assessment, action plans, and stakeholder input, and against the criteria'.

4.4 Further, for 2002/03 and 2003/04 the Authority must agree a Local Neighbourhood Renewal Strategy with the Local Strategic Partnership, including plans to spend NRF, by April 2002. Due to the late accreditation of the LSP, it is understood that the strategy, which is being led by the PCT (Primary Care Trust), is still 'work in progress'.

5. Management of NRF Funding

5.1 The job description of [REDACTED] as Neighbourhood Renewal Officer states 'this post has been created for one year to establish the necessary arrangements for the ongoing development, implementation and monitoring of the programme'. It was agreed by Policy & Resources Committee of 20 February 2002, at the request of [REDACTED] that this arrangement continues until March 2004.

5.2 [REDACTED]'s job description lists 'appraise projects, organise monitoring meetings, ensure meetings are minuted and monitor returns submitted, contribute to statement of use and to the development of a Neighbourhood Renewal Strategy' as the main activities of the post. Whilst [REDACTED] stated in his interview that these tasks were carried out, documentary evidence could not be provided.

5.3 [REDACTED]'s employment as NRF Co-ordinator, on a gross salary of £[REDACTED], was approved by the Policy & Resources Committee of 21 March 2001.

5.4 [REDACTED]'s employment history at Walsall MBC is as follows: -

- [REDACTED] commenced employment with the Authority on 17 October 1991, as Assistant Director of Property Services on Senior Chief Officer's Scale £[REDACTED] to £[REDACTED].
- The post of Assistant Director of Property Services was deleted with effect from 1 November 1997 and [REDACTED] was reassigned to the post of Service Co-ordinator, Land & Asset Resources on spinal column point 56-59.
- The post of Service Co-ordinator, Land & Asset Resources was deleted on the recommendation of the Service Review Committee, 28 February 2000, however, the Policy & Resources Committee of 28 June 2000 resolved to extend [REDACTED]'s contract until the 31 March 2001.
- Policy & Resources Committee 21 March 2001, were subsequently asked to approve [REDACTED]'s appointment to the post of NRF Co-ordinator, remaining on spinal column point 59 until 1 April 2002.
- Policy & Resources Committee 20 February 2002 approved the continuity of [REDACTED] as NRF Co-ordinator until March 2004.

5.5 The Council's Personnel Guidance Manual Section 5, Protection of Earnings, states: -

'Every effort will be made to ensure that redeployment is to a post with pay and conditions of service which are as close as possible to that which the redeployee enjoyed in his / her previous post. Where this is not possible earnings will be protected for a period of 12 months from the date of first redeployment'.

It would appear that [REDACTED] has remained on a General / Service Manager's spinal column point whilst undertaking a Co-ordinator's role, for a period in excess of 12 months.

6. Reporting to Committee

6.1 A total of 4 reports, detailing the Council's approach to NRF were presented to Policy & Resources Committee ('P&R'), by the former Chief Executive, on 15 November 2000, 9 January 2001, 28 February 2001 and 29 February 2002. The following was detailed at each Committee: -

- 15 November 2000 - the aims of NRF and the implications for Walsall Borough.
- 9 January 2001 – Committee are asked to endorse an 'enlarged' strategic alliance as the Local Strategic Partnership.
- 28 February 2001 – Actions regarding NRF since the last meeting were discussed and a draft programme presented.
- 20 February 2002 – Committee were asked to note the arrangements for agreeing 'new money' with the LSP, and to agree the continuation of ██████ as NRF Co-ordinator until March 2004.

6.2 Whilst Committee have been informed of the Council's progress with NRF, the use of £2.75 million of NRF funds to support mainstream projects appears to be alluded to in reports, but is not transparently clear, for example 'NRF funds 'should add value to existing mainstream activity' (P&R 28/2/01).

7. Sample Projects

7.1 A sample of 3 NRF Project Submission Forms from 2001/02 was reviewed to identify how the Government's floor targets and deprivation in general, were addressed. The following table details the results.

NRF Project Submission	Funding £ (per annum)	Project Outcomes
<u>Creating Attractive Residential Areas</u> Winter Maintenance (safe use of highways in adverse weather conditions)	£360k of NRF used to replace mainstream funding.	Fewer accidents, less damage to the highway and associated Council assets.
Payment to Contractor for Weed Control (to control weed growth on public highway).	£202k of NRF used to replace mainstream funding.	More aesthetically pleasing environment.
<u>Creating Attractive Residential Areas</u> Refuse Collection	£200k of NRF used to replace mainstream funding.	Education resulting in a reduction of the amount of waste available for collection.
Grounds & Street Cleansing	£200k of NRF used to replace mainstream funding.	More aesthetically pleasing environment.
Highways Maintenance	£200k of NRF used to replace mainstream funding.	Free up budget for more essential repairs.

NRF Project Submission	Funding £ (per annum)	Project Outcomes
<u>SAFE: Walsall Motor Access Project</u> Contribution to running costs of the SAFE Motor Access Project.	£3k of NRF funding towards total annual contribution from mainstream of £30k per annum.	Recruitment of further volunteers, reduction of vehicle crime in Walsall.

7.2 From the above table, it is difficult to identify how far expenditure on for example, winter maintenance, grounds and street cleansing and highways maintenance, do target deprivation and / or the Government's floor targets. This may be an area where the Council could be challenged in justifying its use of NRF funds.

D. Conclusions & Recommendations

1. The following can be concluded from the findings of this investigation-

- The Council used £2.75 million of a £3.56 million NRF funding allocation to support mainstream funding. This appeared to be a decision made by ██████, the former Chief Executive.
- The Council was faced with an extremely challenging financial position at the time NRF was allocated, hence the use of NRF to fund mainstream programmes allowed the Council to achieve a balanced budget at that time.
- The Government have informed that NRF is a 3 year grant, and that 'it is not possible to say whether NRF will continue beyond 2004/05, it will be dependent upon future cross-cutting spending reviews'. As a result, the use of NRF to support mainstream projects to this extent, is arguably financially imprudent in the longer term.
- The professionalism and effectiveness of the NRF Co-ordinator in managing NRF funds on a part time basis is questionable. Officers interviewed appeared to share a lack of confidence in the NRF Co-ordinator's ability.
- ██████'s initial concern regarding the carry forward of his budget under spend appears to be unfounded as no irregularity was identified in the accounting of NRF.
- There appears to be concern regarding the Local Strategic Partnership's (LSP) opinion of the Council's use and management of NRF funds. Whilst, the Council's use of funds broadly appears to be in line with Government guidance, the LSP's suspicions do not appear to be entirely misguided, in that there is some difficulty matching the outcome of certain projects to the Government's 5 floor targets for deprivation.

2. The following is recommended: -

- A performance management approach should be adopted in the management and administration of NRF. This should include the setting of clear strategies and milestones and review of set outcomes. Meetings regarding NRF should be clearly minuted and agreed; and terms of reference set. Further the roles and responsibilities of theme leaders should be clearly documented and disseminated to them.
- Controls surrounding the use of NRF monies in for example, the allocation of new NRF monies should be based on the Council's approach to other grant funded regimes. For example, consideration should be given to applying the robust and tested systems used for SRB and ERDF to NRF projects.
- Performance management should also be applied to mainstream projects, which are funded via NRF. This should involve setting clear links between project outcomes; and

the Government's Floor Targets and 'tackling deprivation'. Where clear links cannot be established, use of NRF for such purposes should be questioned.

- Necessary approval should be sought from Government Office West Midlands for £40k of NRF being used to fund secretariat functions of the LSP from the Policy & Urban Regeneration Unit budget.
- New projects in 2002/03 should be presented for approval at the LSP.
- A review should be undertaken of resources allocated for the management and administration of NRF. For example, consideration should be given to whether the post of NRF Co-ordinator requires a full time officer. Further, the salary of the current post holder may require review via benchmarking with other Authorities' scale grading of this post.
- A senior line manager should be identified for the reporting purposes of the NRF Co-ordinator.
- The training and development needs of the NRF Co-ordinator should be identified and necessary action taken to resolve any skills gaps.
- Further training should be offered on Council's financial terminology and budgetary control systems to thematic leaders. A session could also be offered to the LSP, to attempt to resolve any confusion on the Council's role as accountable body for the funds.
- Responsibility should be assigned to ensure the co-ordination and completion of the Council's annual statement of use; the accreditation of the LSP in 2002/03 and 2003/04; and the Local Neighbourhood Renewal Strategy.
- Greater transparency, clarity and regularity should be considered in officers' reporting of NRF matters to Committee and Members in general.
- Finally, the Council needs to prepare with some urgency, to assess the impact of mainstream projects funded by NRF at the end of the 3-year period of the grant. This should include an analysis of whether services will effectively have 'transformed', hence no longer require funding; or whether alternative sources of funding will need to be identified or alternative budget savings determined.

Neighbourhood Renewal Fund Investigation
 Audit Report 2002/2003
ACTION PLAN

ACTION PLAN

Ref	Priority	Recommendation	Response	Officer Responsible	Timescale
1	***	A performance management approach should be adopted in the management and administration of NRF. This should include the setting of clear strategies and milestones and review of set outcomes. Meetings regarding NRF should be clearly minuted and agreed; and terms of reference set. Further the roles and responsibilities of theme leaders should be clearly documented and disseminated to them.	Agreed. This work is in progress. Discussions are underway with Chair of WBSP regarding new management arrangements. Specific assistance in the form of an experienced secondee from Wolverhampton BC / GOWM agreed in principle. Briefing for theme leaders / chairs on roles & responsibilities	Director / Chair of WBSP Director Chair of WBSP	By 03/03 In post 02/03 01/03
2	***	Controls surrounding the use of NRF monies in for example, the allocation of new NRF monies should be based on the Council's approach to other grant funded regimes. For example, consideration should be given to applying the robust and tested systems used for SRB and ERDF to NRF projects.	Agreed See (1) Role of SRB in assisting with NRF management is under discussion but a systems / procedures audit of SRB is required before final decision is taken.	Director / Chair of WBSP / Chair of SRB Partnership	By 04/03
3	***	Performance management should also be applied to mainstream projects, which are funded via NRF. This should involve setting clear links between project outcomes; and the Government's Floor Targets and 'tackling deprivation'. Where clear links cannot be established, use of NRF for such purposes should be questioned.	Ageeed Work is in progress. Report to Joint Strategy Board (WBSP) and Cabinet	██████	02/03

Neighbourhood Renewal Fund Investigation
Audit Report 2002/2003
ACTION PLAN

ACTION PLAN					
Ref	Priority	Recommendation	Response	Officer Responsible	Timescale
4	***	Necessary approval should be sought from Government Office West Midlands for £40k of NRF being used to fund secretariat functions of the LSP from the Policy & Urban Regeneration Unit budget.	GOWM approved 'in principle' the use of NRF to resource the LSPs Secretariat costs in years 1-3 subject to setting out the actual costs and indicating how the p/ship will resource the secretariat after yr 3.	██████	03/03
5	***	New projects in 2002/03 should be presented for approval at the LSP.	Implemented. All new bids for funding are reported to WBSP Programme Board prior to decision by Joint Strategy Board	██████	12/02
6	***	A review should be undertaken of resources allocated for the management and administration of NRF. For example, consideration should be given to whether the post of NRF Co-ordinator requires a full time officer. Further, the salary of the current post holder may require review via benchmarking with other Authorities' scale grading of this post.	Agreed. The review is to be incorporated into a wider review of Regeneration staffing structures being undertaken by	Director / ██████ (Personnel) & ██████ (consultant)	04-06/03
7	***	A senior line manager should be identified for the reporting purposes of the NRF Co-ordinator.	Implemented ██████ fulfilling this role in the interim pending the review of staffing structures	Director/ ██████	03/03
8	***	The training and development needs of the NRF Co-ordinator should be identified and necessary action taken to resolve any skills gaps.	Partially Agreed The issue will be reviewed as part of the review of staffing structures	Director / ██████ (Personnel) & ██████ (consultant)	04-06/03
9	***	Further training should be offered on Council's financial terminology and budgetary control systems to thematic leaders. A session could also be offered to the LSP, to attempt to resolve any confusion on the Council's role as Accountable Body for the funds.	Agreed Training sessions to be organised Council's role as Accountable Body is the subject of a further report SLA being developed	██████ ██████ Director	01/03 04/03 04/03

Neighbourhood Renewal Fund Investigation
Audit Report 2002/2003
ACTION PLAN

ACTION PLAN

Ref	Priority	Recommendation	Response	Officer Responsible	Timescale
10	***	Responsibility should be assigned to ensure the co-ordination and completion of the Council's annual statement of use; the accreditation of the LSP in 2002/03 and 2003/04; and the Local Neighbourhood Renewal Strategy.	Implemented: Statement of Use submitted to GOWM LSP Accreditation action plan & self assessment submitted. LSP accredited LNRS submitted to GOWM	█ █ █	11/02 12/02 11/02
11	***	Greater transparency, clarity and regularity should be considered in officers' reporting of NRF matters to Committee and Members in general.	Agreed Key reports to JS Board of WBSP also to be reported to Cabinet	█ / █	02/03
12	***	Finally, the Council needs to prepare with some urgency, to assess the impact of mainstream projects funded by NRF at the end of the 3-year period of the grant. This should include an analysis of whether services will effectively have 'transformed', hence no longer require funding; or whether alternative sources of funding will need to be identified or alternative budget savings determined.	Agreed Issue raised in Spending Pressures Reports and considered in 2003/04 budget deliberations To be considered in overall review of NRF spending by LSP	█ █	03/03 04-05/03

<h1 style="margin: 0;">AUDIT COMMITTEE</h1> <p style="margin: 0;">16 OCTOBER 2006</p>	AGENDA ITEM
NEIGHBOURHOOD RENEWAL FUND (NRF)	
<p>Summary of report: This report attaches the joint internal audit/Audit Commission report summarising their findings from the recent follow up of the implementation status of recommendations contained within three previous NRF internal audit reports. These reports were issued with audit committee's 4 September 2006 papers to enable preparation for discussion at this meeting.</p>	
<p>Background papers: Internal audit reports previously distributed – please bring with you to this meeting.</p>	
<p>Reason for scrutiny: To update members on actions taken on the recommendations contained within the 3 NRF reports issued at the 4 September 2006 meeting.</p>	
<p>Recommendations:</p> <ol style="list-style-type: none"> 1. To note the progress made in the status of implementation of recommendations contained within 3 NRF audit reports. <p style="margin-left: 40px;">Signed:</p> <p style="margin-left: 40px;">Executive Director: Carole Evans 6 October 2006</p>	
<p>Resource and legal considerations: None directly relating to this report.</p>	
<p>Citizen impact: None directly relating to this report.</p>	
<p>Environment impact: None arising directly from this report.</p>	
<p>Performance Management and Risk Management Issues: Many audit committee activities are an important and integral part of the council's performance management and corporate governance frameworks.</p>	
<p>Follow Up of NRF Reports The progress on the recommendations contained within the 3 unplanned / irregularity investigations regarding NRF have been jointly reviewed by internal audit and the Audit Commission. The 3 original reports were completed by internal audit under a joint arrangement with the Audit Commission.</p> <p>As part of the follow up, a review of 10 NRF allocations issued during 2005/06 was undertaken. The findings of this work are set out and any additional recommendations arising have been included as further recommendations / action plan at section E.</p>	

Progress on the Recommendations

Of the 99 agreed recommendations contained within the 3 reports, 61 had been implemented, 21 were partially implemented, 2 were no longer relevant and 4 have not yet been implemented. This follow up audit has also identified recommendations that officers have been unable to progress due to a lack of audit trail (being unable to source documentation). Without evidence of follow up, these 11 recommendations have been categorised within the report as incapable of implementation.

A summary of the status of implementation of recommendations for per NRF report is given in the table below.

Internal Audit Report:	Period subject to audit:	Status of Implementation of Recommendations
NRF Administrative Costs Internal Audit Report (November 2004)	2003/04 2004/05	3 Implemented 3 Partially Implemented
NRF Approvals & Spend Internal Audit Report (June 2005)	2003/04	13 Implemented 2 Partially Implemented 2 No Longer Relevant
NRF Internal Audit Report (February 2006)	2003/04 2004/05	45 Implemented 16 Partially Implemented 11 Unable to Implement 4 Not Yet Implemented

Overall, it is considered that satisfactory progress has been made in implementing the agreed recommendations contained within the 3 NRF reports. The follow up report is attached at **Appendix 1**.

Equality Implications:

None arising from this report.

Consultation:

All internal audit reports, including these, are discussed and agreed with relevant senior managers. Following completion of each piece of audit work, and before issuing the final version, the manager's agreement to implement recommendation(s) listed in the audit report action plan is sought.

Vision impact:

None directly related to this report.

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Walsall Council
Internal Audit Service

Neighbourhood Renewal Fund (NRF)
Follow up Report

Audit Report 2006/2007
October 2006

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- E. FURTHER RECOMMENDATIONS / ACTION PLAN**

Neighbourhood Renewal Fund Follow Up Report

EXECUTIVE SUMMARY

A. Introduction

1. The implementation status of previously agreed audit recommendations contained within the 3 unplanned/irregularity investigations regarding NRF namely:
 - NRF administrative costs (issued November 2004);
 - NRF approvals & spend (issued June 2005); and
 - NRF (issued in February 2006)

has recently been followed up by internal audit and the Audit Commission.
2. The 3 original NRF reports were completed by internal audit under a joint arrangement with the Audit Commission. The arrangement has been used again in undertaking this follow up.
3. To obtain assurance regarding controls operating in the administration of NRF in 2005/06, the Audit Commission and internal audit selected a sample of 10 NRF project / commission files for detailed review. The findings from this work have been incorporated into this follow up report. Any additional recommendations arising from this work have been included in section E further recommendations / action plan.
4. The scope of the audit is as set out on the contents' page. An overall opinion, points of good practice and an improvement action plan for each of the areas audited are attached. Audit recommendations, in general, are prioritised as high (***), medium (**) or low (*).

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B. Overall Audit Opinion

1. Overall, satisfactory progress has been made in implementing the agreed recommendations contained within the 3 NRF reports. Generally, the structures and framework for improvement have been put in place, namely;

- a constitution and accountable body agreement have been finalised and approved by the council and the WBSP;
- procedures for LAA programme and performance management have been drafted and issued to all relevant staff; and
- roles and responsibilities for the management and administration of NRF have now been clearly defined.

This follow up audit has identified that the new arrangements are still in the process of being fully embedded and officers should therefore continue to work towards ensuring that these arrangements are fully implemented and evidenced as such.

2. Of the 99 agreed recommendations contained within the 3 reports, 61 had been fully implemented, 21 partially implemented, 2 were no longer relevant and 4 have not yet been implemented. This follow up audit has also identified recommendations that officers have been unable to progress due to a lack of audit trail (being unable to source documentation). Without evidence of follow up, these 11 recommendations have been categorised within the report as now being incapable of being implemented.

3. The table below summarises the status of implementation of agreed recommendations as shown in the report:

	No of Recs	Implemented	Partially Implemented	No Longer Relevant	Unable to Implement	Not Yet Implemented
NRF Administrative Costs	6	3	3	-	-	-
NRF Approvals & Spends	17	13	2	2	-	-
NRF	76	45	16	-	11	4
TOTAL	99	61	21	2	11	4

Note the definitions below:

- Implemented – the recommendation has been satisfactorily implemented.
- Partially implemented – while some / good progress has been made, the recommendation has not yet been fully implemented / embedded. Relevant officers should therefore revisit progress made against the recommendation to ensure full implementation is achieved.

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- No longer relevant – the recommendation is no longer relevant. For example, the requirement no longer exists or satisfactory compensating systems or controls have been introduced in place of the original recommendation.
 - Unable to implement – officers have not been able to implement the recommendation. For example, audit trail is incomplete; original documentation could not be sourced.
 - Not yet implemented – the recommendation has not yet been implemented and therefore remains outstanding. Relevant officers should therefore ensure that the recommendation is implemented promptly.
5. Following despatch of the final reports for each of the three areas in November 2004, June 2005 and February 2006, a memorandum was issued on 17/5/06 to the head of finance (regeneration & neighbourhood services), the WBSP partnership director and the principal partnership officer seeking their formal response to the progress made in implementing the agreed action plan recommendations. On 25 May 2006 a response was received from the WBSP director confirming that all 6 administrative recommendations had been implemented, 17 of the 18 approvals and spend recommendations had been implemented and 42 of the 76 NRF recommendations had been implemented. The outstanding recommendations were covered under three specific pieces of work:
- a review of 2003/04 project files;
 - implementation of the WBSP constitution and accountable body agreement; and
 - a review of the commissioning process.

C. Acknowledgements

1. Please thank officers for their help, support and co-operation during this follow up audit.

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D. FOLLOW UP AUDIT OPINION

1. NRF – ADMINISTRATIVE COSTS

ACTION PLAN							
No	Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale	Action Taken	Status
1.1	1	***	<p>Consultation with GOWM regarding the use of NRF to support LSP administrative costs should be sought as a matter of urgency. This should constitute a letter to GOWM detailing a breakdown of the administration costs of the LSP for 2003/04 and projected administration costs of the LSP for 2004/05. The letter should seek GOWM's consultation on these costs. The letter should also demonstrate how this expenditure is considered proportionate and represents good value for money. Further, evidence from GOWM that this expenditure is acceptable should be obtained and retained on file.</p>	<p>Letter sent to GOWM dated 18 August 2004 detailing a breakdown of the administration costs of the LSP for 2003/04 and projected administration costs of the LSP for 2004/05. GOWM's consultation was requested. A recent discussion with GOWM confirms that a response has been prepared which will be forwarded on receipt.</p>	<p>Partnership Director / August 2004</p>	<p>A letter was sent to GOWM on 18.08.04 seeking consultation on 2003/04 and 2004/05 administrative costs. No response, however, was received from GOWM.</p> <p>A further letter was sent to GOWM on 16.8.06 seeking consultation on 2004/05; 2005/06; 2006/07 and 2007/08 administrative costs. GOWM responded on 23.8.06 that consultation was no longer a requirement; but that costs quoted for 2005/06 and 2006/07 seem to be within historic guidelines.</p>	<p>Implemented</p>

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1.2	2	***	In 2005/06, NRF guidance from GOWM should be reviewed and action taken where necessary to ensure the council's full compliance with government expectations.	This recommendation assumes that government guidance will be available for 2005/06.	Partnership Director / 2005/06	It was confirmed by the principal policy officer (JL) that the guidance for 2005/06 had been received and reviewed.	Implemented
1.3	3	***	Formal approval should be obtained (and clearly minuted) for WBSP administrative costs at the next meeting of the LSP. Any subsequent spend identified as not formally approved in minutes of the LSP should also be sought as a matter of urgency.	This can be undertaken at the WBSP Board on 11 November 2004. This will be programmed in for the next year at the AGM on March / April 2005.	Partnership Director / November 2004 Partnership Director / March /April 2005	The 8/9/06 executive committee retrospectively approved WBSP administrative costs of £462,388 for 2004/05 and £501,801 for 2005/06. In 2005/06 a further £10,000 was approved under officer delegations on 1 September 2005. However, a copy of the signed delegated letter of approval was not placed on the project file.	Partially Implemented
1.4	4	***	Accounting arrangements for administration costs of the LSP should be reviewed. This should include the urgent address of the following:- <ul style="list-style-type: none"> • Each NRF project should be accounted for separately under a 	With the move to the commissioning framework and a major change in the way NRF funding is allocated i.e. by monthly claims based on evidence of defrayed expenditure, the accounting arrangements have been fundamentally restructured.	Implemented. To date GOWM have not agreed a final definition of 'administrative costs' the NRF guidance refers to 'core costs' to 'run' the LSP.	Accounting arrangements have been reviewed: <ul style="list-style-type: none"> • Each NRF project, including WBSP administration is allocated under a discrete ledger code. • WBSP administrative costs clearly 	Partially implemented

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			<p>discrete ledger code.</p> <ul style="list-style-type: none"> • Administrative costs of the LSP should be clearly identifiable and transparent on the ledger. A definition of what constitutes LSP administrative costs should be sought from GOWM and applied. • Where spreadsheets are used to monitor NRF spend, the balance should be reconciled to ORACLE on a regular monthly basis. • Support from a finance professional should be sought as a matter of urgency. 	<p>A procedure note for reimbursement following approval by the commissioning executive has now been produced. All claims for projects / commissions will be reimbursed from the specific code. Income received by Walsall Council as accountable body will be held on a specific NRF Oracle code set up for that purpose.</p> <p>Spreadsheets are still maintained and will be reconciled to Oracle, within WBSP secretariat to ensure no unauthorised expenditure is allocated to this code.</p> <p>The head of finance, RHBE and group accountant, community, regeneration and housing, both have an active role in providing financial support to the partnership director and commissioning</p>		<p>identifiable on the ledger, guidance notes referring to the definition of administrative costs have been obtained.</p> <ul style="list-style-type: none"> • Spreadsheets continue to be used to monitor NRF spend. A reconciliation to the ledger has so far not been undertaken due to the absence of access to Oracle; or receipt of regular monthly Oracle reports. Oracle reports are now, however, being received (as at 3 October 2006) and this recommendation will be fully implemented shortly. • Professional financial support is provided by the group accountant, regeneration and leisure. 	
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				executive.			
1.5	5	***	The LSP should ensure that administrative costs remain proportionate to the total NRF spend and represent good value for money. Consideration could be given to applying the 5% rule (a ceiling of 5% of total cost of grant funded scheme can be spent on management and administration) as recommended for other programme management arrangements such as Single Regeneration Budget (SRB).	The total cost of the staff supporting NRF is £450,526 (including revenue costs and programme management). This equates to 6.4% of the current year's allocation of £7.12 million and includes programme management support, finance support and operational management. This is well within the 10% limits set for NDC and European funding programmes. Furthermore, a meeting is scheduled for 4 November 2004 with key partners to discuss the implications for mainstreaming the costs of the WBSP secretariat.	Partnership Director / November 2004.	Administrative costs remain proportionate. The finance report to the executive committee on 26/5/06 shows that at 5/5/06 the total spend on LSP support & administration was £484,134 from a total spend of £6,568,573 which equates to 7.4%.	Implemented
1.6	6	***	The partnership director should receive regular and prompt financial information detailing NRF spend against codes and the available budget should be provided. Budgets should be monitored	RHBE finance provide a monthly financial monitoring report to the commissioning executive which details:- <ul style="list-style-type: none"> • The amount allocated to each project / 	Head of Finance, RHBE / Group Accountant RHBE Implemented.	Regular and prompt financial information from Oracle had not been received. Oracle reports are now, however, being received (as at 3 October 2006) and this recommendation will	Partially implemented

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			<p>and managed by the partnership director in accordance with the council budget management and control manual and corrective action taken where necessary. Should administration costs exceed that budgeted / consulted to GOWM, GOWM should be notified immediately to enable appropriate action to be taken.</p>	<ul style="list-style-type: none"> • Actual spend to date / profiled spend to date and forecast out-turn; • Approved funding for future years; and • Traffic light risk indicators. <p>NRF spend etc. is also incorporated into the monthly consolidated RHBE financial monitoring report that is reported to the RHBE management team (of which the partnership director is a member). The report is also incorporated in the corporate monitoring report that is reported to cabinet. While recognising the significance of this issue, as accountable body we need to put into context against the backdrop of the risk to the council of NRF spend in total. This is a more significant risk and therefore we should be mindful</p>		<p>be fully implemented shortly.</p> <p>Sound budgetary control is, however, demonstrated by the finance report to the executive committee on 26/5/06, which shows that a total of £484,134 had been spent against the 2005/06 WBSP administrative costs budget of £511,851, resulting in an under spend of £27,717.</p>	
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				about notifying government office immediately of overspending on administration costs. GOWM are not prepared to establish a precedent of approving funding for one LSP in the country, where there are no processes or mechanisms in place to approve funding of any LSP.			
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**Neighbourhood Renewal Fund
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2. NRF – APPROVALS & SPEND

APPROVALS

ACTION PLAN

No	Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale	Action Taken	Status
2.1	E2.4	***	NRF spend on projects initially 'approved' by the council as part of the 2001/02 allocation, but funded in subsequent years (i.e. 2002/03, 2003/04, 2004/05 and 2005/06) which have not been formally approved by the LSP, should be retrospectively approved by the LSP, to ensure an open and accountable approach to the use of NRF. This will also ensure complete compliance with government guidance which states <i>'the local authority shall agree the use of (NRF) grant with the LSP'</i> .	The majority of these have since received subsequent approval at the WBSP board. Any outstanding projects identified will be ratified by the board's July 2005 meeting.	Head of Finance (RHBE) July 2005.	A report of all projects funded from 2002/03 onwards is to be submitted to the executive committee sub group on 9 October 2006 for approval.	Implemented - subject to approval on 9/10/06
2.2	E2.4 E2.5 E2.8	***	Formal approval from the LSP should be retrospectively obtained for all projects where formal evidence of approval has not been	Any outstanding projects identified will be ratified by the board's July meeting. This will be for actual expenditure incurred.	Head of Finance (RHBE) July 2005.	As 2.1.	Implemented - subject to approval on 9/10/06

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			<p>formally obtained or where approval is not clear. This review should include all projects funded via NRF in 2002/3, 2003/04 and 2004/05.</p> <p>Further, it should be ensured that amounts retrospectively approved match actual expenditure for the year approval is being sought.</p>				
2.3	E2.4	***	<p>Where additional allocations of NRF are made to existing projects from the amount originally approved, any additional amounts allocated should also be taken for approval or retrospective approval by the LSP.</p>	<p>Agreed – any outstanding projects will be ratified at the board’s July 2005 meeting.</p> <p>Now under the Commissioning Framework, both original and additional allocations are approved by the Commissioning Executive.</p> <p>Any budget changes are reflected in the monthly financial monitoring report.</p>	Head of Finance (RHBE) July 2005.	<p>As 2.1.</p> <p>The principal partnership officer confirmed that additional awards where applicable are approved by the executive committee or by delegated approval.</p> <p>Officers have been reminded that payments in excess of the amount approved should only be made with sufficient prior approval. A copy of the approval details and the letter of approval are now held on the project file and recorded on the documentation record</p>	Implemented - subject to approval on 9/10/06

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						<p>held at the front of each project file.</p> <p>A review of a sample of 3 files in 2005/06 identified that approval had been obtained where necessary for additional allocations. On 1 occasion (H09) the additional approval had not been detailed on the project file. This has now been placed on the file.</p>	
2.4	E2.4 E2.6	***	<p>Where NRF allocations are approved by the LSP in future periods, the following should be clear from the minutes:-</p> <ul style="list-style-type: none"> • the name of the project / commission; • the amount (£) of NRF allocated; and • the financial period to which funding will relate (i.e. 2004/05, until 2005/06 etc.). 	<p>The commissioning executive minutes now reflect all of these requirements. Letters are issued to each commission lead officer detailing what has been approved, as reflected in the minutes.</p> <p>Grant agreements / commissioning agreements are issued each financial year, which detail milestones and financial profiles, per month.</p>	Implemented.	<p>The executive committee meetings, where NRF project allocations are approved, are attended for minuting purposes by the principal partnership officer (JL) who confirmed that she ensured that all the necessary information is detailed within the approved minutes.</p> <p>In the sample of 10 2005/06 files selected for review it was found that minutes clearly showed the name of the project / commission,</p>	Implemented

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				<p>A monthly financial monitoring report is taken to each commissioning executive meeting. This reflects the total approved budget, forecast expenditure and any actual / forecast variation. The report identifies any perceived risks to the spend on individual projects / commissions and overall NRF allocation.</p>		<p>the amount of NRF allocated and the funding period to which it related. However, it was identified that in 1 case the amount of NRF approved for 2004/05 and 2005/06 was unclear from the minutes as only the total approved for the 2 years was recorded. The letter of approval did however make clear the amounts approved for each financial year. (A23).</p>	
2.5	E2.4	***	<p>Where projects are known under similar names, for example: domestic violence unit management and domestic violence stepping stones; Walsall work and health (employees) and Walsall work and health (employers), care should be taken to ensure that the LSP and NRF administrators do not confuse projects. Approvals, payments and management of projects should be clearly identifiable to the relevant project.</p>	<p>This is ensured through the commissioning process and commissions maintain their title throughout all documents.</p> <p>Each commission has an individual project reference.</p>	Implemented.	<p>The principal partnership officer confirmed that each commission / project now has a unique reference number which is used to identify documentation to a project (audit trail) and care is taken to ensure consistency in the project name.</p> <p>In examining 10 2005/06 files, however, 1 project was identified (B15) which was referred to in all documentation on the project file as</p>	Partially implemented

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						<p>'increasing life expectancy by reducing inequality commission'; but as 'reducing inequality commission' on the spreadsheet compiled for the annual return to GOWM.</p> <p>Examination of a further 3 2005/06 files identified that:</p> <ul style="list-style-type: none"> • the NIACE learning toolkit (C23) had been recorded as the learning champions commission when submitted to the commissioning executive for approval; learning champions toolkit in the minutes of the commissioning executive meeting and NIACE learning toolkit in the grant agreement. • the caper recycling commission (H08) file recorded caper project in the report to the commissioning executive and minutes of the 	
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						commissioning executive meeting. However, the grant agreement detailed caper/dry recycling commission.	
2.6	E2.4 E2.5 E2.6	***	Where decisions are taken on projects or commissions by the LSP, care should be taken to ensure the correct project name / commission is minuted against the decision, for the avoidance of doubt.	As above.	Implemented.	As 2.5.	Partially implemented
2.7	E2.5	***	Where projects are submitted for approval by the LSP but are either 'delegated' elsewhere, 'approved in principle', or 'approved subject to the provision of further information', the appropriate follow up action should be included on the agenda of the next meeting of the LSP to ensure issues have been appropriately resolved and decisions made are clearly minuted as such.	The commissioning executive is the only group to approve any NRF spend, therefore, removing the need to delegate approval to another group. Any "agreed in principle" are reported back to the Executive for approval. This is recorded in the minutes and actions brought forward to the following meeting.	Implemented.	An agenda for each meeting is produced and there is now a standing item regarding delegated authority decisions. The principal partnership officer (JL) confirmed that where further information is requested for the next meeting, it is ensured that a report is submitted. In examining the executive committee minutes for January to May 2006, it was noted that a report had been submitted to the commissioning executive on 13/1/06	Implemented

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						requesting funding for additional WBSF support posts. The minutes show that this had been agreed in principle with a request for a further report to the next meeting. This had continued to be reported and discussed at the meetings on 3/2/06, 3/3/06, 7/4/06 and 26/5/06. No exceptions were noted.	
2.8	E2.5 E4.3	***	<p>Duplicate payments from NRF have been identified. A clear procedure for the processing of payments in respect of NRF should be drafted, detailing relevant roles and responsibilities and should be communicated to officers. Further, prior to allocations / payments being made, officers responsible for authorising such transactions should be reminded to ensure:</p> <ul style="list-style-type: none"> • that payment / allocation is in respect of an approved 	<p>Programme management is now solely responsible for processing claims / payments and ensuring that evidence is collected to back up any claim. A working group meets which brings together the principal partnership officer (leading on commissioning {NRF}), programme management and finance to ensure spend is on track, claims are being made and milestones are reached.</p> <p>A monthly financial</p>	Implemented.	<p>A procedure note has been compiled for LAA programme and performance management, which gives guidance on the submission and payment of grant claims.</p>	Implemented

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			<ul style="list-style-type: none"> • project; • that payment / allocation has not already been made; • that payment / allocation is accurate; • that the correct ledger code has been applied; • and that payment is made against an appropriate invoice in the case of external payments. 	<p>monitoring report is taken to the commissioning executive by head of finance (RHBE), to determine what the current position is, ask questions and see areas of responsibility for any under-performance. This reflects the total approved budget, forecast expenditure and any actual / forecast variation. The report identifies any perceived risks to the spend on individual projects / commissions and overall NRF allocation.</p> <p>The executive is chaired by executive director (corporate services), which allows for robust advice / guidance on the accountable body contract and financial and contract rules. A joint performance report is being developed to give feedback on both</p>			
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				performance (indicators) and financial overview of each commission.			
2.9	E2.6	***	Officers should be reminded that all decisions made at meetings of the LSP should be made by a quorate LSP. Where a decision is made at an inquorate LSP, it must be approved at the next available quorate meeting.	<p>Meetings are now recorded as quorate / inquorate. Support from the council's constitutional services for the WBSP board now ensures decisions are implemented and actions reported back to next meeting.</p> <p>For the commissioning executive, a robust system of agenda planning and financial reporting alleviates these issues.</p>	Implemented.	A review of both executive committee and WBSP board minutes between January and May 2005 identified that core members and support officers are listed separately. No issues with quoracy were identified.	Implemented

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EVIDENCE OF SPEND

No	Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale	Action Taken	Status
2.10	E4.3	***	<p>The process of raising cheques in advance within programme management requires urgent review by the programme management team. This point was raised in the 2003/04 SRB internal audit report.</p> <p>It is recommended that this practice ceases immediately in respect of NRF payments and the recommendation made at 1.8 of this report is immediately implemented.</p>	<p>No payment is made for a claim unless sufficient and auditable evidence has been received.</p> <p>In some cases, claims have not been fully paid, while evidence is sought to back up the full claim. This allows some payment to go through to the relevant organisation, but also shows commitment to providing the correct evidence.</p>	Implemented.	<p>A procedure note has been compiled for "LAA Programme and Performance Management". This gives guidance on the submission and payment of grant claims and specifies that "expenditure will be defrayed by the commission lead agency before any claim is made".</p> <p>It was noted that a payment in advance for £1.2m was made to SERCO in 2005/06. On this exceptional occasion, the payment in advance was considered appropriate and justified in order to assist schools with their budgets and was approved by the commissioning executive on 13/1/06. In examining the 2005/06 learning commission file it was identified that full evidence of spend had been provided.</p>	Implemented

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2.11	E4.3	***	<p>The overall process for management and administration of NRF payments within the programme management team requires review. This review should include a documented and agreed procedure by which NRF is managed within that section and what deliverables are required from the partnership to enable the team to robustly administer and control payments made from NRF. It is recommended that the following is established and communicated to relevant members of staff:-</p> <ul style="list-style-type: none"> • evidence of approval of NRF spend communicated to the programme management team from the partnership; and • authorisation 	<p>See above.</p> <p>All payments are authorised by the NRF accountant and the head of programme management and neighbourhoods, before being issued.</p> <p>Improved programme management monitoring forms have been produced, which will allow for better management of each commission, monthly profiled spend, earlier warnings if a commission is not performing (either financially or milestones), which allows the commissioning executive to take actions at the earliest opportunity and makes the lead officers more accountable.</p> <p>Grant agreements / commissioning agreements are issued to lead officers, by programme management, signed by the partnership director, head of programme management and neighbourhoods, and finance, as well as the lead</p>	Implemented.	<p>A procedure note has been compiled for LAA programme and performance management, which gives guidance on the submission and payment of grant claims. These procedure notes have been issued to all relevant officers who have signed to acknowledge receipt. Roles and responsibilities are now clearly defined.</p>	Implemented
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			required before payments are made.	officer.			
2.12	E4.3	***	<p>An overall review of the roles and responsibilities in relation to the council's management and administration of NRF between the partnership and programme management is required. This should provide a clear demarcation of responsibilities which are documented and communicated to relevant staff.</p> <p>An accountable body agreement for the management and administration of NRF is also recommended between the council and the LSP to assist in this respect.</p>	<p>As 2.1 / 2.2 above.</p> <p>Currently under discussion.</p>	<p>Implemented.</p> <p>Head of finance (RHBE) July 2005.</p>	<p>See 2.11</p> <p>The constitution was approved by the WBSP board on 26/6/06 and adopted at the annual general meeting of the same day. Cabinet approval was obtained on 27/9/06. An accountable body agreement has been finalised and was approved by WBSP on 25.09.06.</p>	<p>Implemented</p>
2.13	E4.3	***	NRF recipients requesting payment	As 2.1 / 2.2 above.	Implemented.	Invoices are no longer submitted. Payments are	No longer relevant

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			<p>on invoice should be asked to make clear on their invoice the following information:-</p> <ul style="list-style-type: none"> • the name of the project / commission to which their invoice relates; • the financial year for which the allocation relates; and • a correct invoice date. <p>Any invoice received without this information should be queried and resolved before payment is made.</p>			<p>made based on grant claims which are submitted on a monthly basis with evidence of spend</p> <p>Grant claims are submitted monthly detailing the name of the project/commission, the relevant financial year and are signed and dated.</p> <p>A procedure note has been compiled for LAA programme and performance management, which gives guidance on the submission and payment of grant claims.</p>	
2.14	E4.3	***	<p>Officers should be reminded that payment should only be made in respect of a proper VAT invoice and in accordance with financial procedure rule 8.2.2.</p>	<p>Advice on VAT is sought from finance.</p>	<p>Implemented.</p>	<p>Advice was provided on VAT issues for grant payments by the group accountant (KG) on 7/10/03. This was forwarded to the programme management officer (LT) on 16/12/05.</p> <p>A review of VAT arrangements will be undertaken when arrangements for the LAA are audited in</p>	<p>Implemented</p>

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						November 2006.	
2.15	E4.3	***	The process by which payments are made from NRF in respect of SERCO should be clarified and communicated to relevant officers.	Now contained within the learning commission. Invoices and full evidence are received. Journal transfers are processed. All finance communication with SERCO is undertaken with their accountant.	Implemented.	As 2.13.	No longer relevant
2.16	E4.3	***	Officers should be reminded that payments from NRF should not be raised to external organisations based on a Walsall MBC pro-forma invoice.	Not Agreed. It is important to recognise that some external organisations cannot raise invoices to the council. The process is that claims are submitted by the external organisation, along with satisfactory evidence to validate the claim, eg, invoices paid. A pro forma invoice is then raised to pay the claim.	NA	N/A	N/A
2.17	E4.4	***	Officers should be reminded to ensure that journal input forms detailing the internal transfer of NRF to council budgets are filed securely.	Files have been standardised. These are being updated on advice from Head of Finance (RHBE). A journal only takes place if we have received a valid claim, with the appropriate supporting evidence.	Implemented.	In examining 10 2005/06 project files, it was identified that a copy of the journal transfer completed by programme management is placed on the project / commission file.	Implemented
2.18	E4.4	***	Officers responsible for internally managed NRF projects should	Covered in monthly commissioning executive finance report.	Implemented	A monthly finance report is submitted to the executive committee by	Implemented

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		<p>be reminded that expenditure should be kept within the initial allocation of NRF. Where overspends are likely, relevant approvals should be sought from the relevant sub group of the LSP.</p> <p>Management information in respect of internally managed NRF allocations should be reviewed by a responsible officer. This review should ensure that any potential overspends are identified and the relevant corrective action taken on a timely basis.</p>	<p>Advice sought from Head of Finance (RHBE) regarding management information.</p> <p>Commissioning executive approvals are all evidenced.</p>		<p>the head of finance – regeneration and neighbourhood services.</p> <p>A report is also submitted to each executive committee regarding the performance of commissions.</p> <p>In examining 10 2005/06 project files no overspends were identified.</p>	
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3. NEIGHBOURHOOD RENEWAL FUND

ACTION PLAN							
No	Report Ref	Priority	Recommended Action	Response	Responsibility & Timescale	Action Taken	Status
3.1	1.2	***	Management should consider undertaking a complete file review of 2003/04 NRF projects to ensure that files clearly detail evidence of how NRF funded projects benefit priority neighbourhoods / floor or local targets set out in the local neighbourhood renewal strategy. Where discrepancies are identified, project managers should be asked to source the relevant supporting documentation and place clearly on file. Project Officers should be reminded to ensure that such supporting documentation is present on all currently funded projects and commissions.	Complete file review of 2003/04, 2004/05 and 2005/06 to be undertaken.	Principal partnership officer (JL) / assistant programme manager (BF) January 2006	The WBSP director has informed audit that a complete review of all 2003/04 projects cannot be undertaken due to:- <ul style="list-style-type: none"> • documents now being virtually impossible to source; • staff resources required to undertake this task; • the time lapse involved; • changes in officers responsible; No evidence has therefore been provided to audit to enable follow up.	Unable to implement
3.2	1.2	***	Project submission forms should be identified for the projects cited in 1.2.2 and placed on the relevant project	Complete file review of 2003/04 files to be undertaken.	Principal partnership officer (JL) / assistant programme manager (BF)	As 3.1.	Unable to implement

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			file.		January 2006		
3.3	1.2	***	The 6 project submission forms cited in 1.2.2 should be forwarded to the applicant for signing before being placed on the relevant project file.	Complete file review of 2003/04 files to be undertaken.	Principal partnership officer (JL) / assistant programme manager (BF) January 2006	As 3.1.	Unable to Implement
3.4	1.2	***	Management should consider undertaking a complete file review of all commissions funded in 2004/05 to ensure that a completed commissioning pro-forma is detailed on each commission file. A review should include the project cited in 1.2.3. Project officers should further be reminded to ensure that a completed commissioning pro-forma is detailed on each currently funded project file.	Complete file review of 2004/05 files undertaken.	Principal partnership officer (JL) / assistant programme manager (BF) Implemented	The principal partnership officer has confirmed that all 2004/05 and 2005/06 files have been reviewed and a project file documentation record placed at the front of each file to detail documents held on the file. An examination of the project files highlighted in 1.2.3 of the audit report identified that a commissioning pro-forma had now been placed on the commissioning file. In examining 10 2005/06 files it was, however, identified that in 2 cases a project submission had not been placed on file (LSP admin/C20). The	Implemented

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						principal partnership officer stated that project submissions were not completed at the time the original approvals were made.	
3.5	1.2	***	A complete file review of 'non commissioned' project files in 2004/05 should be considered to ensure that completed pro-formas are detailed on all non 'commissioned project' files. This review should include those projects cited in 1.2.4. Project officers should further be reminded to ensure that a completed pro-forma is detailed on all currently funded 'non commissioned' files.	Complete file review of 2004/05 files undertaken.	Principal partnership officer (JL) / assistant programme manager (BF) Implemented	As 3.4. An examination of the 6 project files highlighted in 1.2.4 of the audit report identified 4 cases where a copy of the project submission had not been placed on the file (G10 / UG1 / G03 / F17). The principal partnership officer (JL) stated that project submissions were not completed at the time the approvals were made.	Implemented
3.6	1.5	***	The WBSP has benefited from the minute taking expertise of officers from constitutional services. The commissioning executive should consider utilising the services of constitutional services for the production of their minutes.	As part of the suggested commissioning executive governance review, the use of constitutional services will be considered. Minutes have been tightened up considerably, with reports, minutes, approval letters, grant / commissioning agreements all refer to the same information for clarity.	Principal partnership officer (JL)/chair of commissioning executive Implemented	After due consideration, the WBSP executive committee minutes remain the responsibility of the principal partnership officer (JL) using the new LAA programme and performance management procedure note which states that the minutes	Implemented

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						of the executive committee will reflect the decision(s) taken, including amount of funding, which financial year(s) the funding relates and any other conditions that need to be addressed. As 2.4.	
3.7	1.5	***	Although improvements have been noted, it would be prudent for minute takers to be reminded to ensure that any documentation presented to either the WBSP or the commissioning executive is clearly referenced within the appropriate minutes.	Minute takers have been reminded and minutes have been tightened up considerably, with reports, minutes, approval letters, grant / commissioning agreements all referring to the same information for clarity. As part of the suggested commissioning executive governance review, the use of constitutional services will be considered.	Principal partnership officer / chair of commissioning executive Implemented	As 3.6.	Implemented
3.8	1.6	***	Officers should be reminded to ensure that where work / consultancy is commissioned by either the WBSP or the commissioning executive, that the findings of this work should be presented	A programme of agenda items is kept (currently by the principal partnership officer), including standing agenda items, and follow up on actions are reported back to the commissioning executive at the appropriate time.	Principal partnership officer (JL) Implemented	The principal partnership officer (JL) confirmed that this now was the case. An example of this was now given as the economic development and communication commission where a presentation had been	Implemented

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			and discussed in full.			given to the commissioning executive on 8.04.05 on the findings of the research undertaken via this commission.	
3.9	1.6	***	Officers may consider undertaking an evaluation exercise at the end of each commission of consultancy work to ascertain the value of the work together with any learning points for future.	An independent review of commissioning and commissions is being developed with IDeA.	Principal partnership officer (JL) / assistant programme manager (BF) February 2006	A report is presented annually to the executive committee detailing the outcomes and achievements of all NRF funded projects. The last report of this nature went to the executive committee on 8.09.06 for all 2005/06 projects.	Implemented
3.10	1.7	***	Officers should be reminded to ensure that the appropriate approval has been obtained before NRF commission / grant recipients are informed of their award of NRF.	Adequate evidence of approval is now detailed within the minutes. An approval letter is issued to each recipient, detailing how much, for which financial year, and what the reporting requirements are, after approval has been obtained.	Principal partnership officer (JL) / chair of commissioning executive Implemented	A procedure note has been compiled for LAA programme and performance management giving guidance on the approval and notification process. The procedures state that a letter will be issued by the executive committee chair to the commission lead officer detailing amount of funding approved, for which financial year the funding relates and other conditions that need to be addressed.	Partially implemented

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						<p>In examining 10 2005/06 files it was identified that:</p> <ul style="list-style-type: none"> • In 1 case there was no project approval on the file (C20). The approval for C20 has now been placed on the file. • In 4 cases there was no letter of approval on the file (LSP admin/A23/C20/E04). In the case of A23 the letter of approval has now been placed on file. The principal partnership officer stated that C20, E04 and LSP admin had been approved prior to the use of the letter of approval. • In 1 case the amount approved for 2004/05 and 2005/06 was unclear from the minutes as only the total approved for the 2 years was recorded. The letter of approval 	
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						<p>did however make clear the amounts approved for each financial year. (A23).</p> <ul style="list-style-type: none"> In 1 case the approved date recorded on the project file documentation record did not agree with the actual date the project was approved (LSP admin). 	
3.11	1.8	***	<p>Consideration should be given to providing a standard entry on the commissioning pro-forma and pro-forma for non commissioned NRF funded projects, to ensure that projects submitted for approval are not already subject to existing funding (to prevent duplicate funding); or existing regeneration activity. The council should extend this recommendation to all council funding regimes to ensure that there is a specific requirement to check for duplicate</p>	Agreed.	<p>Principal partnership officer (JL)</p> <p>Implemented</p>	The pro-forma has been amended.	Implemented

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			funding.				
3.12	2.2	***	Officers should ensure that evidence of the appropriate approval (for example, the minutes of the relevant commissioning executive) should be clearly documented on project files, including those cited in 2.2.2.	Complete file review of 2003/04, 2004/05 and 2005/06 to be undertaken.	Principal partnership officer (JL) / assistant programme manager (BF) January 2006	As 3.10. An examination of the 4 projects files highlighted in 2.2.2 of the audit report identified that in: <ul style="list-style-type: none"> • 2 cases (UG1 / UG6) where the projects had been approved, evidence of the approval had not been documented on the project files. Evidence of the approval has now been placed on the file. • in 1 case (C22) the total amount approved was not clear from the minutes. A report of all projects funded from 2002/03 onwards is, however, to be submitted to the executive committee sub group on 9 October 2006 for approval, which will include approval for this project. 	Partially implemented

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3.13	2.2	***	Officers should be reminded that only the NRF amount approved should be awarded. Payments in excess of the amount approved should only be made with sufficient prior approval.	Additional amounts required are reported to the commissioning executive, either via the finance report, performance of commissions report, or a separate report for approval as necessary to the level of additional funding required.	Principal partnership officer (JL) / head of finance (regeneration & neighbourhood services) (PS) Implemented	See 2.3.	Implemented - subject to approval on 9/10/06
3.14	2.2	***	Officers should further be reminded that minuted approval should include the project name, amount awarded and financial year(s) to which this award relates	Adequate evidence of approval is now detailed within the minutes. An approval letter is issued to each recipient, detailing how much, for which financial year, and what the reporting requirements are after approval has been obtained.	Principal partnership officer (JL) / chair of commissioning executive Implemented	As 2.4.	Implemented
3.15	2.2	***	Approval for the amount of NRF awarded to the improving employability in Walsall project should be clarified. Should retrospective approval be required, the opportunity for this should be pursued.	Investigation to be undertaken.	Principal partnership officer (JL) / assistant programme manager (BF) January 2006	The principal partnership officer confirmed that the file had been examined and it had not been possible to verify the approved amount from the documentation held on the file. A report of all projects funded from 2002/03 onwards is to be submitted to the executive committee sub group on 9 October 2006 for approval.	Implemented - subject to approval on 9/10/06
3.16	2.2	***	The wider issue of	A comprehensive review of	Head of finance	A governance review	Implemented

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			<p>approval of NRF projects / commissions should be considered as part of a recommended review of the overall governance arrangements of the partnership and their associated groups. Under current arrangements, the WBSP or the commissioning executive have no delegated powers to approve NRF spend. Officers of the council, as representatives of the accountable body, only, have such delegations. A review of governance arrangements should therefore seek to ensure that payments are authorised in accordance with an appropriate scheme of council delegation.</p>	<p>the corporate governance arrangements of the WBSP/commissioning executive will be carried out. This will resolve any areas of uncertainty in terms of the current arrangements as well as to facilitate the implementation of the local area agreement.</p>	<p>(regeneration & neighbourhood services) (PS) / WBSP director</p> <p>March 2006</p>	<p>has been undertaken and the resulting constitution was approved by the WBSP board on 26/6/06 and adopted at the annual general meeting of the same day. Cabinet approval was obtained on 27/9/06.</p> <p>An accountable body agreement was finalised and was approved by the WBSP board on 25/9/06.</p>	
3.17	3.1	***	<p>Grant agreements should be sourced and detailed on the project files of those 2003/04 projects referenced in 3.1.1. Also, where possible and for completeness,</p>	<p>Complete file review of 2003/04 files to be undertaken.</p>	<p>Principal partnership officer (JL) / assistant programme manager (BF)</p> <p>January 2006</p>	<p>As 3.1 and 3.2.</p>	<p>Unable to Implement</p>

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			signatures should be sought on the grant agreements referenced in 3.1.1.				
3.18	3.1	***	The revised grant agreement form should include the date of the signatures of the grant recipients and the council to ensure evidence is available of the timeliness of the agreement.	Agreed.	Principal partnership officer (JL) / assistant programme manager (BF) Implemented	The grant agreement now includes the date of the signatures of the grant recipients and the council. In all 10 2005/06 files examined it was found that all grant agreements had been signed and dated by appropriate officers/ grant recipients.	Implemented
3.19	3.1	***	Where commissions are £100k or over, officers should ensure that all relevant sections of the grant agreement are completed and actioned including those referenced in 3.1.2.	This appears to be a "hangover" from the fact that the NRF grant agreements are based on SRB agreements. This procedure is not necessary and will be stopped.	Head of finance (regeneration & neighbourhood services) (PS) March 2006	This section has now been removed from the grant agreement.	Implemented
3.20	3.1	***	Where grant agreements have been amended, each amendment must be signed and dated by all parties to the agreement. Dependent on the number of amendments, consideration should be given to issuing a revised grant	Agreed.	Assistant programme manager (BF) Implemented	The LAA programme and performance management procedure now includes this.	Implemented

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			agreement.				
3.21	3.2	***	Where additional amounts are approved to the original NRF approval, officers should be reminded that either a revised grant agreement form or a variation to the original grant agreement should be issued. Revised grant agreements / variations should also be subject to the same authorisations / approvals as grant agreements themselves.	Agreed.	Assistant programme manager (BF) Implemented	As 3.20. In examining 10 2005/06 files it was identified that in one case the amount of funding had reduced but a revised grant agreement or a variation to the original grant agreement had not been issued (C20). In carrying out a review of a further 3 2005/06 files it was found that delegated approval had been granted on 27/2/06 for an additional £600 for the State of the Environment project (H09). However, it was found that this approval had not been placed on file. This approval has now been placed on the file.	Partially Implemented
3.22	3.2	***	In light of the recommendation above, a check of all projects currently funded back to their original grant agreements should be undertaken and revised grant agreements /	Complete review of 2004/05 files to be undertaken.	Principal partnership officer (JL) / assistant programme manager (BF) Implemented	As 3.1 (unable to implement) and 3.4 (implemented). Audit's examination of the 2 projects files highlighted in 3.2.1 of the audit report	Partially implemented

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			variations to the original grant agreement issued where required. This should include the projects referenced in 3.2.1.			identified that in both cases (G03 / F17) a revised grant agreement had not been issued.	
3.23	4.2	***	<p>Robust and regular monitoring arrangements of project outcomes/ targets / spends should be completed. This should include evidence that the project has met / is targeted to meet the outcomes agreed at project approval, including those relating to floor targets and tackling deprivation. Evidence of such monitoring should be clearly recorded on project files.</p>	<p>This recommendation is perhaps best answered with reference to the Audit Commissions review of the governance arrangements of the WBSP, which stated that:</p> <p><i>The commissioning executive receives updates at each of its monthly meetings on progress with commissions in addition to finance reports on NRF spend. The finance reports are also presented to the WBSP Partnership Board. The head of finance for the council's regeneration and neighbourhood services directorate has taken the lead on preparing the finance reports, and the quality of these reports has improved considerably:</i></p> <ul style="list-style-type: none"> • <i>Each project or commission is clearly shown, with named lead officers</i> • <i>the format is very clear, and includes</i> 	<p>Principal partnership officer (JL)</p> <p>Implemented</p>	<p>A procedure note has been compiled for LAA programme and performance management, which gives guidance on the submission and payment of grant claims.</p> <p>A monthly finance report is submitted to the executive committee by the head of finance – regeneration and neighbourhood services.</p> <p>A report is also submitted to each executive committee regarding the performance of commissions.</p> <p>Grant claims have to be submitted on a monthly basis with evidence of spend. These detail the name</p>	Partially implemented

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				<p><i>colour flags to highlight the overall financial 'health' of each project</i></p> <ul style="list-style-type: none"> • <i>actual and projected spend is shown, with any projected under/over spend highlighted</i> • <i>The covering reports are concise and clear, and highlight the key issues and risks</i> <p>The commissioning executive receives regular performance of commissions report detailing whether milestones / targets are being met, which is risk assessed, and a financial report. The WBSP Board receives quarterly reports on where Walsall's position is regarding floor targets. Programme management ensure that robust evidence is produced by recipients regarding claims. Including provision of monthly / quarterly monitoring reports. Site visits have also been programmed in. A dedicated NRF programme officer has been employed.</p> <p>The financial support to NRF</p>		<p>of the project/ commission, the relevant financial year and is signed and dated. In examining 10 2005/06 project files it was identified that:</p> <ul style="list-style-type: none"> • in 2 cases the monthly claim for NRF spend had not been signed by the grant recipient on 2 occasions (LSP admin/C20). The claims for C20 have now been signed but the LSP admin claims have not. • In one case full evidence of spend of £43,964 was not held on file (C20). • Invoices from activity providers were not submitted with the grant claims for £250,000 (G09). This project is managed within leisure, culture and lifelong learning and due to the high volume of invoices held it 	
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				<p>(and ultimately the LAA) is being strengthened even further with the recruitment of an accounting technician.</p>		<p>was agreed that the evidence of spend would not have to be provided in full. Although the programme officer carried out a spot check examination of invoices held, no record of this check was evidenced.</p> <p>Monitoring visits are required by programme management officers, although the number of visits per year is not specified. In examining 10 2005/06 project files it was identified that:</p> <ul style="list-style-type: none"> • in 2 cases only one monitoring visit had been undertaken (A21 / A23) during 2005/06. • in 8 cases no monitoring visits had been undertaken (LSP admin/C22/C20/D12 / B15/E04/G09/D15). • in 1 case the monitoring visit form was incomplete 	
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						(A21). • In 4 cases a monitoring return had not been completed by the grant recipient (A23/G09/D12/D15).	
3.24	4.2	***	Where monitoring reveals that a grant recipient has failed / is in danger of failing to meet agreed outcomes, then a procedure should be drafted detailing actions / reporting requirements in the event of a projects failure to deliver.	<p>This recommendation is perhaps best answered with reference to the Audit Commissions review of the governance arrangements of the WBSP, which stated that:</p> <p><i>The commissioning executive receives updates at each of its monthly meetings on progress with commissions in addition to finance reports on NRF spend. The finance reports are also presented to the WBSP Partnership Board. The head of finance for the council's regeneration and neighbourhood services directorate has taken the lead on preparing the finance reports, and the quality of these reports has improved considerably:</i></p> <ul style="list-style-type: none"> • <i>Each project or commission is clearly shown, with named lead officers</i> • <i>the format is very</i> 	Principal partnership officer (JL) Implemented	A procedure note has been compiled for LAA programme and performance management which details the action that should be taken when a target or programme is identified as having problems.	Implemented

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				<p><i>clear, and includes colour flags to highlight the overall financial 'health' of each project</i></p> <ul style="list-style-type: none"> • <i>actual and projected spend is shown, with any projected under/over spend highlighted</i> • <i>The covering reports are concise and clear, and highlight the key issues and risks</i> <p>The commissioning executive receives regular performance of commissions report detailing whether milestones / targets are being met, which is risk assessed, and a financial report. The WBSP Board receives quarterly reports on where Walsall's position is regarding floor targets. Programme management ensure that robust evidence is produced by recipients regarding claims. Including provision of monthly / quarterly monitoring reports. Site visits have also been programmed in. A dedicated NRF programme officer has been</p>			
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				employed. The financial support to NRF (and ultimately the LAA) is being strengthened even further with the recruitment of an accounting technician.			
3.25	4.2	***	A review of projects cited in 4.2.1 should be undertaken to ensure that sufficient evidence of NRF spend has been obtained and that duplicate evidence has not been accepted to support evidence of spend.	Investigations to take place.	Principal partnership officer (JL) / assistant programme manager (BF) February 2006	As 3.1.	Unable to implement
3.26	4.2	***	Officers should be reminded that all project correspondence should be date stamped.	Agreed.	Assistant programme manager (BF) Implemented	Examination of 3 2005/06 project files (H08, H09 and C23) identified not all correspondence on file had been date stamped.	Partially implemented
3.27	4.2	***	The overpayments to SERCO and neighbourhood management detailed in 4.2.2. should be addressed and recovered as a matter of urgency.	This is being investigated currently.	Head of finance (regeneration & neighbourhood services) (PS) January 2006	The overpayment to SERCO has not been recovered. It was agreed by the head of finance (regeneration and neighbourhood services) that as evidence of spend had been duplicated, that if SERCO could provide further evidence of spend for the sum identified of	No longer relevant

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						<p>£41,773.86, the payment would not be recovered. Full evidence of spend was provided by SERCO.</p> <p>The overpayment of £5,400 in respect of neighbourhood management has not been recovered. On 23 June 2006 retrospective delegated approval was obtained to cover the over spend on the neighbourhood management 2004/05 project. However the copy of the delegated approval letter had not been signed by the delegated officers. Further the delegated approval had not been submitted to the executive committee. The details are to be submitted to the executive committee sub group on 9.10.06.</p>	Not yet implemented
3.28	4.2	***	Officers should ensure that grant recipients complete claim forms for all funding requested.	Claim forms have been made more robust, including the supporting evidence.	Assistant programme manager (BF) Implemented	As 3.23.	Partially implemented
3.29	4.2	***	VAT arrangements require immediate	Agreed.	Head of finance (regeneration &	As 2.14.	Implemented

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			clarification.		neighbourhood services) (PS)		
					March 2006		
3.30	4.2	***	The practice of raising cheques and holding them should be ceased. Cheques should not be returned to originators as this represents a control risk. Such events should only be in exceptional / emergency circumstances. This issue has been the subject of previous internal and external audit reports, regarding programme management (including SRB audit report 2003/04).	Agreed.	Programme management team / finance support Implemented	The programme officer (LT) confirmed that most payments are now made by BACS. Collection of cheques did, however, take place on 2 exceptional occasions towards the end of 2005/06 for Walsall Lifelong Learning Alliance and Walsall Black Sisters Collective.	Implemented
3.31	4.2	***	The anomalies identified in the improving employability in Walsall project should be investigated and resolved. Officers should be reminded to ensure consistency between figures quoted in finance reports, grant	Investigation to be undertaken. Agreed.	Principal partnership officer (JL) / assistant programme manager (BF) January 2006 Principal partnership officer (JL) / assistant programme manager (BF) Implemented	As 3.15. As 3.10.	Implemented - subject to approval on 9/10/06 Partially implemented

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			agreements and amounts subsequently paid out in respect of projects. Where variances exist a clear audit trail, documenting the necessary approvals should exist.				
3.32	4.2	***	The difference between the compact officer project amount included on the finance report and that included on the project file should be investigated and resolved.	Investigation to take place.	Principal partnership officer (JL) / assistant programme manager (BF) January 2006	Investigation to take place.	Not yet implemented
3.33	4.2	***	The monitoring visit form should be updated to include the signature and date of the officer undertaking the visit.	Agreed.	Principal partnership officer (JL) / assistant programme manager (BF) Implemented	The monitoring and audit visit form has been updated.	Implemented
3.34	4.2	***	As unspent NRF can be subject to claw back by GOWM, care should be taken with the commissioning approach to ensure that projects / commissions are approved in sufficient time to enable sufficient project expenditure to be defrayed within the financial year.	One of the key requirements of the commissioning approach is the ability of the project to deliver within the timeframe of a financial year. This is rigorously monitored during the course of the year and each finance report highlights the risk of not spending the total allocation in year. As a "back-up" a sub-group of the executive meet to re-allocate funding to other commissions where	Head of finance (regeneration & neighbourhood services) (PS) Implemented	A monthly finance report is submitted to the executive committee by the head of finance – regeneration and neighbourhood services to maintain the focus on ensuring resources are fully utilised. A report is also submitted to each	Partially implemented

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				<p>underspends are forecast.</p> <p>It should be noted that GOWM allow a 5% carry forward, and the carry-forward from 04/05 was well within this limit, which is particularly pertinent given that the carry forward was in excess of £1m in the previous year.</p>		<p>executive committee regarding the performance of commissions.</p> <p>A procedure note has been compiled for LAA Programme and Performance Management which details the action that should be taken when a target or programme is identified as having problems.</p> <p>In the finance report to the executive committee on 26/5/06 it was reported that from a total budget of £7,711,476 for 2005/06 a total of £7,471,169 claims had been settled resulting in a provisional out-turn for 2005/06 of an underspend of £240,307 which equates to 3.1%. This is below the 5% threshold allowed by GOWM.</p> <p>In examining 10 2005/06 files it was identified that:</p>	
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						<ul style="list-style-type: none"> • in 3 cases claims were not being submitted until the latter part of the financial year (A21/D12/D15). This was due to problems being encountered with the recipients submitting late claims. • in 1 case 16 claims were submitted in March 2006 (A23). 	
3.35	4.7	***	Procedure notes should be produced regarding the financial and performance management arrangements of NRF project administration. Once complete, these should be issued to all relevant officers who should sign for their receipt.	Agreed.	Principal partnership officer (JL) / assistant programme manager (BF) / head of finance (regeneration & neighbourhood services) (PS) Implemented	A procedure note has been compiled for LAA programme and performance management and issued to all relevant officers. These procedure notes have been issued to all relevant officers who have signed to acknowledge receipt. A copy of the procedure is also issued to all grant recipients who sign to acknowledge receipt.	Implemented
3.36	5.2	***	The procedure for declaration of interests of members of the commissioning executive and LSP;	To be undertaken as part of governance review.	Head of finance (regeneration & neighbourhood services) (PS) / WBSP director	The constitution stated that agendas for both the executive committee and WBSP board should include	Implemented

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			when decisions regarding the use of NRF funds are made, should be clarified with constitutional services to ensure that sound governance arrangements exist. This should form part of the overall review of governance recommended previously in this report.		March 2006	declaration of interests.	
3.37	5.3	***	Minute takers should be reminded that care should be taken in providing concise and accurate minutes of meetings of the LSP to ensure there is little scope for alternative interpretation of a comment.	As part of the suggested commissioning executive governance review, the use of constitutional services will be considered. Minutes have been tightened up considerably, with reports, minutes, approval letters, grant / commissioning agreements all refer to the same information for clarity. Draft minutes are overseen by the chair, commissioning executive, and WBSP director. These are then agreed at the next meeting.	Principal partnership officer (JL) / chair of commissioning executive Implemented	As 3.6.	Implemented
3.38	5.6	***	A quorate membership should always be present when the minutes of the previous meeting are being	This is now the case for both the WBSP board and the commissioning executive. Quoracy is checked at the	WBSP director / minute taker / chair of commissioning executive	As 2.9. In examining a sample of agendas and minutes for both	Implemented

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			formally approved. To assist this process the agenda item of the approval of the previous meeting minutes should be brought forward to one of the first items of business.	start of the meeting.	Implemented	executive committee and WBSP board meetings it was found that <ul style="list-style-type: none"> • the minutes of the previous meeting are one of the first items of business. • core members and support officers are listed separately. • the meetings were quorate. • substitutions are listed in the minutes of each meeting. 	
3.39	5.7	***	Where a meeting becomes inquorate, minute takers should be reminded to notify the meeting as such and record this in the minutes.	This is agreed. To ensure that decisions are taken in accordance with established constitutional arrangements, minute takers notify the meeting if / when a meeting becomes inquorate.	Principal partnership officer / chair of commissioning executive Implemented Head of finance (regeneration & neighbourhood services) (PS) / WBSP director March 2006	As 3.38.	Implemented
3.40	5.8	***	The membership of the WBSP should be clarified at the start of each meeting. Where substitutes are allowed	Membership is clarified at the start of each meeting. Nominated substitutes have been made for the	WBSP director February 2006	As 3.38.	Implemented

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			and appointed, these should be determined in advance and included within the terms of reference / constitutional arrangements of the WBSP.	commissioning executive. Nominated substitutes for the WBSP board are being sought.			
3.41	5.8	***	A review of the minutes of meetings attended by Ety Martin in which she substituted for Terry Mingay, while acting in her capacity as interim civic commissioning manager, should be reviewed to confirm the validity of the decisions made.	A letter confirming these arrangements has been signed by Ety Martin and Terry Mingay.	WBSP director Implemented	The principal partnership officer (JL) confirmed that there was a letter confirming the arrangements signed by Ety Martin and Terry Mingay but a copy of the letter could not be located.	Unable to Implement
3.42	5.9	***	The WBSP should continue to ensure that it holds its AGM in accordance with its constitution.	Agreed. To be undertaken as part of governance review.	Head of finance (regeneration & neighbourhood services) (PS) / WBSP director March 2006	A governance review has been undertaken and the resulting constitution was approved by the WBSP board on 26/6/06 and adopted at the annual general meeting of the same day. The constitution was approved by cabinet on 27.09.06.	Implemented
3.43	5.10	***	Officers should be reminded to ensure that the board are fully aware of any associated consequences / implications of all proposed actions.	Reports detail consequences / implications of proposed actions.	WBSP director Implemented	The pro-forma completed for the executive committee includes environment / liveability implications and equalities / diversity implications.	Implemented

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						A report is also submitted to each executive committee regarding the performance of commissions.	
3.44	5.13	***	Where decisions are made based on delegated approval, they should be documented as such on project / commission files. These decisions should also be reported back for information to the next available meeting of the commissioning executive / WBSP as appropriate to ensure complete transparency / accountability.	<p>A comprehensive review of the corporate governance arrangements of the WBSP/commissioning executive will be carried out. This will resolve any areas of uncertainty in terms of the current arrangements as well as to facilitate the implementation of the local area agreement.</p> <p>Letters of approval, detailing how much and for which financial year, are issued to recipients. Letters are from the WBSP director, and signed by four commissioning executive officers with delegated authority. Copies of these letters are placed on file, and grant / commissioning agreements issued.</p> <p>A standing agenda item is now reported to the commissioning executive of any delegated authority decisions taken.</p>	<p>Head of finance (regeneration & neighbourhood services) (PS) / WBSP director</p> <p>March 2006</p> <p>Principal partnership officer (JL) / chair of commissioning executive</p> <p>Implemented</p>	<p>Delegated authority decisions are a standing item on the agenda for each executive committee meeting.</p> <p>Letters of approval detailing amounts approved and financial year are issued to each recipient. Copies are placed on the project file.</p> <p>As 3.27.</p>	Partially implemented

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				A standing agenda for the WBSP board detailing decisions taken by the commissioning executive.			
3.45	5.13	***	Legal services should be asked to undertake a review of the legality of the granting of delegated authority for NRF spend to non council employees. This should form part of the overall review of governance arrangements recommended at 2.2.4 of this report.	A comprehensive review of the corporate governance arrangements of the WBSP/commissioning executive will be carried out. This will resolve any areas of uncertainty in terms of the current arrangements as well as to facilitate the implementation of the local area agreement.	Head of finance (regeneration & neighbourhood services) (PS) / WBSP director March 2006	As 3.16.	Implemented
3.46	5.16	***	Officers should ensure that all reports submitted for the board's attention, clearly state the projects to which they refer.	Agenda items and report titles are now identical.	Principal partnership officer (JL) / partnership support manager (MM) / WBSP director Implemented	As 2.4.	Implemented
3.47	5.16	***	Officers should ensure that appropriate approval has been obtained and is detailed on all project files prior to funding being awarded.	Adequate evidence of approval is now detailed within the minutes. An approval letter is issued to each recipient, detailing how much, for which financial year, and what the reporting requirements are after approval has been obtained.	Principal partnership officer (JL) / chair of commissioning executive Implemented	As 3.10.	Partially implemented
3.48	5.16	***	Care should be taken to ensure that the value of	Approval is detailed within the minutes. An approval	Principal partnership officer	As 3.10.	Partially implemented

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			<p>NRF awarded is consistent across grant applications; approvals and agreements. Any anomalies should be immediately investigated and corrective action taken where necessary.</p>	<p>letter is issued to each recipient, detailing how much, for which financial year, and what the reporting requirements are.</p> <p>Additional amounts required are reported to the commissioning executive, either via the finance report, performance of commissions report, or a separate report, as necessary to level of additional funding required. Letters of approval, detailing how much and for which financial year, are issued to recipients. Letters are from the WBSP director, and signed by four commissioning executive officers with delegated authority. Copies of these letters are placed on file, and grant / commissioning agreements issued.</p> <p>A standing agenda item is now reported to the commissioning executive of any delegated authority decisions taken.</p> <p>A standing agenda for the WBSP board detailing decisions taken by the commissioning executive.</p>	<p>(JL) / chair of commissioning executive implemented</p>		
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3.49	5.16	***	Officers should ensure that grant agreements have been appropriately signed before payments are made to grant recipients.	Agreed.	Assistant programme manager (BF) / head of neighbourhood partnerships & programmes (JB) / head of finance (regeneration & neighbourhood services) (PS) Implemented	A procedure note has been compiled for LAA Programme and Performance Management. This procedure, however, does not specify that grant agreements should have been appropriately signed before payments are made to grant recipients. In examining 10 2005/06 files it was identified that in 1 case claims were made for expenditure that had been defrayed before the grant agreement had been signed (LSP admin).	Partially implemented
3.50	6.1	***	The commissioning framework requires review and update. This review should immediately clarify the term 'commissioning' making the distinction between commissioning as a 'grant' and as 'a procurement exercise' absolutely clear. It is recommended that legal services assist in this respect.	To be undertaken as part of the overall governance review.	Head of finance (regeneration & neighbourhood services) (PS) / WBSP director March 2006	As 3.16. The constitution / accountable body agreement do not make the distinction between commissioning as a 'grant' and as 'a procurement exercise' absolutely clear. However both documents make clear the requirement to	Partially implemented

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						comply with financial and contract rules which includes section 17 – trading with the council and its partners. This should be addressed in subsequent revisions to these documents.	
3.51	6.1	***	The review of commissioning should ensure that commissioning executive has adequate arrangements in place to ensure compliance with the council's contract and financial procedure rules and European procurement requirements.	Agreed. This will be reinforced as part of the overall governance review.	Principal partnership officer (JL) Implemented Head of finance (regeneration & neighbourhood services) (PS) / WBSP director March 2006	The constitution states that the partnership board, executive committee and directorate shall procure in accordance with Walsall Council's financial and contract rules.	Implemented
3.52	6.1	***	To be prudent, it is also recommended that a full review of the legal arrangements for the WBSP and associated groups is undertaken.	To be undertaken as part of the overall governance review.	Head of finance (regeneration & neighbourhood services) (PS) / WBSP director March 2006	As 3.16.	Implemented
3.53	6.2	***	Management should request recipient commission lead organisations to document a formal exit strategy, detailing financial sustainability at the end of the project.	Commissioning pro-formas and any request for funding requires details of any exit strategy.	Principal partnership officer (JL) Implemented	The commissioning pro-forma now includes details of the recipients exit strategy.	Implemented

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3.54	6.7	***	<p>The commissioning executive is reminded to ensure that their actions are fully in compliant with contract procedure rules. This includes ensuring:-</p> <ul style="list-style-type: none"> • in accordance with CPR 16, that the value of contracts is ascertained prior to commencing the tendering procedure; • that quotations or tenders are obtained as necessary in accordance with CPR 18 and 19 ; or where exemptions apply under CPR 17. <p>Approval for the payments made to DCA should be sought as a matter of urgency.</p>	<p>Agreed.</p> <p>This will be reinforced as part of the overall governance review.</p> <p>To be presented to the commissioning executive for approval.</p>	<p>Principal partnership officer (JL)</p> <p>Implemented</p> <p>Head of finance (regeneration & neighbourhood services) (PS) / WBSP director</p> <p>March 2006</p> <p>Principal partnership officer (JL) / head of finance (regeneration & neighbourhood services) (PS)</p> <p>January 2006</p>	<p>As 3.51.</p> <p>Approval for the payments made to DCA has not yet been sought. This will be addressed in the report that is to be submitted to the executive committee sub group on 9.10.06.</p>	<p>Implemented</p> <p>Implemented - subject to approval on 9/10/06</p>
3.55	6.11	***	<p>When decisions regarding the awarding of commissions are made, minute takers should ensure that the specific action required following the decision is</p>	<p>As part of the suggested commissioning executive governance review, the use of constitutional services will be considered.</p> <p>Minutes have been tightened</p>	<p>Principal partnership officer (JL) / chair of commissioning executive</p> <p>Implemented</p>	<p>As 3.6.</p>	<p>Implemented</p>

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			clearly minuted.	up considerably, with reports, minutes, approval letters, grant / commissioning agreements all refer to the same information for clarity. Adequate evidence of approval is now detailed within the minutes. An approval letter is issued to each recipient, detailing how much, for which financial year, and what the reporting requirements are, after approval has been obtained.			
3.56	6.12	***	Officers should ensure that tender evaluation follows exactly the requirements set out in contract procedure rule 21,22,23,24 and 25.	Agreed. This will be reinforced as part of the overall governance review.	Principal partnership officer (JL) Implemented Head of finance (regeneration & neighbourhood services) (PS) / WBSP director March 2006	As 3.51. The WBSP's compliance with the council's rules in their latest procurement exercise (provision of a partnership website) are to be subject to a full contract audit review.	Implemented (compliance subject to contract audit review)
3.57	6.12	***	Only officers of Walsall MBC should be involved in such processes until the position is clarified as per recommendation 5.13.	Agreed. To be included as part of the overall governance review.	Head of finance (regeneration & neighbourhood services) (PS) / WBSP director March 2006	As 3.45.	Implemented
3.58	7.1	***	The process and	Adequate evidence of	Principal	A procedure note has	Implemented

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			responsibilities for informing grant/ commission applicants of the outcome of their funding bids should be clarified.	approval is now detailed within the minutes. An approval letter is issued to each recipient, detailing how much, for which financial year, and what the reporting requirements are, after approval has been obtained.	partnership officer (JL) / chair of commissioning executive Implemented	been compiled for LAA programme and performance management which gives guidance on the approval and notification process. The procedures state that a letter will be issued by the executive committee chair to the commission lead officer detailing amount of funding approved, for which financial year the funding relates and other conditions that need to be addressed.	
3.59	7.1	***	Grant / commission applicants should not be informed of any decision until the necessary approval has been obtained and such communication has been appropriately authorised.	Adequate evidence of approval is now detailed within the minutes. An approval letter is issued to each recipient, detailing how much, for which financial year, and what the reporting requirements are, after approval has been obtained.	Principal partnership officer (JL) / chair of commissioning executive Implemented	As 3.58.	Implemented
3.60	7.1	***	Any communication with grant / commission applicants should make clear, the project, amount and financial period to which the communication relates.	Adequate evidence of approval is now detailed within the minutes. An approval letter is issued to each recipient, detailing how much, for which financial year, and what the reporting requirements are, after approval has been obtained.	Principal partnership officer (JL) / chair of commissioning executive Implemented	In examining the 10 2005/06 project files it was identified that the approval letters detailed the project, amount and financial period to which it relates.	Implemented
3.61	8.1	***	The independent living	Review to take place.	Principal	As 3.1.	Unable to

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			centre project file should be reviewed to ensure all necessary documentation is detailed on file.		partnership officer (JL) / assistant programme manager (BF) January 2006		implement
3.62	8.2	***	On approving projects / commissions, the commissioning executive should ensure that projects have been thoroughly vetted, with all relevant information submitted, including the timeliness of potential defray of expenditure, to the Board before the decision to award funding is made.	Commissioning pro-formas or detailed reports are submitted to the commissioning executive. Queries regarding the deliverability of commissions are brought back to following meetings before any award is made.	Principal partnership officer (JL) Implemented	A procedure note has been compiled for LAA programme and performance management, this gives guidance on submitting and approving a proposal. A pro-forma for each proposal should be submitted to the executive committee for their approval.	Implemented
3.63	8.3	***	Officers should ensure that grant agreements correctly detail the approved amount. A senior / independent review of all grant agreements produced would assist in this process.	The head of finance will conduct a regular review of a representative sample of grant agreements and ensure that they correspond to the approved amount as agreed by the commissioning executive.	Head of finance (regeneration & neighbourhood services) (PS) Implemented	Grant agreements are signed by the WBSP director, head of neighbourhood partnerships and programmes and the head of finance (regeneration and neighbourhood services).	Implemented
3.64	8.3	***	Proof of spend should be identified for the ILC project 2004/05. Officers should further be reminded that adequate proof of spend	Review of ILC to take place. All claims for funding are now required to supply robust evidence of spend.	Principal partnership officer (JL) / assistant programme manager (BF) January 2006	Full proof of spend has not yet been placed on the file. As 3.23.	Not yet implemented

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			is required for all projects.				
3.65	9.1	***	The job creations initiative project file should be updated to ensure it contains the necessary documentation, including the report produced by the head of finance.	Agreed – copy of report given to programme management to put on the file.	Head of finance (regeneration & neighbourhood services) (PS) Implemented	A copy of the report produced by the head of finance (regeneration and neighbourhood services) has now been placed on the file.	Implemented
3.66	9.1	***	Officers should ensure that the necessary approval for the transfer of funds within the job creation initiatives project has been obtained and ensure that adequate documentary evidence exists on file to support this.	This will require retrospective approval as the use of delegated powers has not been recorded and the two officers who approved the decision are no longer employed by the council.	Head of finance (regeneration & neighbourhood services) (PS) January 2006	It has not been possible to locate this approval.	Unable to implement
3.67	10.1	***	The skills escalator project file should be updated to ensure it contains the necessary project submission and grant agreement and then forwarded immediately to internal audit for review.	Complete review of 2003/04 files to be undertaken.	Principal partnership officer (JL) / assistant programme manager (BF) January 2006	There was no project submission as it was part of a report submitted by the programme manager to the JSB on 21.07.03, a copy of which has now been placed on the file. A grant agreement has also now been placed on the project file.	Implemented
3.68	10.1	***	Evidence of spend should also be obtained and detailed on the project file.	Complete review of 2003/04 files to be undertaken.	Principal partnership officer (JL) / assistant programme	As 3.1.	Unable to implement

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					manager (BF) January 2006		
3.69	10.1	***	The arrangements for the appointment of Sally Hall should be identified to ensure compliant with the accountable body's procedures.	Complete review of 2003/04 files to be undertaken.	Principal partnership officer (JL) / assistant programme manager (BF) January 2006	A separate review of the arrangements for this appointment is to be undertaken.	Not yet implemented.
3.70	12.1	***	Project submission forms / commission proformas, as appropriate should be completed for all projects. A review of SERCO funded projects should be undertaken to ensure this is the case for all SERCO projects.	Complete review of 2003/04, 2004/05 and 2005/06 files to be undertaken.	Principal partnership officer (JL) / assistant programme manager (BF) January 2006	As 3.1 (unable to implement); Commission proformas for 2004/05 and 2005/06 had been placed on file.	Implemented for 2004/05 and 2005/06 (unable to implement for 2003/04)
3.71	12.1	***	SERCO should be requested to provide the council with full evidence of spend for all NRF monies defrayed. This should show clearly how funds have met original project submission arrangements and targets.	This has already been requested, as has a profile of spend for the current financial year.	Head of finance (regeneration & neighbourhood services) (PS) Implemented	As 3.1 (unable to implement); For 2004/05 and 2005/06 evidence of spend had been provided.	Implemented for 2004/05 and 2005/06 (unable to implement for 2003/04)
3.72	12.1	***	The practice of paying SERCO in advance for funds should be immediately reviewed.	This facility will only be used in particular circumstances e.g. where the organisation is unable to provide sufficient cash to facilitate expenditure. The recent	Head of finance (regeneration & neighbourhood services) (PS) Implemented	As 2.10.	Implemented

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				<p>payment to SERCO of £1.2m for the Learning Commission was one such example and has only been processed after due consideration and approval from the Executive Committee (formerly the Commissioning Executive), along with a formal written request to ensure that:</p> <ul style="list-style-type: none"> • Actual spending is in line with the submitted profile • Robust and sufficient evidence of spend is submitted asap after payment • All evidence of spend along with appropriate analysis is submitted by 28 April 2006. 			
3.73	12.2	***	<p>Officers should ensure that all projects are robustly and effectively monitored. This should assist with the accuracy of returns made to GOWM.</p>	<p>This recommendation is perhaps best answered with reference to the Audit Commissions review of the governance arrangements of the WBSP, which stated that:</p> <p><i>The commissioning executive receives updates at each of its monthly meetings on progress with commissions in addition to finance reports on NRF spend. The finance reports</i></p>	<p>Principal partnership officer (JL)</p> <p>Implemented</p>	As 3.23.	Partially implemented

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			<p><i>are also presented to the WBS Partnership Board. The head of finance for the council's regeneration and neighbourhood services directorate has taken the lead on preparing the finance reports, and the quality of these reports has improved considerably:</i></p> <ul style="list-style-type: none"> • <i>Each project or commission is clearly shown, with named lead officers</i> • <i>the format is very clear, and includes colour flags to highlight the overall financial 'health' of each project</i> • <i>actual and projected spend is shown, with any projected under/over spend highlighted</i> • <i>The covering reports are concise and clear, and highlight the key issues and risks</i> <p>The commissioning executive receives regular performance of commissions report detailing whether milestones / targets are</p>			
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				<p>being met, which is risk assessed, and a financial report. The WBSP Board receives quarterly reports on where Walsall's position is regarding floor targets. Programme management ensure that robust evidence is produced by recipients regarding claims. Including provision of monthly / quarterly monitoring reports. Site visits have also been programmed in. A dedicated NRF programme officer has been employed. The financial support to NRF (and ultimately the LAA) is being strengthened even further with the recruitment of an accounting technician.</p>			
3.74	13.1	***	<p>Where approvals are given in accordance with delegations sufficient evidence of this should be available on the project file.</p>	<p>A comprehensive review of the corporate governance arrangements of the WBSP/commissioning executive will be carried out. This will resolve any areas of uncertainty in terms of the current arrangements as well as to facilitate the implementation of the local area agreement.</p> <p>Letters of approval, detailing how much and for which financial year, are issued to</p>	<p>Head of finance (regeneration & neighbourhood services) (PS) / WBSP director</p> <p>March 2006</p>	As 3.44.	Partially implemented

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				<p>recipients. Letters are from the WBSP director, and signed by four commissioning executive officers with delegated authority. Copies of these letters are placed on file, and grant / commissioning agreements issued.</p> <p>A standing agenda item is now reported to the commissioning executive of any delegated authority decisions taken.</p> <p>A standing agenda for the WBSP board detailing decisions taken by the commissioning executive.</p>	<p>Principal partnership officer (JL) / chair of commissioning executive</p> <p>Implemented</p>		
3.75	13.1	***	<p>The necessary approvals for the Walsall CVS posts should be obtained and detailed on the project file.</p>	<p>Complete review of 2003/04 files to be undertaken.</p>	<p>Principal partnership officer (JL) / assistant programme manager (BF)</p> <p>January 2006</p>	As 3.1.	Unable to implement
3.76	14.1	***	<p>A review of the M6 pilot project should be undertaken to ensure a clear audit trail exists linking approved amounts to grant agreements; and evidence of expenditure defrayed.</p>	<p>Complete review of 2003/04 files to be undertaken.</p>	<p>Principal partnership officer (JL) / assistant programme manager (BF)</p> <p>January 2006</p>	As 3.1.	Unable to implement

**Neighbourhood Renewal Fund
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E. FURTHER RECOMMENDATIONS / ACTION PLAN

Ref	Priority	Finding	Recommended Action	Response	Responsibility & Timescale
1.	**	Officers completing the project document record at the front of each project / commission file are not required to initial the entries that they make.	The project document record should be amended to ensure that all entries are initialled by the officers recording the information. This should be incorporated into procedure notes and officers should then be reminded to ensure they comply.	Implemented	Principal partnership officer (JL)
2.	**	Details of the amount and date of the claim; and amount and date paid are not recorded on the project document file.	Officers should ensure that details of the amount of the claim and the amount paid are recorded on the project document record. Where amounts claimed / paid are different reasons for the difference should also be recorded.	Implemented	Principal partnership officer (JL)
3.	**	In examining the 10 2005/06 files, 2 cases were identified where the project document record had not been fully completed (LSP admin/C22).	Officers should ensure that the project document record is fully completed.	Agreed	Principal partnership officer (JL) 9.10.06
4.	***	In examining 10 2005/06 files it was identified that: <ul style="list-style-type: none"> • In 1 case 2 invoices received as evidence of spend related to the previous financial year (C22), • In 1 case 3 invoices received as evidence of spend related to the previous financial year (B15). 	All invoices submitted as evidence of spend should relate to the appropriate financial year. Evidence of spend for these projects should be rechecked.	Agreed	Principal partnership officer (JL)
5.	**	The copy of the journal voucher held	A copy of the fully completed	Implemented	Principal

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		on the project / commission file only details the information that has been recorded by the programme officer before it is passed to the finance section for processing i.e. it only one side of the accounting entry is available on file.	journal transfer detailing both sides of the accounting entry should be retained on the project / commission file.		partnership officer (JL)
6.	*	In examining 10 2005/06 files, one instance was noted where the journal transfer had not been dated (A23).	Officers should be reminded to ensure that all journal transfers are dated.	Agreed	Principal partnership officer (JL) 9.10.06



**PSA Floor Targets
Local Authority Profiles**

Walsall

August 2007

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Additional Floor Targets

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Crime - Burglary Rate †

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Health - Teenage Conception Rate †

Health - Cancer Mortality Rate †

Worklessness - Annual Overall Employment Rate †

NRF average based on: † 91 NRF areas (NRF 88 areas plus 3 new funded areas) ‡ 88 NRF areas
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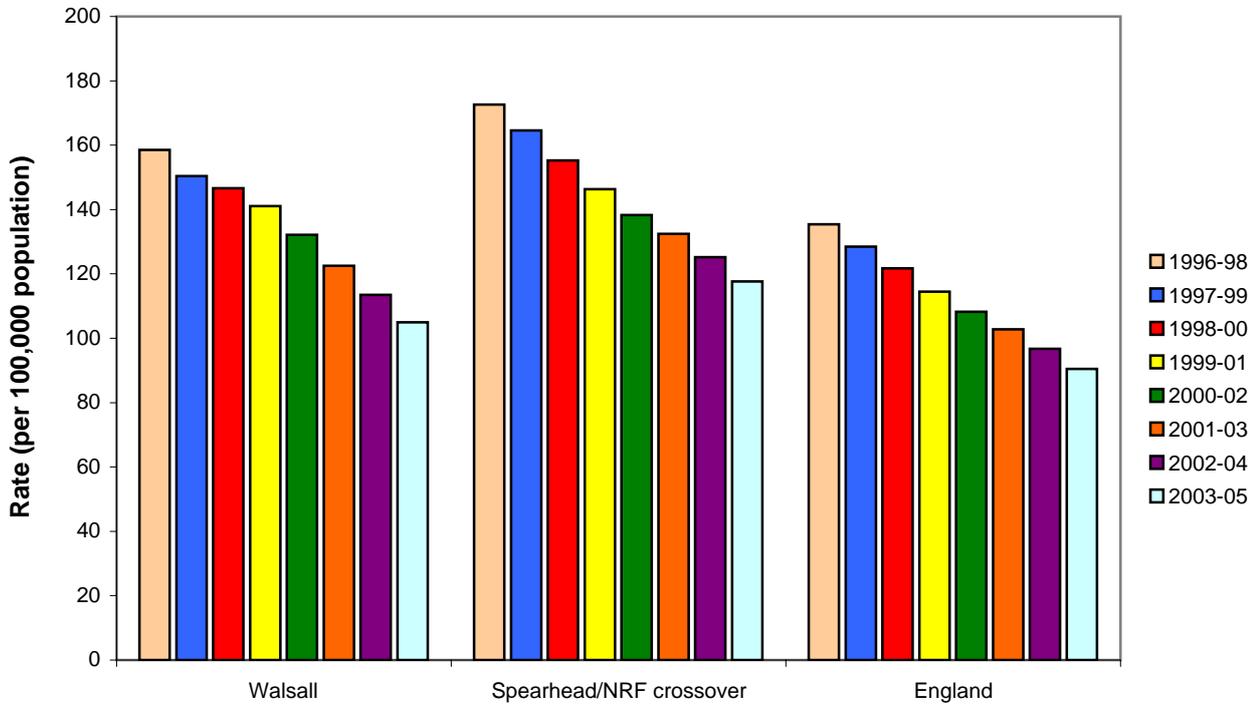
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1. Health - Circulatory Disease Mortality Rate

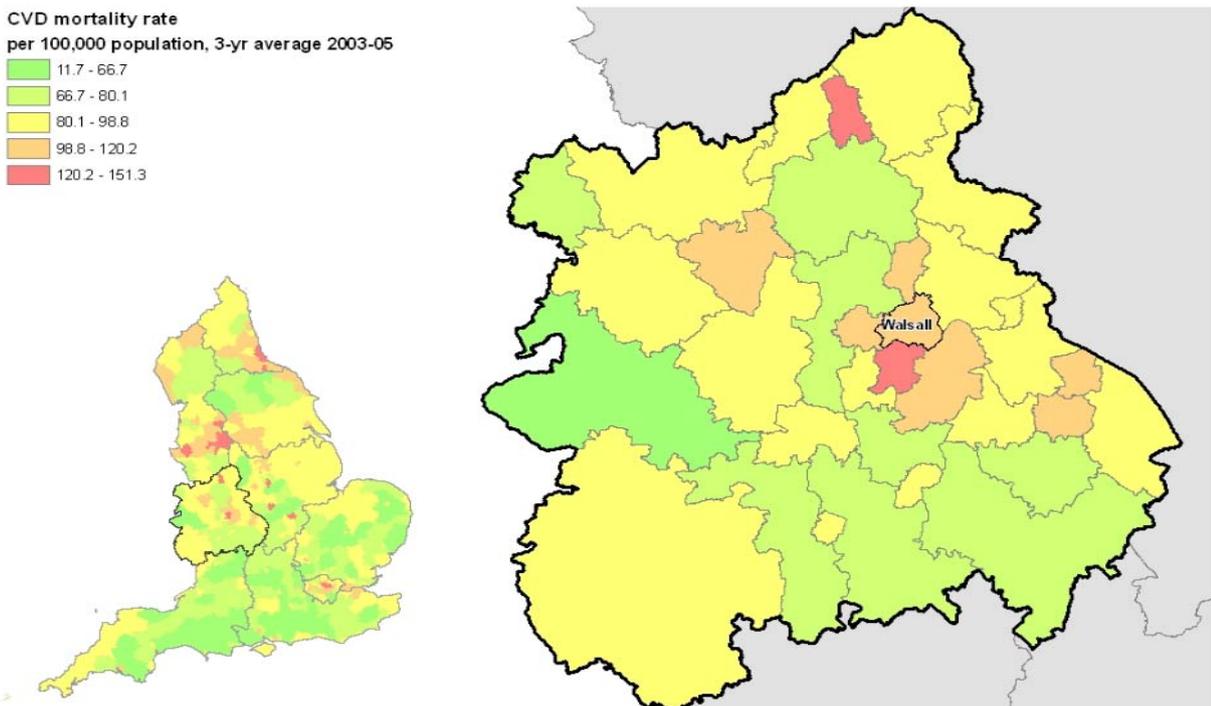
Circulatory disease mortality rate per 100,000 population, 1996-98 to 2003-05

	1996-98	1997-99	1998-00	1999-01	2000-02	2001-03	2002-04	2003-05
Walsall	158.5	150.4	146.7	141.1	132.2	122.5	113.5	104.9
Spearhead/NRF crossover	172.6	164.6	155.3	146.4	138.3	132.4	125.2	117.6
England	135.4	128.5	121.8	114.5	108.2	102.8	96.7	90.5



CVD mortality rate
per 100,000 population, 3-yr average 2003-05

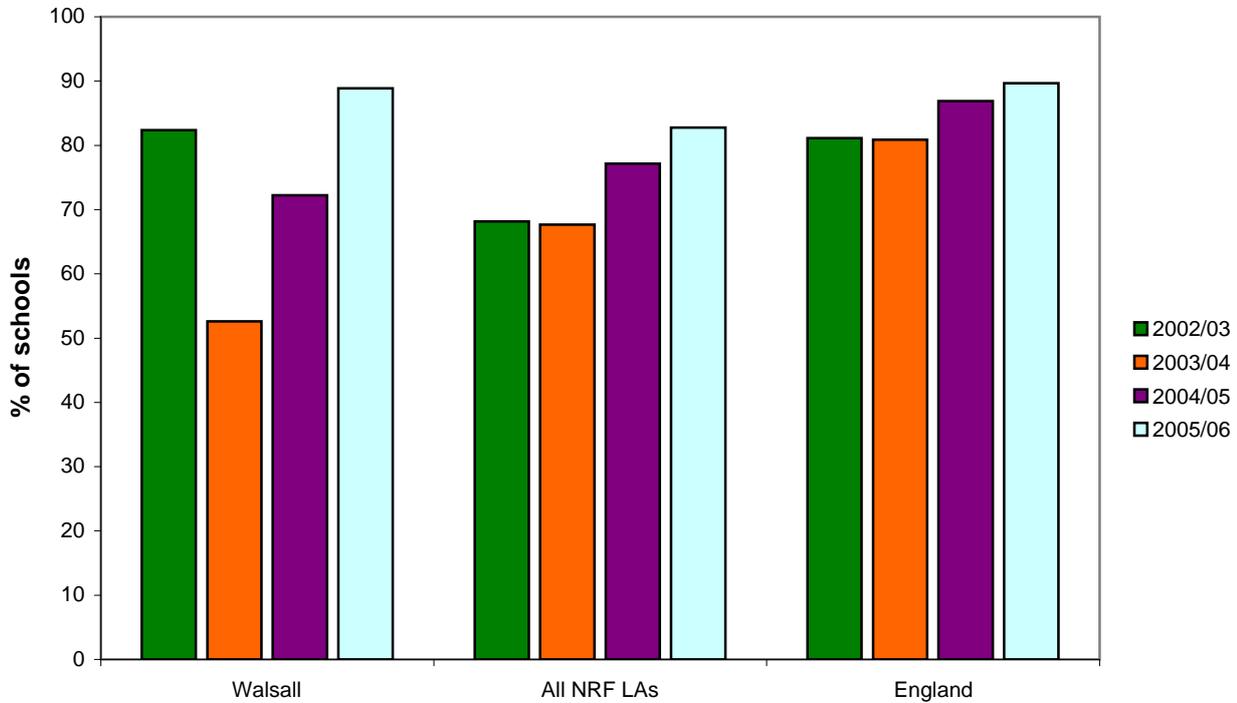
- 11.7 - 66.7
- 66.7 - 80.1
- 80.1 - 98.8
- 98.8 - 120.2
- 120.2 - 151.3



2. Education - Key Stage 3 English, Maths and Science

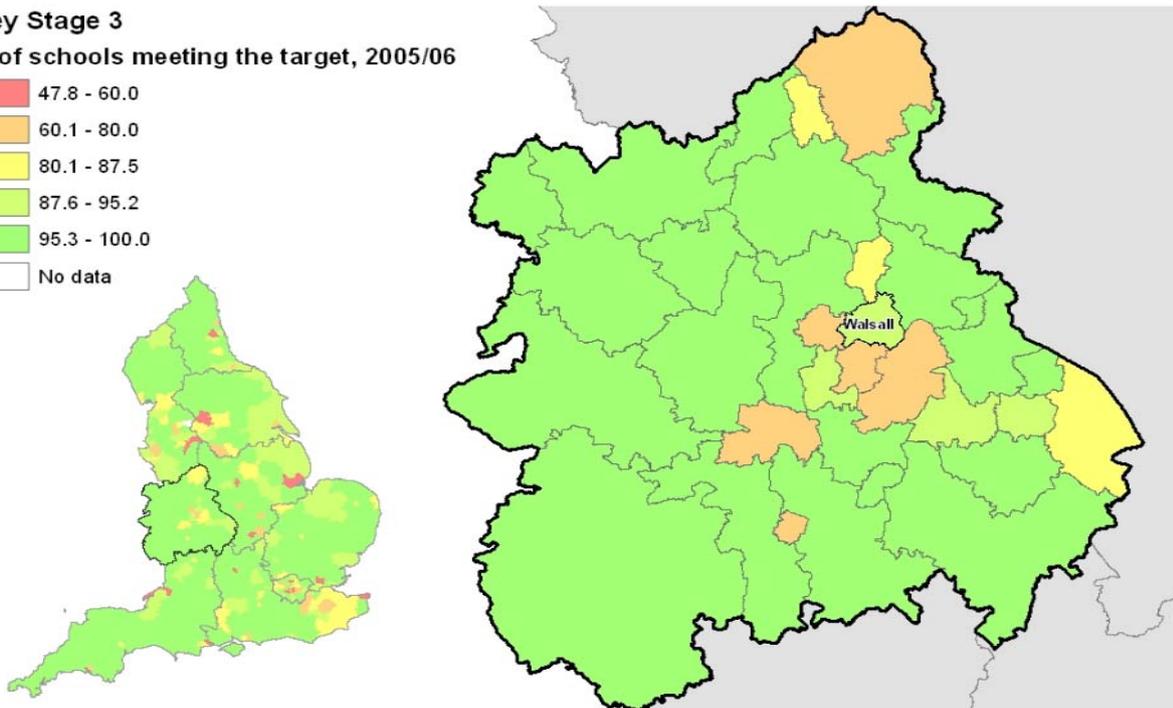
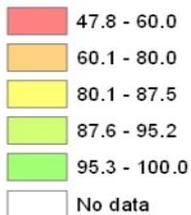
Percentage of schools meeting the KS3 target, 2002/03 to 2005/06

	2002/03	2003/04	2004/05	2005/06
Walsall	82.4	52.6	72.2	88.9
All NRF LAs	68.2	67.7	77.1	82.8
England	81.1	80.9	86.9	89.7



Key Stage 3

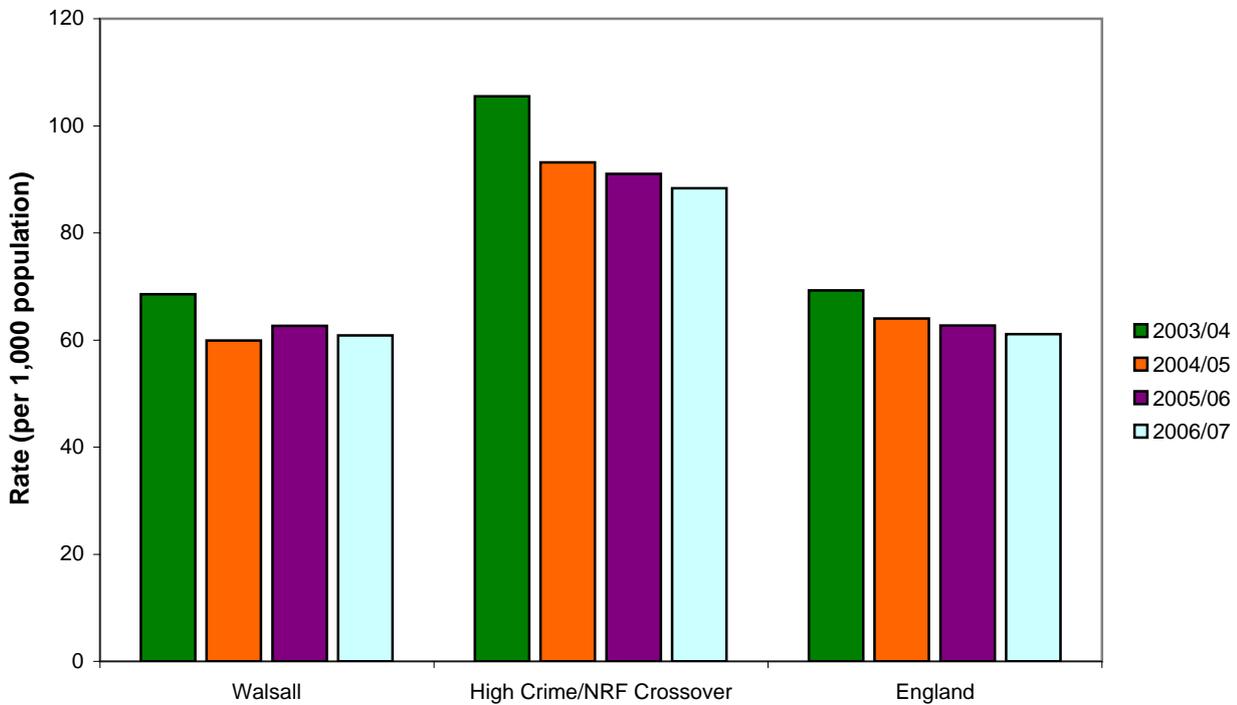
% of schools meeting the target, 2005/06



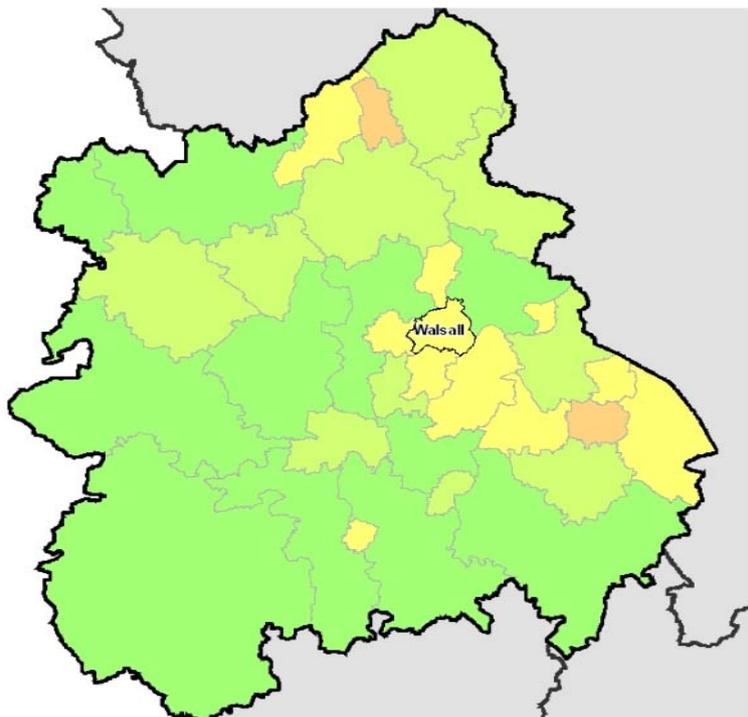
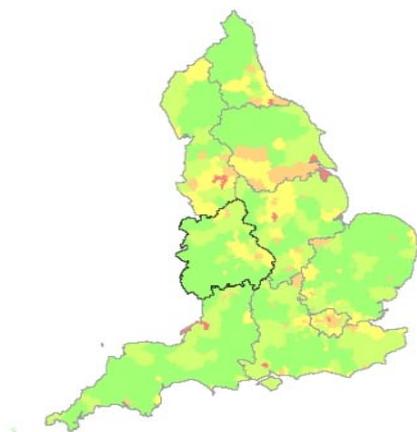
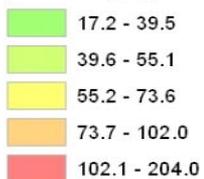
3. Crime - Overall Crime Rate (BCS Comparator)

Overall crime per 1,000 population, 2003/04 to 2006/07

	2003/04	2004/05	2005/06	2006/07
Walsall	68.5	59.9	62.6	60.9
High Crime/NRF Crossover	105.5	93.2	91.0	88.3
England	69.3	64.0	62.7	61.1



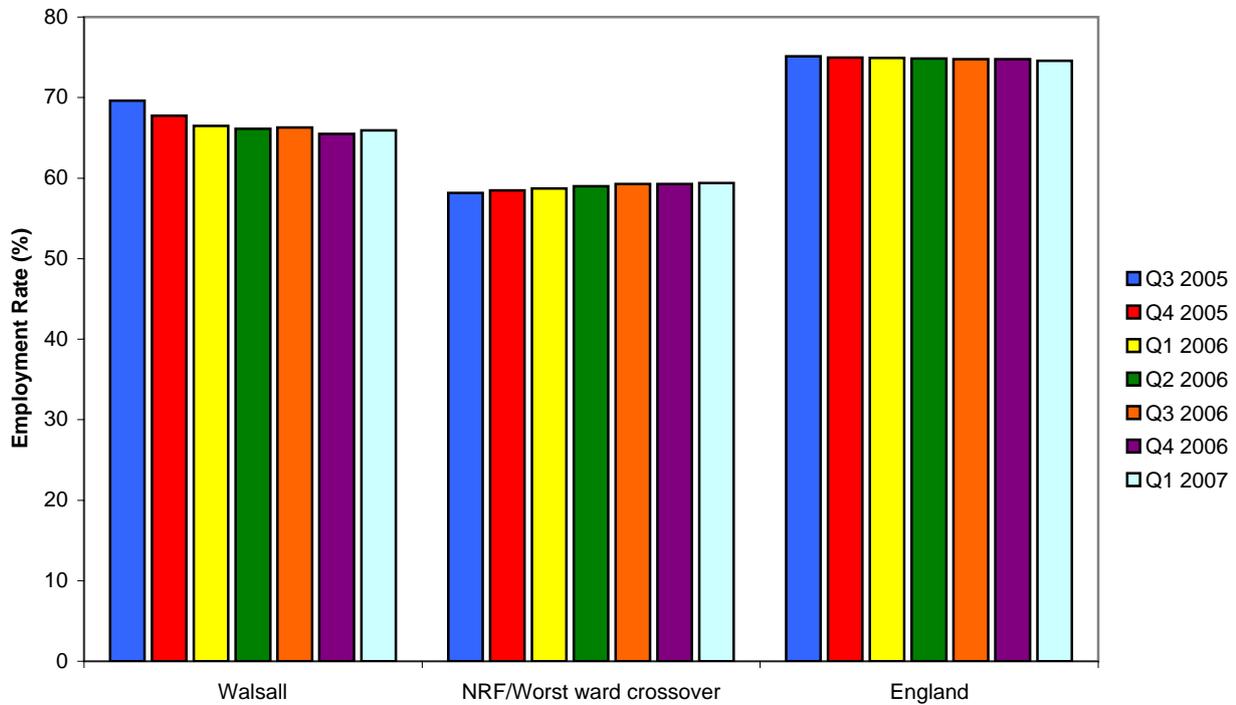
Overall crime per 1000 population, 2006/07



4. Worklessness - Four Quarter Average Overall Employment Rate

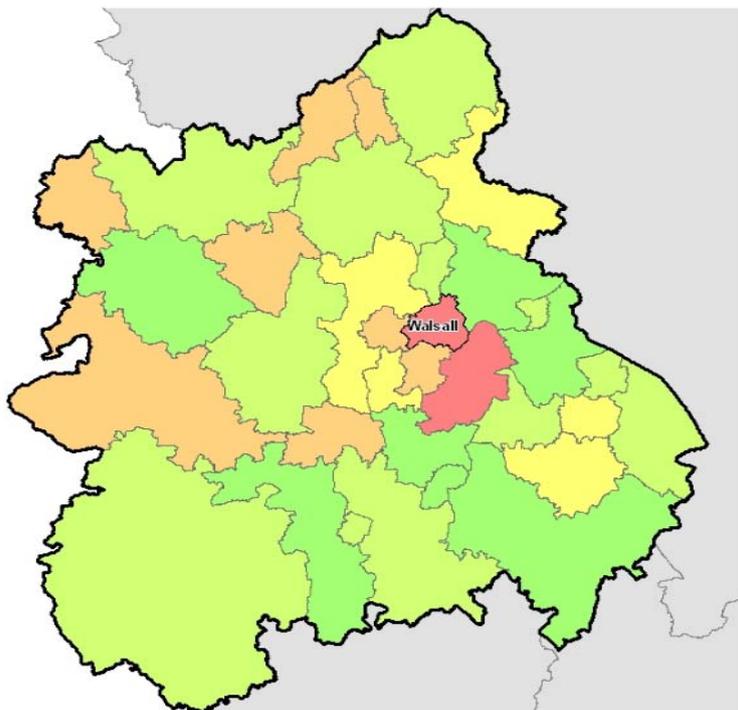
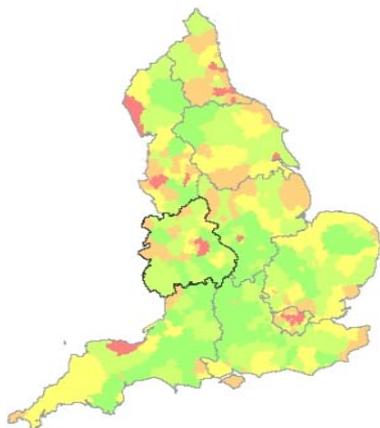
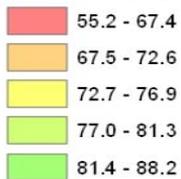
Overall Employment Rate, Q3 2005 to Q1 2007

	Q3 2005	Q4 2005	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007
Walsall	69.6	67.8	66.5	66.1	66.3	65.5	65.9
NRF/Worst ward crossover	58.2	58.5	58.7	59.0	59.3	59.3	59.4
England	75.1	75.0	74.9	74.9	74.8	74.8	74.6



Overall employment rate Q1 2007

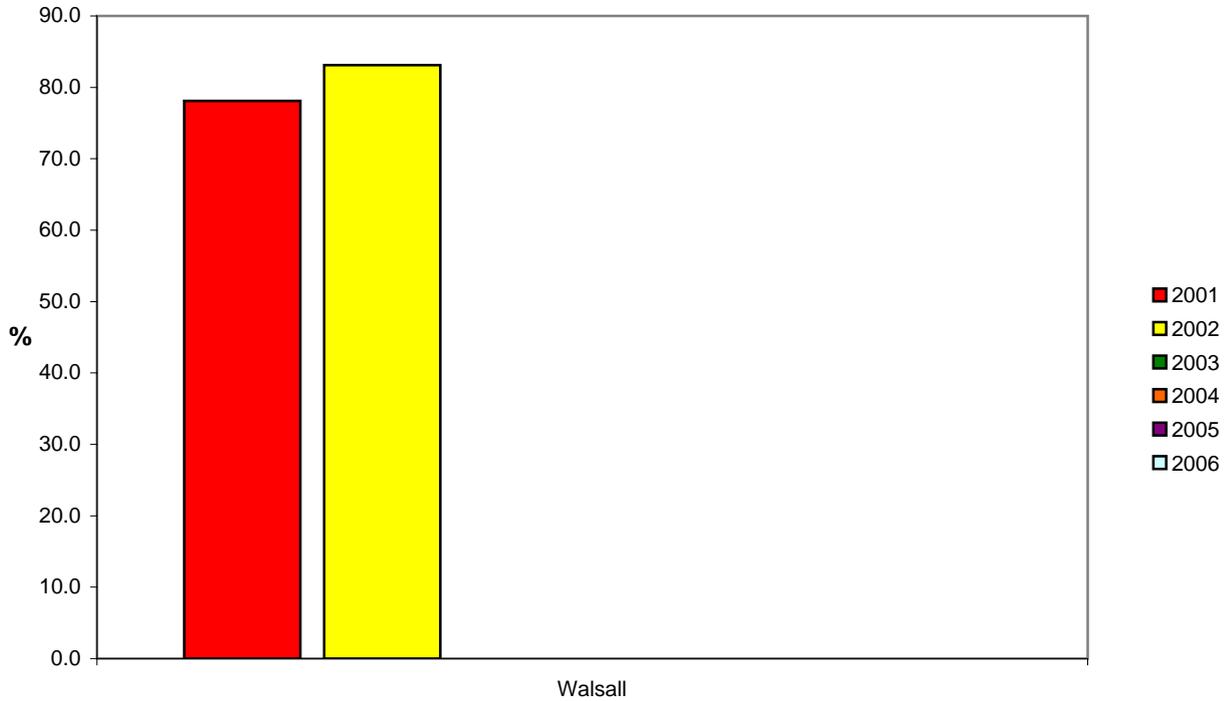
% working age in employment



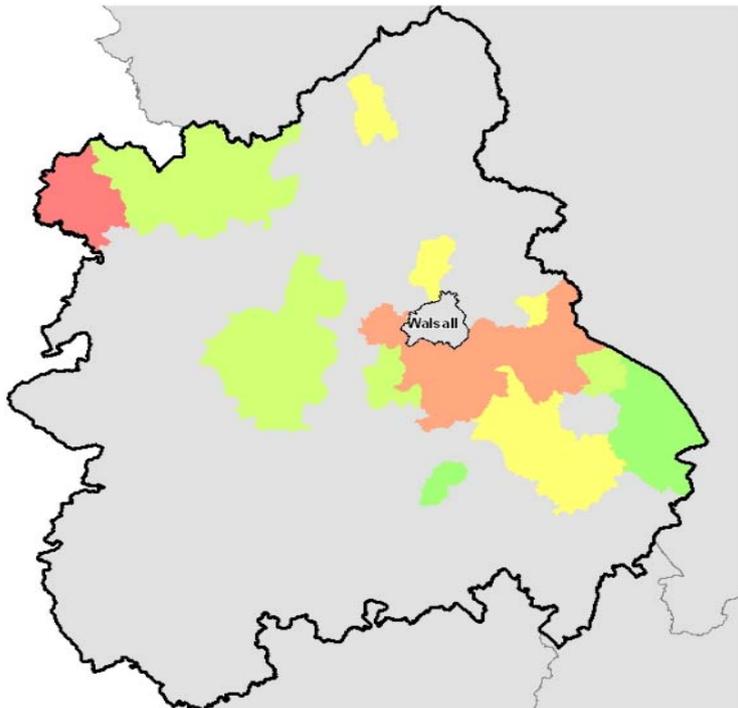
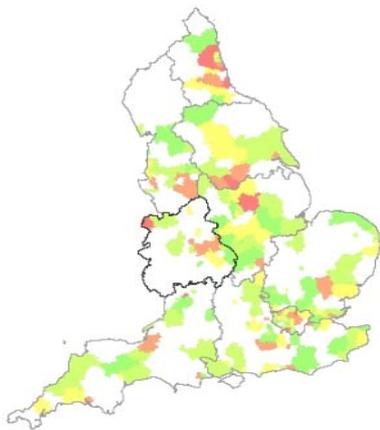
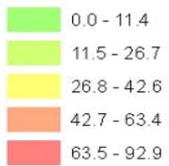
5. Housing - Non-Decent Social Sector Housing

Percentage of social sector (LA and RSL owned) non-decent housing, 2001 to 2006

	2001	2002	2003	2004	2005	2006
Walsall	78.1	83.1	0.0	0.0	0.0	0.0



Non-Decent Social Sector Housing % 2006 (data not available for all areas)



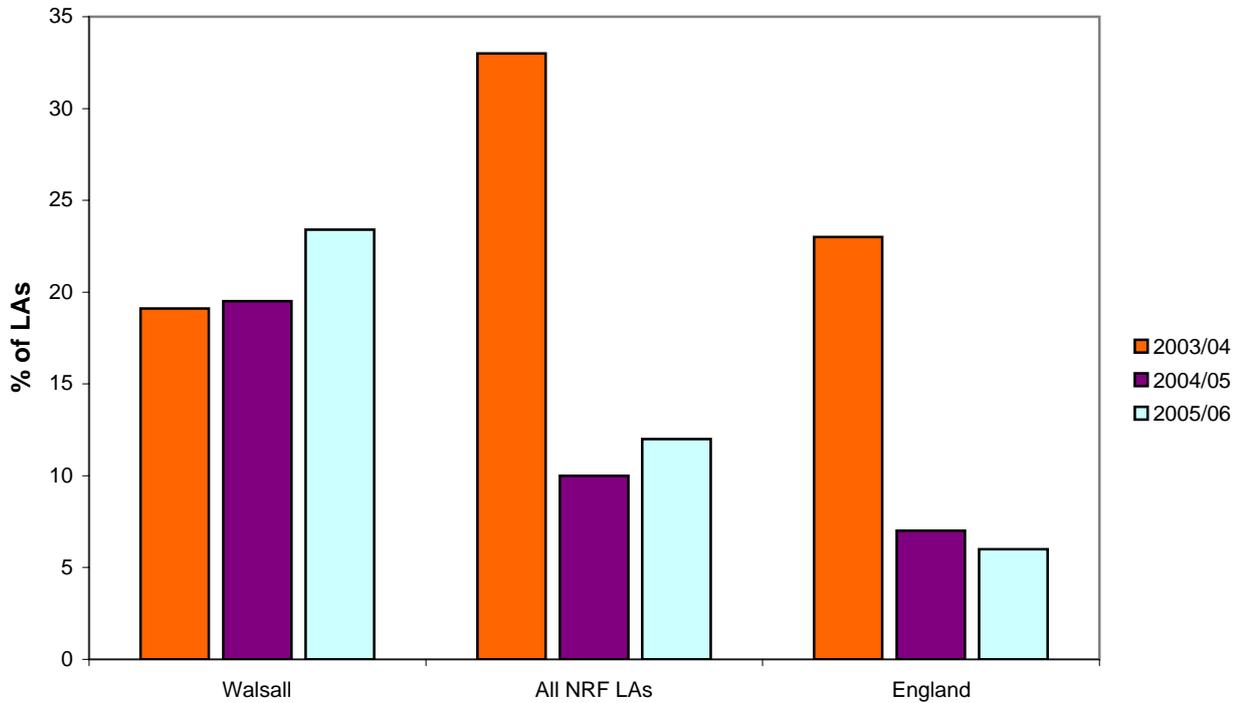
Source: DCLG

Data not available for all areas

6. Liveability - Percentage of Unacceptable Levels of Litter and Detritus

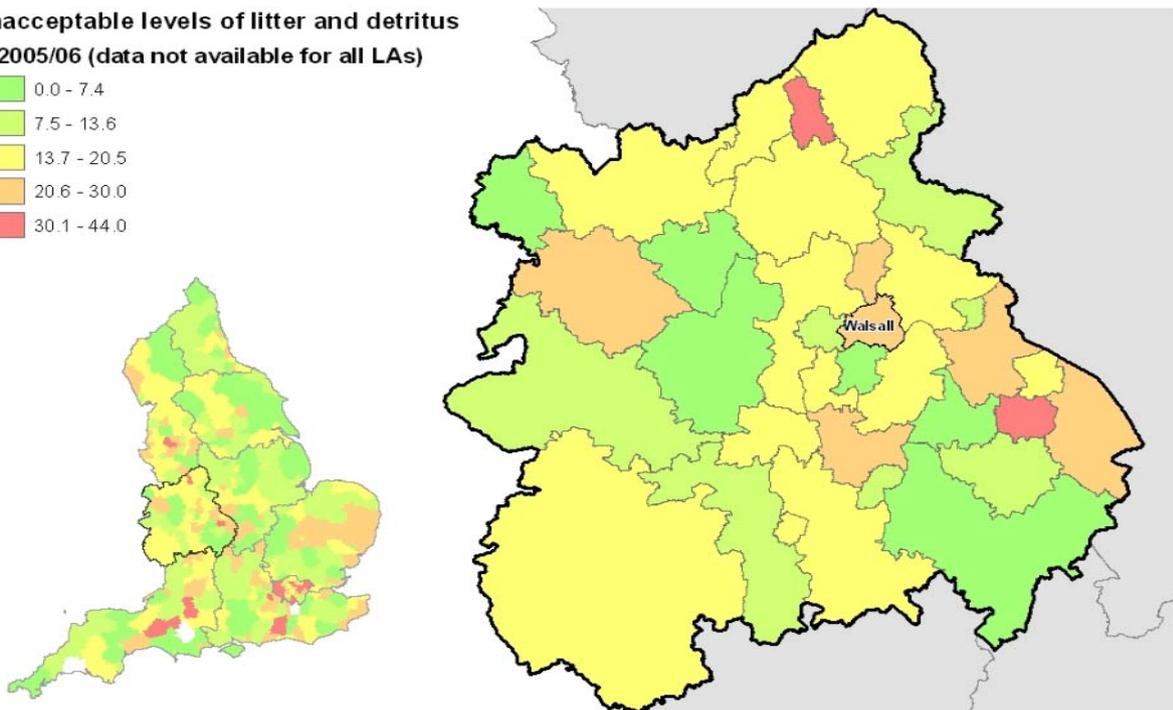
Percentage of unacceptable levels of litter and detritus, 2003/04 to 2005/06

	2003/04	2004/05	2005/06
Walsall	19.1	19.5	23.4
All NRF LAs	33.0	10.0	12.0
England	23.0	7.0	6.0



Unacceptable levels of litter and detritus

% 2005/06 (data not available for all LAs)



Source: DCLG

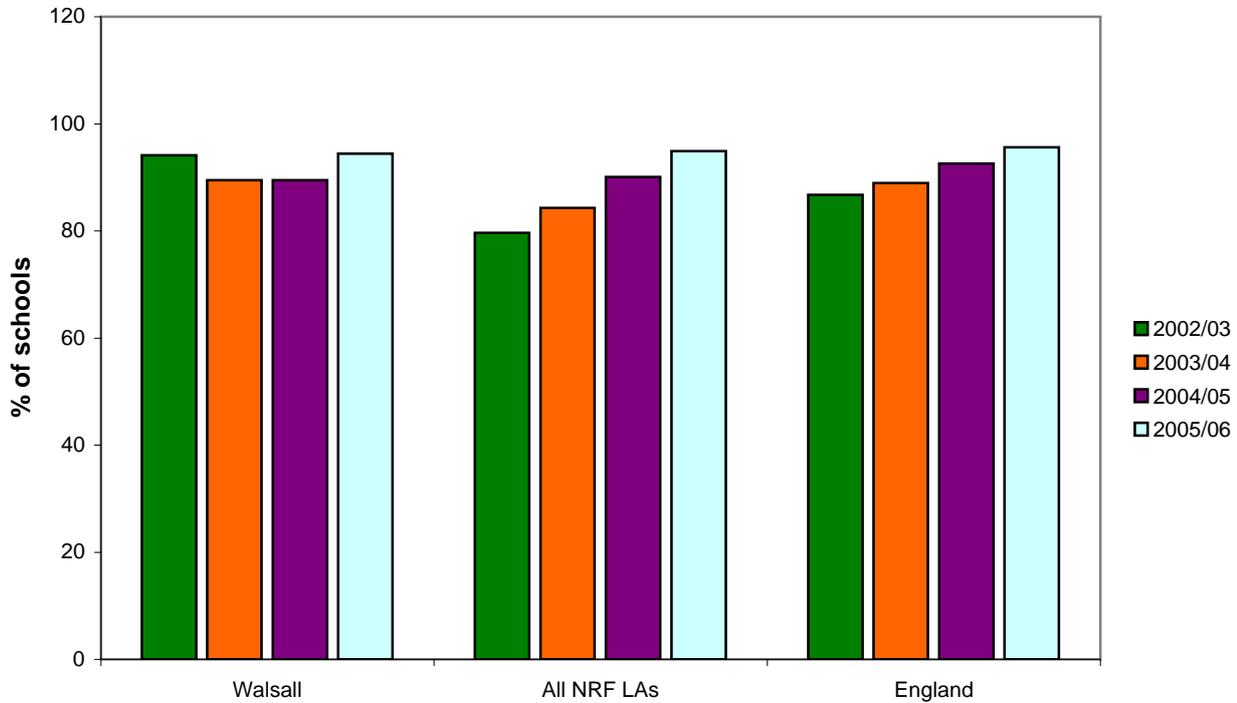
Target is officially measured in the 88 NRF LADs therefore the average of the 91 NRF LADs is unavailable. Some data are missing due to local authorities not returning data or their data not been confirmed.

Additional Floor Targets

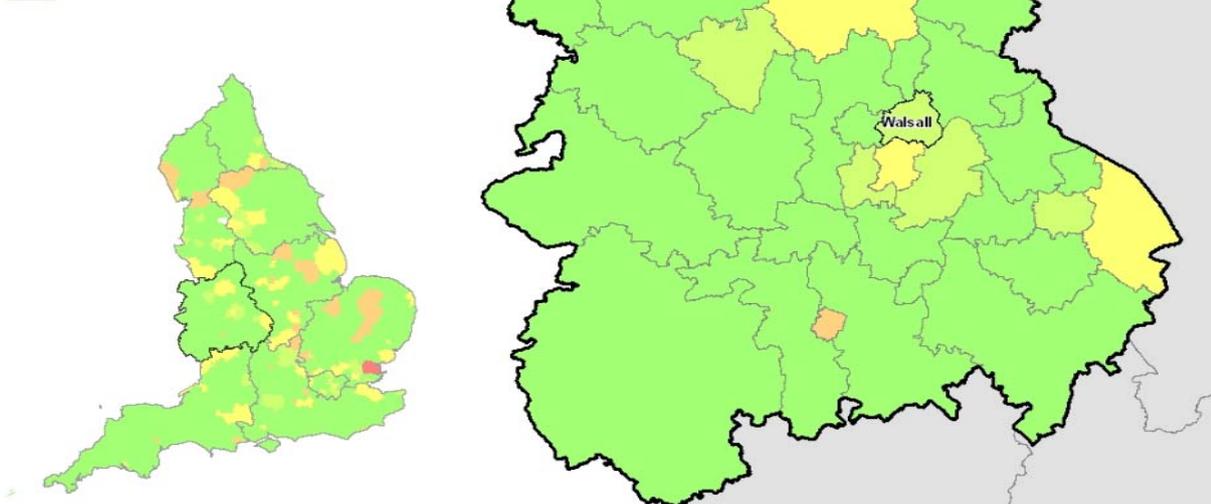
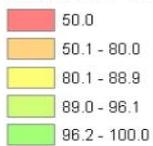
Education - GCSEs: 5+ A* to C

Percentage of schools in which at least 30% of pupils achieved 5+ GCSEs grades A*-C, 2002/03 - 2005/06

	2002/03	2003/04	2004/05	2005/06
Walsall	94.1	89.5	89.5	94.4
All NRF LAs	79.6	84.3	90.1	94.9
England	86.8	88.9	92.6	95.6



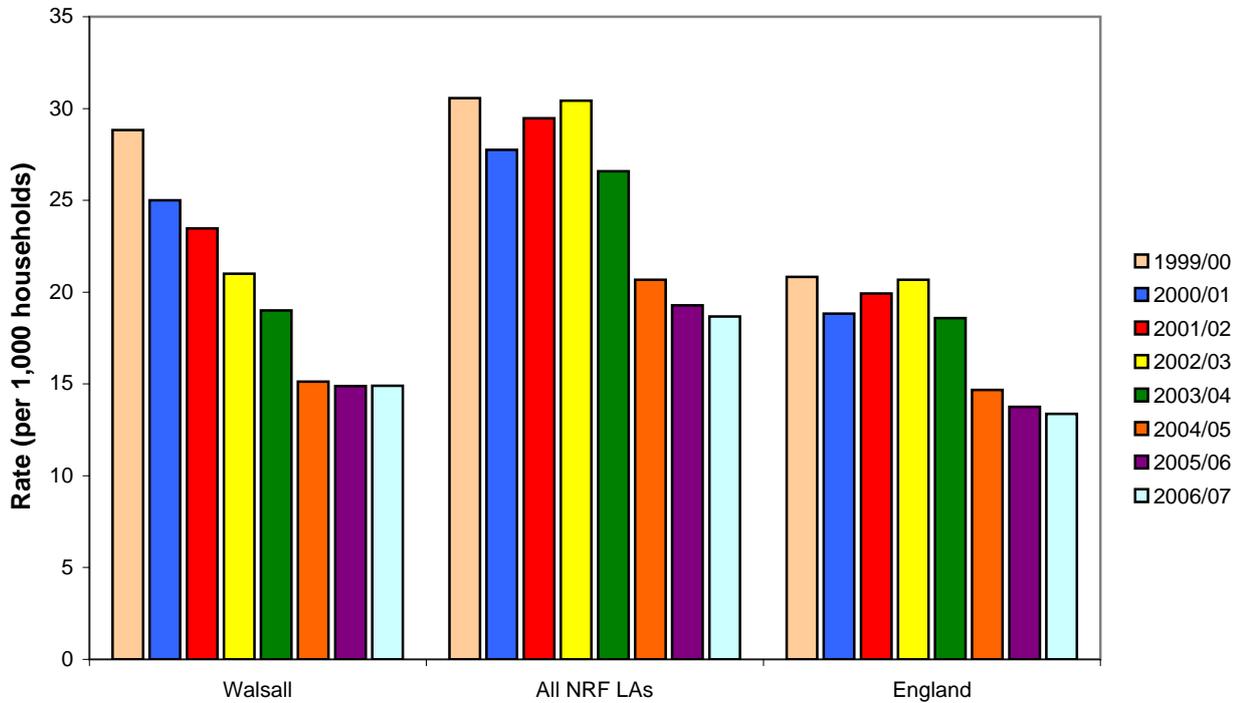
% of schools where at least 30% of pupils achieved 5+ GCSEs A*-C, 2005/06



Crime - Burglary Rate

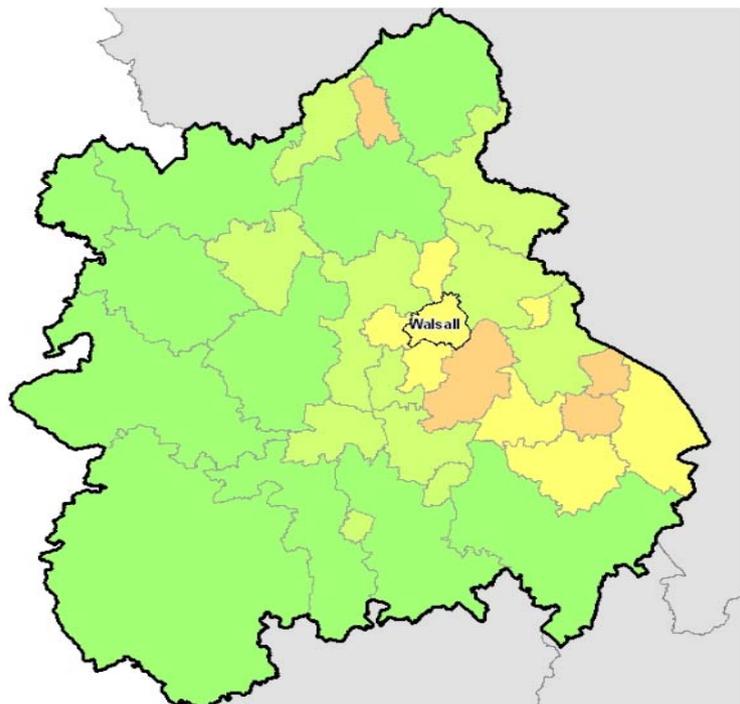
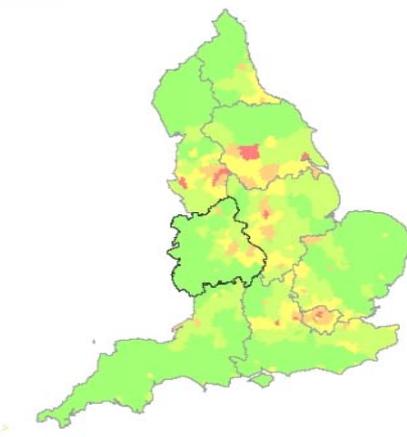
Recorded burglaries per 1000 households, 1999/00 to 2006/07

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Walsall	28.8	25.0	23.5	21.0	19.0	15.1	14.9	14.9
All NRF LAs	30.6	27.8	29.5	30.4	26.6	20.7	19.3	18.7
England	20.8	18.8	19.9	20.7	18.6	14.7	13.8	13.4



Burglary rate

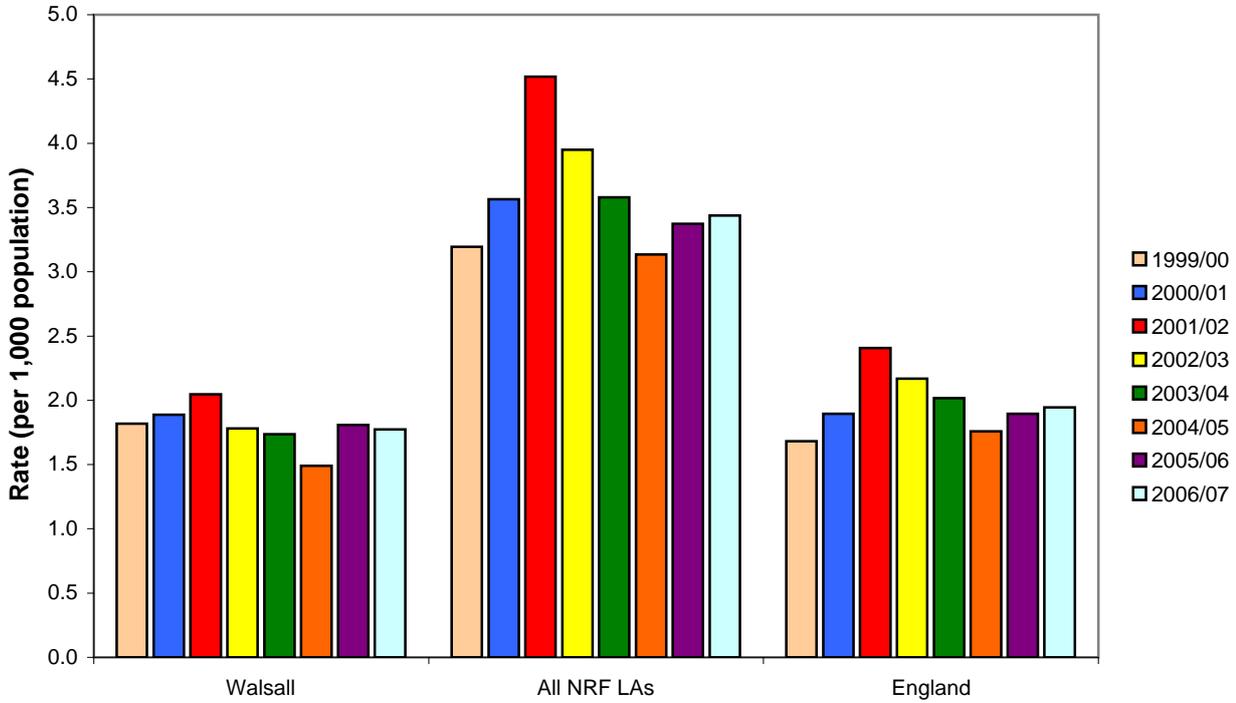
per 1000 households, 2006/07



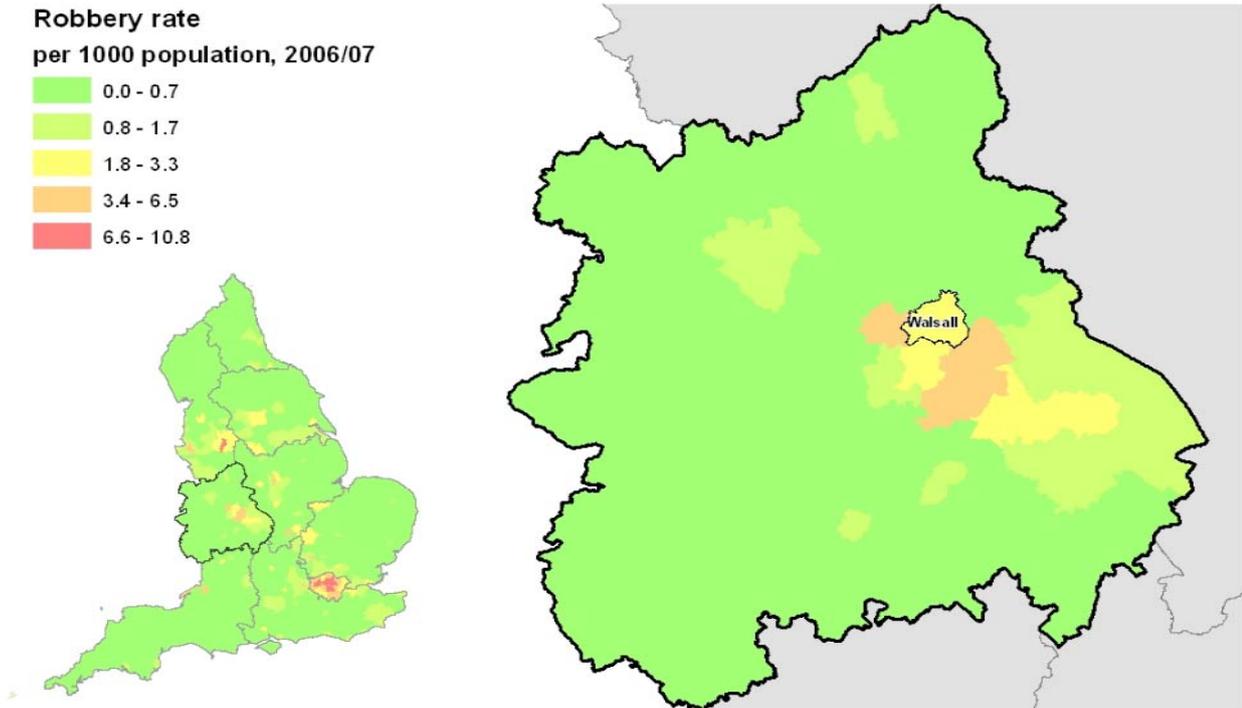
Crime - Robbery Rate

Recorded robberies per 1000 population, 1999/00 to 2006/07

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Walsall	1.8	1.9	2.0	1.8	1.7	1.5	1.8	1.8
All NRF LAs	3.2	3.6	4.5	4.0	3.6	3.1	3.4	3.4
England	1.7	1.9	2.4	2.2	2.0	1.8	1.9	1.9



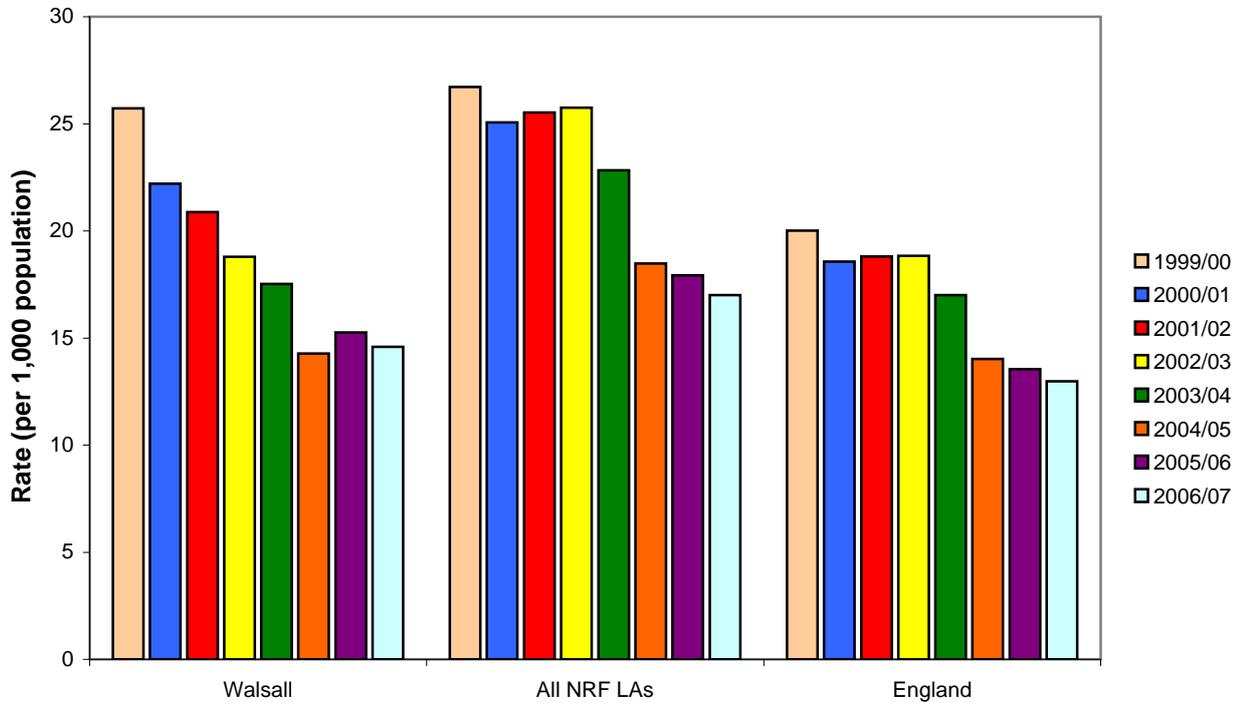
Robbery rate per 1000 population, 2006/07



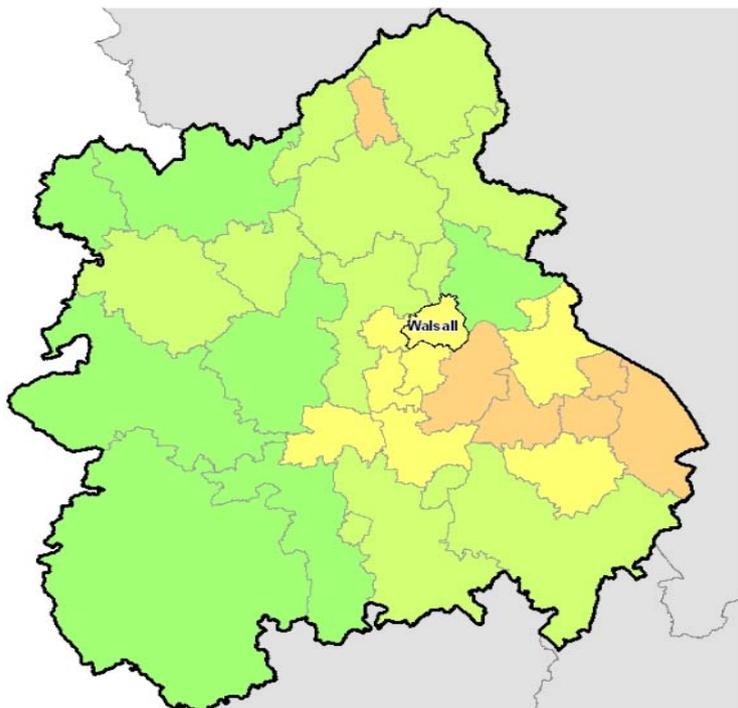
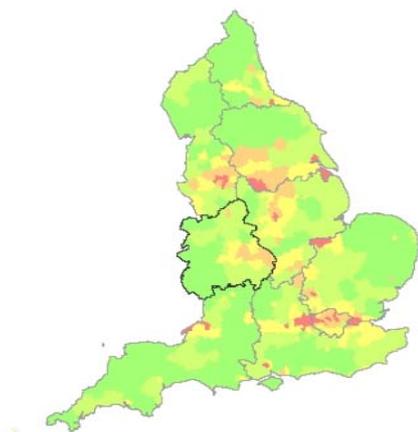
Crime - Vehicle Crime Rate

Recorded vehicle crime per 1000 population, 1999/00 to 2006/07

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Walsall	25.7	22.2	20.9	18.8	17.5	14.3	15.3	14.6
All NRF LAs	26.7	25.1	25.5	25.7	22.8	18.5	17.9	17.0
England	20.0	18.6	18.8	18.8	17.0	14.0	13.5	13.0



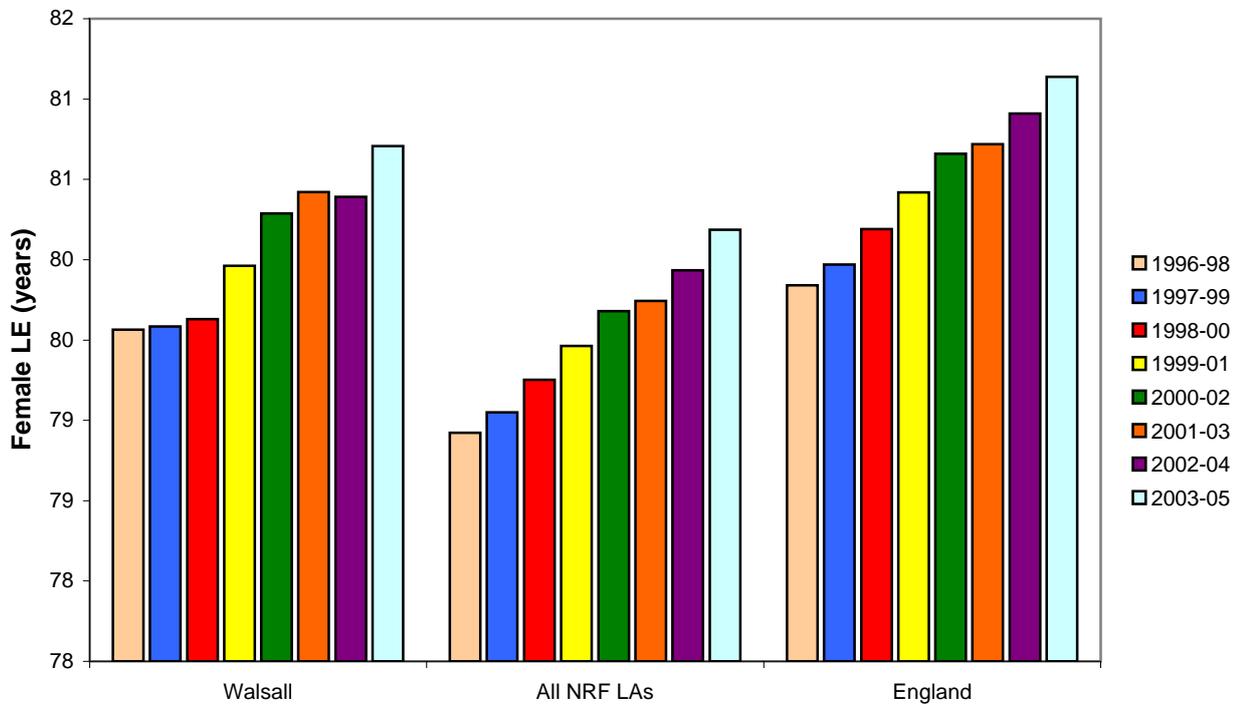
Theft of or from a motor vehicle per 1000 population, 2006/07



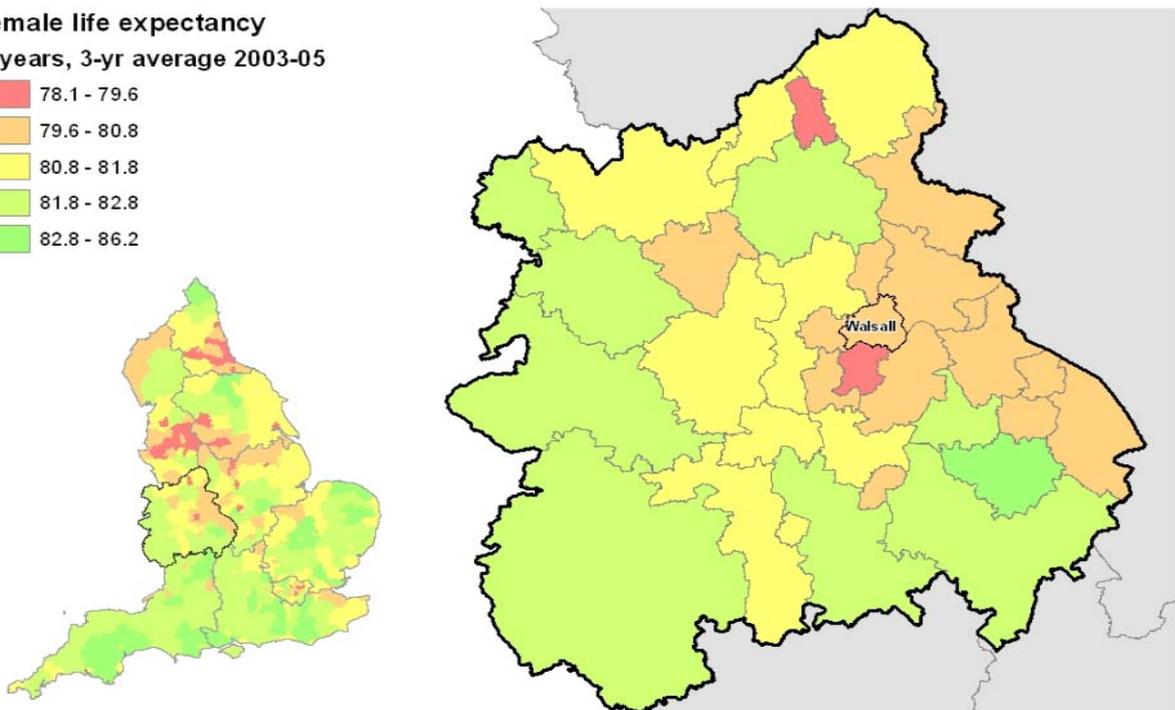
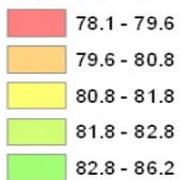
Health - Female Life Expectancy

Female life expectancy at birth, 1996-98 to 2003-05

	1996-98	1997-99	1998-00	1999-01	2000-02	2001-03	2002-04	2003-05
Walsall	79.6	79.6	79.6	80.0	80.3	80.4	80.4	80.7
All NRF LAs	78.9	79.0	79.3	79.5	79.7	79.7	79.9	80.2
England	79.8	80.0	80.2	80.4	80.7	80.7	80.9	81.1



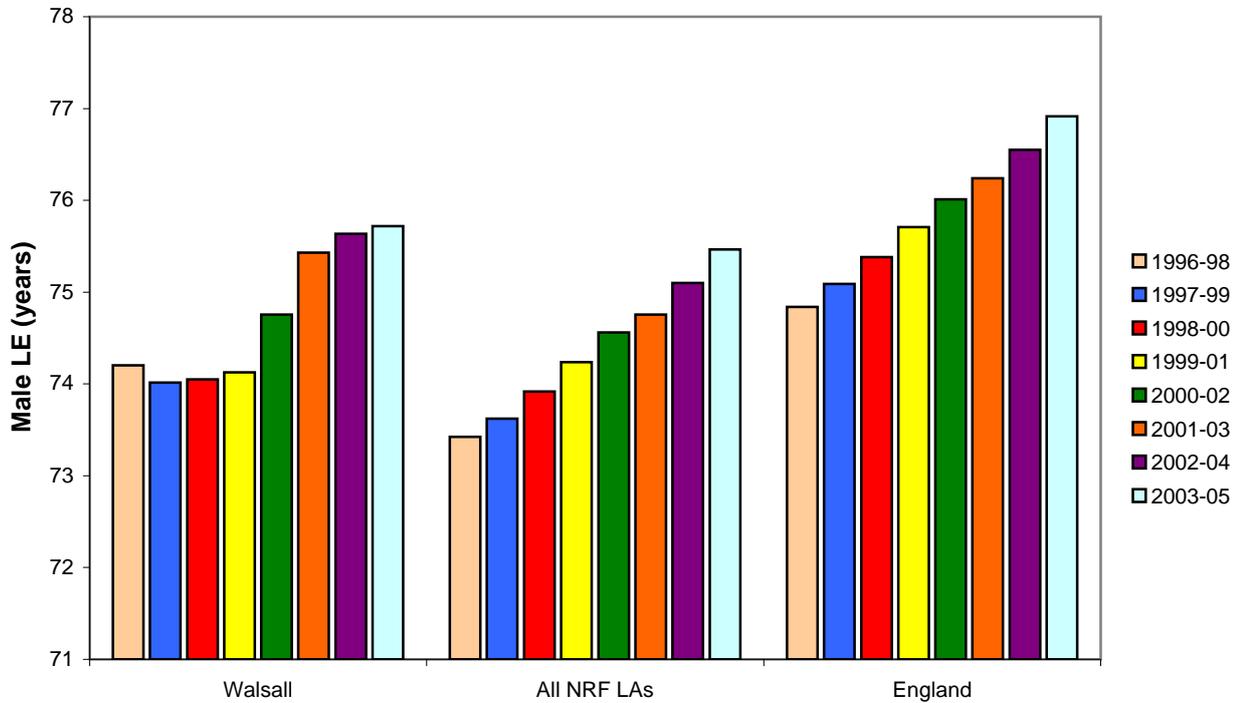
Female life expectancy in years, 3-yr average 2003-05



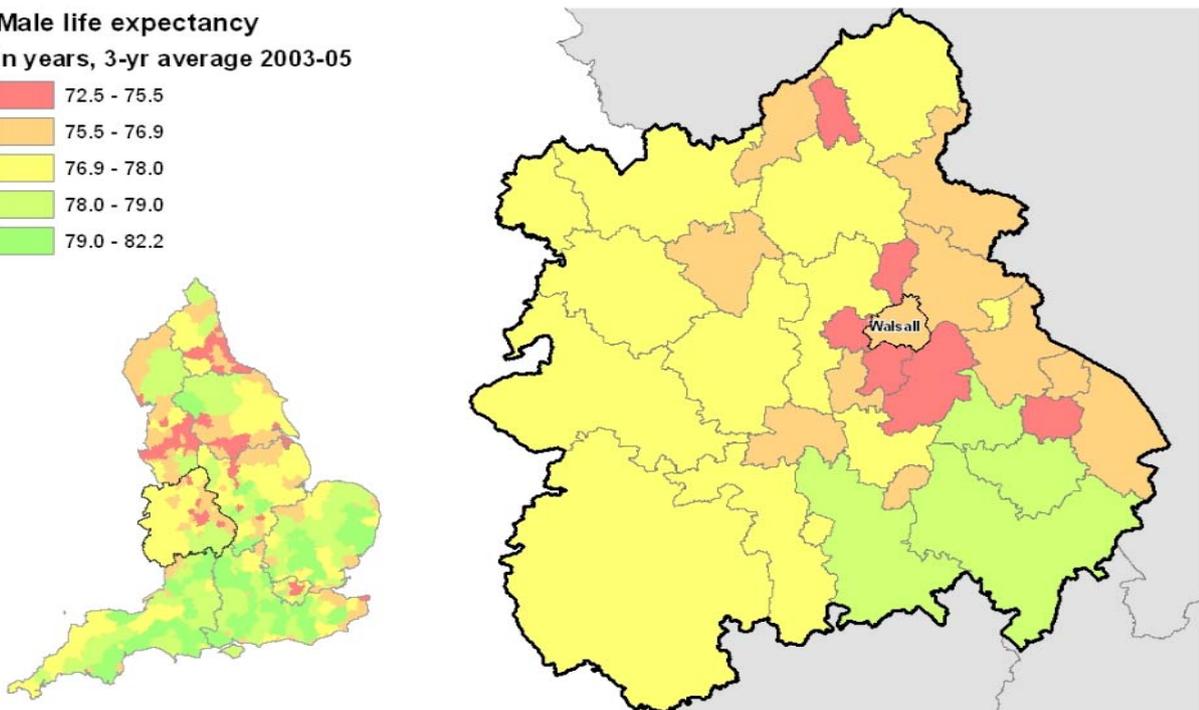
Health - Male Life Expectancy

Male life expectancy at birth, 1996-98 to 2003-05

	1996-98	1997-99	1998-00	1999-01	2000-02	2001-03	2002-04	2003-05
Walsall	74.2	74.0	74.0	74.1	74.8	75.4	75.6	75.7
All NRF LAs	73.4	73.6	73.9	74.2	74.6	74.8	75.1	75.5
England	74.8	75.1	75.4	75.7	76.0	76.2	76.6	76.9



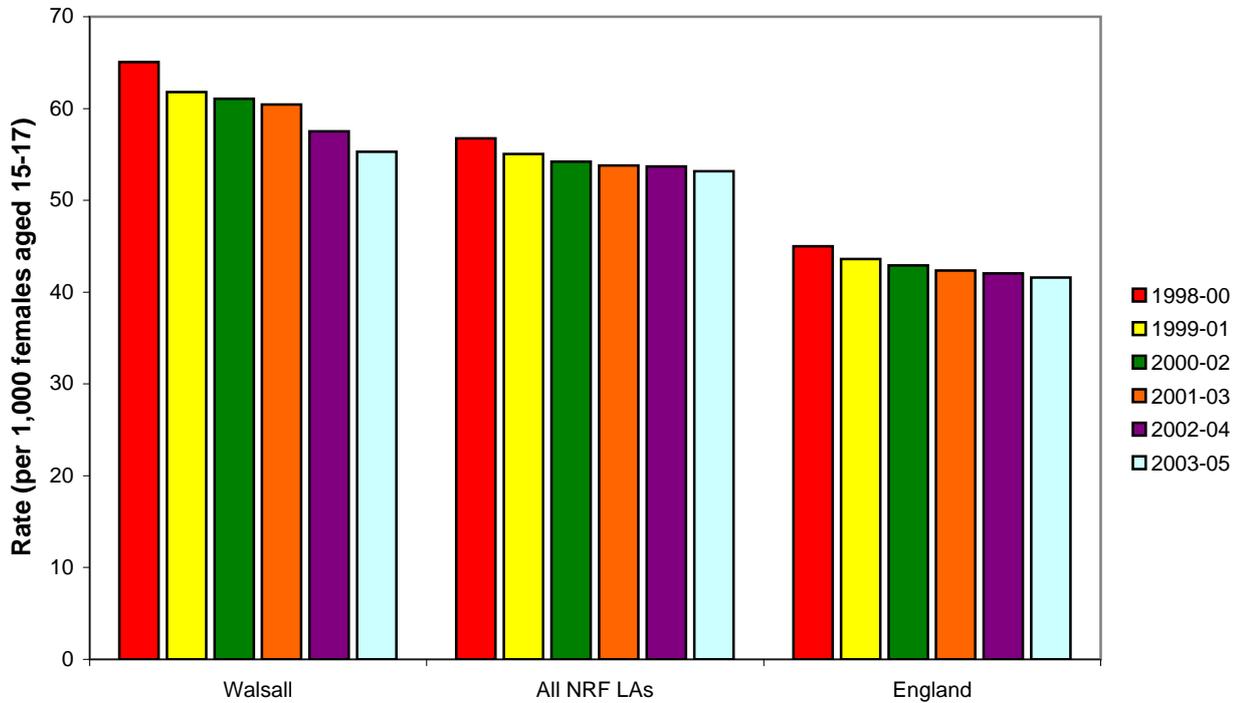
Male life expectancy in years, 3-yr average 2003-05



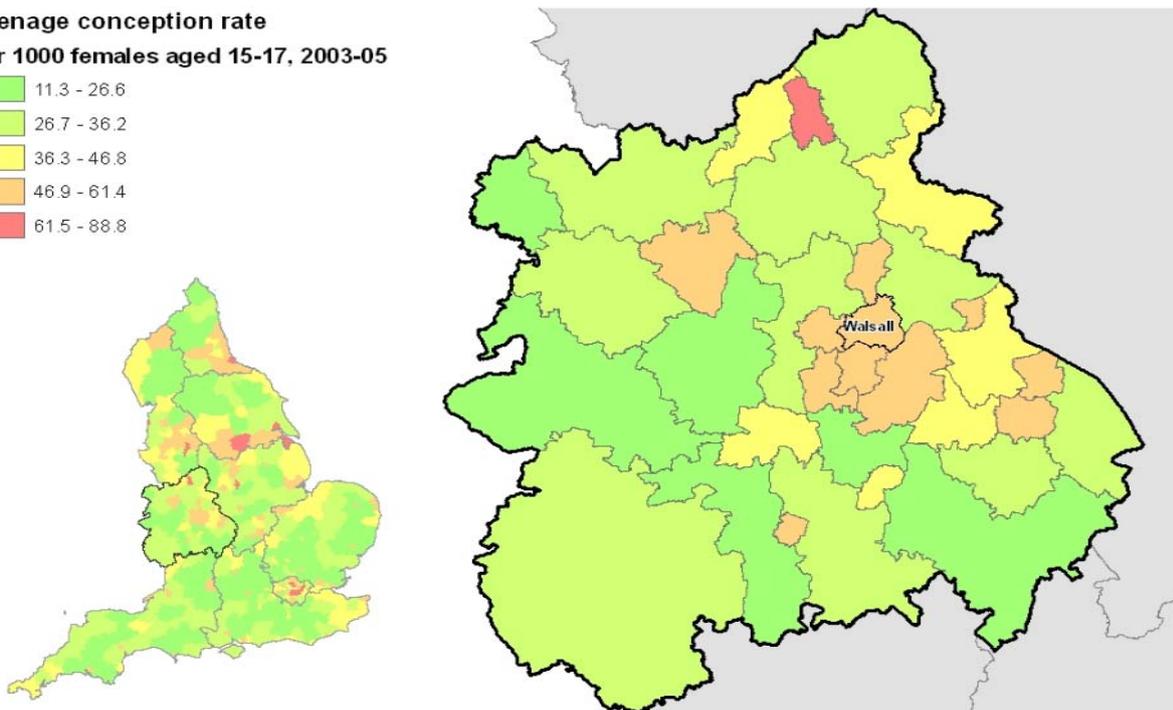
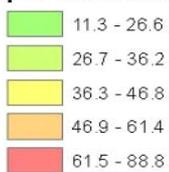
Health - Teenage Conception Rate

Conception rate of under-18 year olds per 1,000 females aged 15-17, 1998-00 to 2003-05

	1998-00	1999-01	2000-02	2001-03	2002-04	2003-05
Walsall	65.1	61.8	61.1	60.4	57.5	55.3
All NRF LAs	56.8	55.0	54.2	53.8	53.7	53.2
England	45.0	43.6	42.9	42.4	42.0	41.6



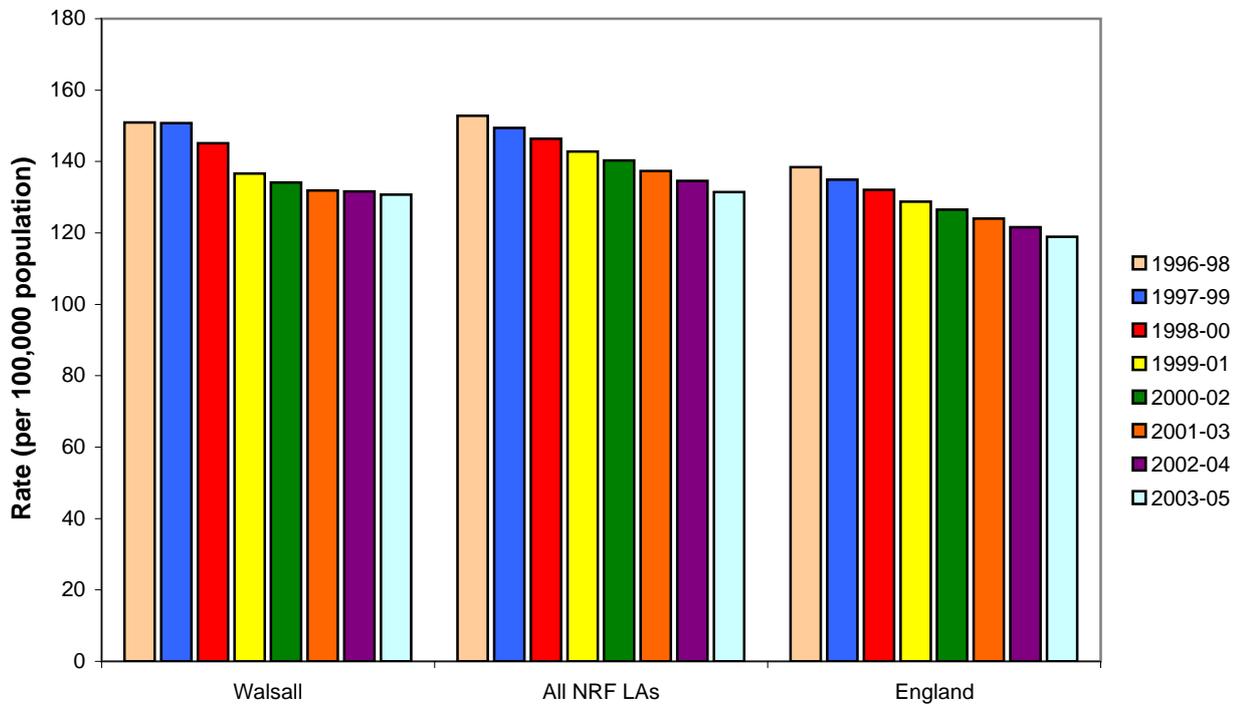
Teenage conception rate per 1000 females aged 15-17, 2003-05



Health - Cancer Mortality Rate

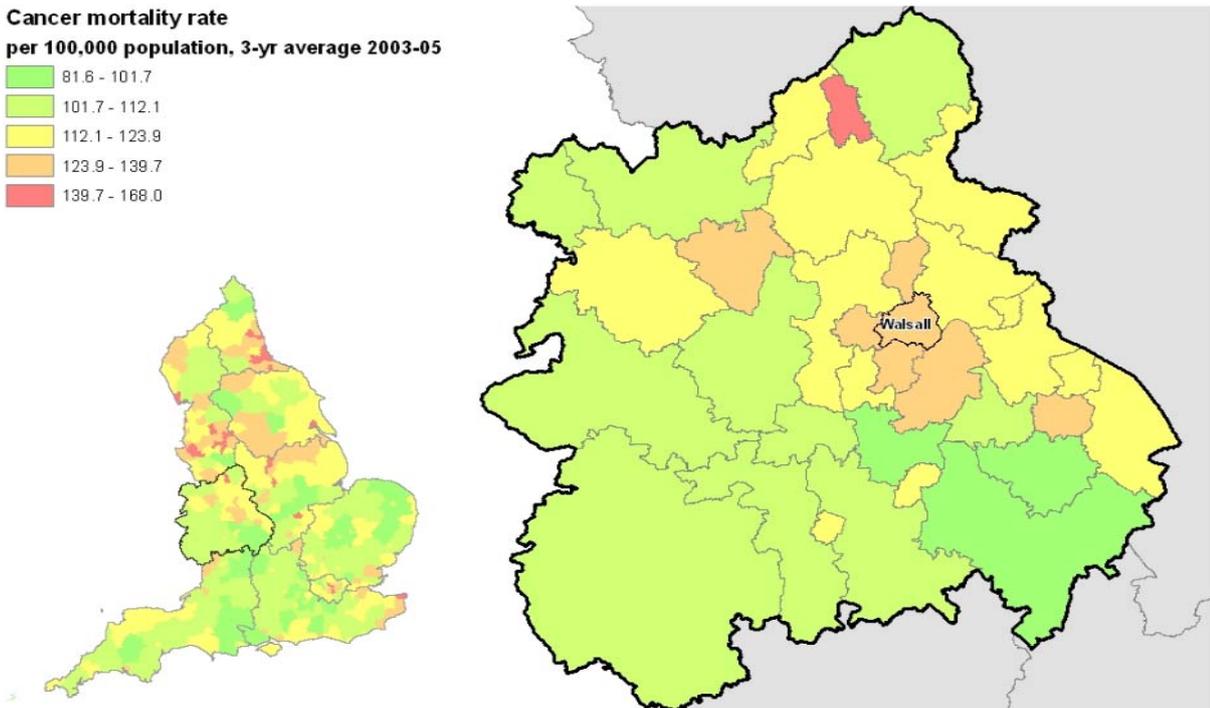
Cancer mortality rate per 100,000 population, 1996-98 to 2003-05

	1996-98	1997-99	1998-00	1999-01	2000-02	2001-03	2002-04	2003-05
Walsall	150.9	150.7	145.1	136.6	134.1	131.9	131.6	130.8
All NRF LAs	152.8	149.4	146.4	142.8	140.3	137.4	134.6	131.5
England	138.5	134.9	132.0	128.8	126.5	124.0	121.6	119.0



Cancer mortality rate
per 100,000 population, 3-yr average 2003-05

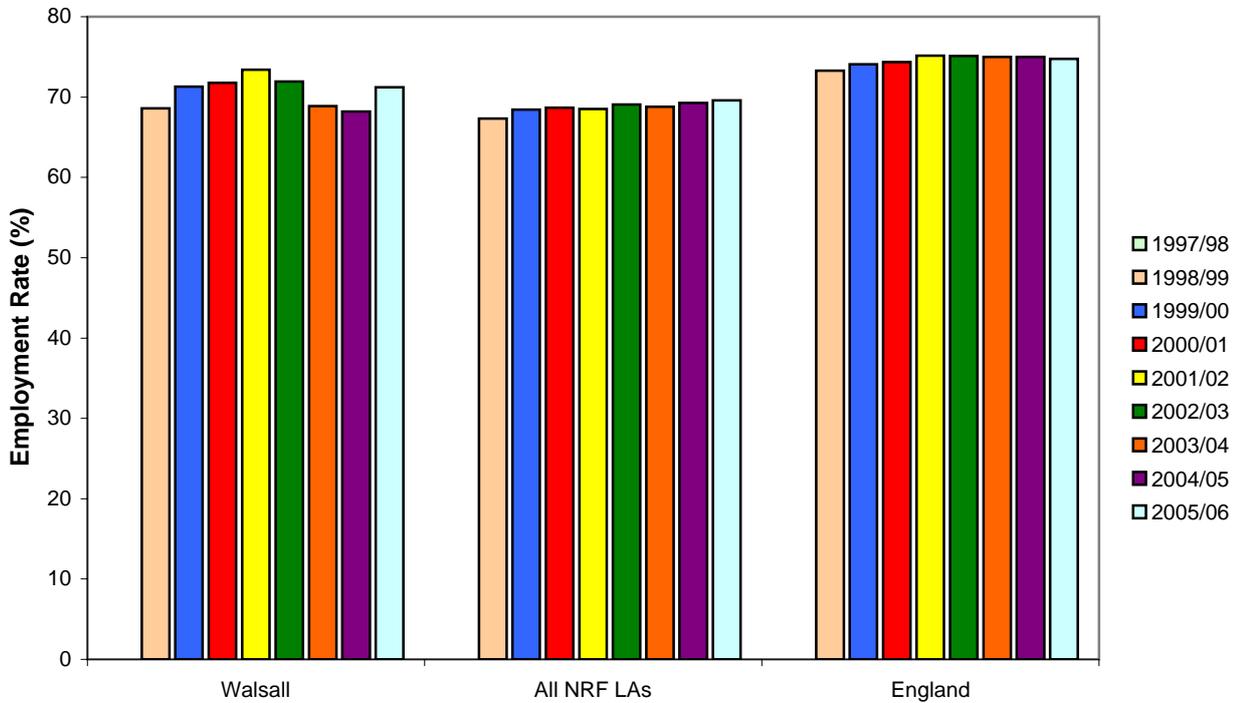
- 81.6 - 101.7
- 101.7 - 112.1
- 112.1 - 123.9
- 123.9 - 139.7
- 139.7 - 168.0



Worklessness - Annual Overall Employment Rate

Employment rate, 1997/98 to 2005/06

	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Walsall	0.0	68.6	71.3	71.8	73.4	72.0	68.9	68.2	71.2
All NRF LAs	0.0	67.3	68.4	68.7	68.5	69.1	68.8	69.3	69.6
England	0.0	73.3	74.1	74.4	75.2	75.1	75.0	75.0	74.8



Employment rate

% working age in employment, 2005/06

