



DERBY CITY COUNCIL

**CORPORATE POLICY AND PERSONNEL,  
PERFORMANCE MANAGEMENT AND  
ECONOMIC DEVELOPMENT CABINET  
MEMBER'S MEETING  
11 JULY 2006**

**ITEM XX**

Report of the Corporate Director -  
Resources and Housing and Corporate  
Director - Children and Young People

**Local Area Agreement (LAA) Children and Young People's  
Block – Use of Underspend 2005/06**

**RECOMMENDATION**

- 1.1 To approve the use of £329,500 of the 2005/06 underspending, as detailed in Appendix 2.
- 1.2 To retain the remaining balance for use within the Sure Start General Programme, with particular reference to Children's Centres.

**REASONS FOR RECOMMENDATION**

- 2.1 LAA financial protocols for pooled funding require the approval by the relevant funded agency to the treatment of underspendings. A report will be taken to 1 August 2006 Council Cabinet on the use of the 2005/6 LAA underspendings.
- 2.2 Recommendations about the use of 2005/6 underspendings were made by the LAA Children and Young People's block Executive in April 2006.
- 2.3 As there is some uncertainty about their actual use, almost four months into the financial year after the partnership decisions, Council Cabinet member approval is sought here in advance of 1 August to avoid any further delays and keep faith with the partnership.

**SUPPORTING INFORMATION**

- 3.1 This report seeks approval for the use of underspendings from the 2005/06 financial year. Grant funding which is committed to the LAA is not ring-fenced to specific areas but is treated as a whole within the Children and Young People block.
- 3.2 The 2005-06 financial year was the first year of the Local Area Agreement, in which the Council, with its partner agencies in the city, committed itself to pooling funding to meet shared priorities. The Executive of the Children

and Young People's Partnership is the designated management group for the Children and Young People block of the LAA.

- 3.3 The LAA financial protocols, state that "the use of carried forward unspent LAA funding will be required to be approved by the funded agencies under their delegated powers as necessary" and "2005/06 underspending could be reallocated to other funded agencies within the LAA block, with the agreement of the underspending funded agency and the LAA block management body". There is therefore a shared decision making process and these are the Executive's recommendations to be considered by the Council Cabinet.
- 3.4 Approval is sought for the use of the underspendings as detailed in Appendix 2, set out in various categories.
- 3.5 The total underspend for 2005/06 is £526,000 out of a total LAA allocation for the Children and Young People block of £10.7 million. The total of use of underspendings proposed is £329,500 with the balance being earmarked for use within the Sure Start General Programme, with particular reference to Children's Centres.
- 3.6 This is clearly a complex matter, and the first time that flexibility in the use of the Children and Young People funds, as intended in the LAA, has been possible. In considering these bids there are a number of points to note.
- 3.7 It is, in fact, difficult to gauge the real scale of the underspend. Most of it arises from the Sure Start Grants, which when taken together, represent by far the largest proportion of the LAA Children and Young People funding streams. Of the £526,000, approximately £290,000 arises from the General Sure Start Grant (which includes Children's Centres) and £195,000 from Sure Start Local Programmes. Much of this arises because of slippage in the capital development programme for Children's Centres.
- 3.8 As well as the resulting costs that will have slipped into 2006/07, there is a very significant issue of sustainability in future years of Sure Start programmes, including the Neighbourhood Nurseries Initiative, which have been started with major allocations of funding, which now begin to taper off. Carrying forward this year may result in further underspending next year, but that has the potential to support shortfalls from 2007/08. This needs to be taken into account in allocating any current underspend, as these initiatives play a vital part in the Children and Young People's agenda and the LAA outcomes.
- 3.9 The proposals relate to indicators that are included in the LAA and therefore support planned activity. The fact that we have begun to exercise this flexibility is seen by GOEM as the early signs of the LAA being used as intended.

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Background papers:	None
List of appendices:	Appendix 1 – Implications Appendix 2 – proposed use of 2005/6 underspending

<b>IMPLICATIONS</b>
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**Financial**

1. As included in the report.

**Legal**

2. None

**Personnel**

3. None

**Equalities impact**

4. None

**Corporate priorities**

5. These recommendations are in line with the LAA Children and Young People's block executive recommendations, which accord with the Council's corporate priorities.