



Meeting: Enterprise Board

Date: 10 December 2008

Report Title: Working Neighbourhoods Fund Consultation

Report of: Karen Galey (Head of Economic Regeneration)

Purpose

To inform the Enterprise Board about the current consultation on the allocation of the Working Neighbourhoods Fund.

Summary

Communities and Local Government (CLG) published a consultation document, 'The Working Neighbourhoods Fund (WNF) 2009-11: Revising the Third Criterion,' on 5 November about revising the criteria for allocating the Working Neighbourhoods Fund for 2009-2011.

The proposed revisions to the allocation criteria would result in Haringey receiving a small increase in its WNF allocation of £86,390 for 2009-2011, based on the figures in the consultation document.

The deadline for responding to the consultation is **9 January 2009**.

Recommendations

1. That the Enterprise Board notes this report.
2. That the Enterprise Board agrees that Haringey should support the revised methodology proposal.

Financial/Legal Comments

N/A

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1. Introduction

1.1 Communities and Local Government (CLG) published a consultation document, 'The Working Neighbourhoods Fund (WNF) 2009-11: Revising the Third Criterion,' on 5 November about revising the criteria for allocating the Working Neighbourhoods Fund between 2009-2011. The deadline for responding to the consultation is **9 January 2009**.

2. Current allocation criteria

2.1 The current WNF allocation criteria is set out below:

- A Local Authority (LA) with 20 per cent or more of their Lower Layer Super Output Areas (LSOAs) in the most deprived 10 per cent of LSOAs nationally on the employment domain of the Index of Multiple Deprivation (IMD 2007).
- A LA with 20 per cent or more of their LSOAs in the most deprived 10 per cent of LSOAs nationally on the overall IMD 2007.
- A LA that is ranked among the 40 areas with the highest combined benefit/non-employment rate.

2.2 A LA that meets at least one of these criteria would be eligible for WNF. Haringey met all three of these criteria.

2.3 LAs that were eligible for the 2007/08 round of Neighbourhood Renewal Fund (NRF) but not for WNF would receive: 60% of their 2007/08 NRF allocation in 2008/09; 40% of their 2008/09 WNF allocation in 2009/10; and no funding in 2010/11.

3. Revising the allocation criteria

3.1 The proposals in the consultation centre on the third allocation criterion and in particular, the benefits component. The benefits included in this component are Job Seekers Allowance, Incapacity Benefit and lone parents claiming Income Support. The original benefit claim rates were calculated using 2001 Census population figures.

3.2 When the benefit claim rates were originally calculated the population figures excluded people living in communal establishments. When the rates were recalculated to take into account the communal establishment population this resulted in two LAs, Camden and Westminster, becoming ineligible for WNF and therefore only eligible for transitional payments from 2008-2010. This process also resulted in Waltham Forest becoming an eligible authority. Under the Government's proposed revised allocation criteria, Camden and Westminster would receive 60 per cent of the 2008/09 WNF allocation in 2009/10 and 40 per cent of their 2009/10 WNF allocation in 2010/11.

3.3 In an attempt to make the third allocation criterion more equitable the Government is proposing the following:

- Updating the benefit claimant data so that data for February 2007 to November 2007 are used.
- Updating the employment data (from the Annual Population Survey) so that data for January 2007 to December 2007 are used.
- Replacing the 2001 Census population data with data from the 2007 mid-year population estimates.
- Raising the cut off point from 40 to 50 LAs. Keeping the cut off point at 40 would result in 59 LAs being eligible for WNF, while a cut off point of 50 would leave 65 LAs eligible for WNF.
- Retaining the 50:50 weighting attached to the benefits and employment data.

3.4 The Government has identified at least two LAs (Brent and West Somerset) as being adversely affected by these changes. It is proposed that these LAs are treated in the same way as Camden and Westminster so that they receive 60 per cent of their 2008/09 WNF allocation in 2009/10 and 40 per cent of their 2009/10 WNF allocation in 2010/11. The special transitional arrangements that the Government is proposing will not affect the overall WNF grant which is available in 2009/10 and 2010/11

3.5 For this consultation, views are sought on, but not restricted to, the following issues:

1. Revising the third criterion using the updated benefits, employment and population data.
2. Extending the cut-off point for eligibility from 40 to 50 LAs

4. Implications for Haringey

4.1 The financial implications for Haringey as a result of these proposals are set out below:

Original WNF 2009/10 allocation: £7,821,441
Revised WNF 2009/10 allocation: £7,844,413
Difference: £22,972

Original WNF 2010/11 allocation: £8,059,054
Revised WNF 2010/11 allocation: £8,122,472
Difference: £63,418

Total difference: £86,390

4.2 So, it can be seen that Haringey would benefit from a slight increase in its WNF allocations for 2009/10 and 2010/11. Therefore it would probably be advisable to support the revised methodology as any counter proposals could have a negative impact.

4.3 Under the revised methodology Haringey would continue to meet all three of the allocation criteria.

4.4 The revised methodology would result in Enfield becoming eligible for WNF and with Waltham Forest also now an eligible WNF authority this could create opportunities to strengthen existing partnership interventions such as the North London Pledge.