

REPORT TO: POLICY & RESOURCES COMMITTEE - 17 OCTOBER 2005

REPORT ON: THE SCOTTISH PARLIAMENT FINANCE COMMITTEE - CROSS-CUTTING EXPENDITURE REVIEW ON DEPRIVATION

REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE) AND DIRECTOR OF LEISURE & COMMUNITIES

REPORT NO: 585-2005

1 PURPOSE OF REPORT

- 1.1 To suggest an appropriate response by the Council to the invitation from the Scottish Parliament Finance Committee to provide written evidence to inform their cross-cutting expenditure review on deprivation.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Committee endorses the suggested Council response as outlined in Appendix 1 and agrees that this be forwarded to the Scottish Parliament Finance Committee as representing the Council's views on these issues.

3 FINANCIAL IMPLICATIONS

- 3.1 There are no direct financial implications associated with this report. Elected Members will be aware, however, that the City Council has consistently lobbied the Scottish Executive in an attempt to secure additional funding to help tackle the serious and wide-scale problems caused by the relatively high levels of deprivation in Dundee.

4 SUSTAINABILITY IMPLICATIONS

- 4.1 Deprivation funding is aimed at addressing local area and individuals needs and, as such, there is a close relationship with various Agenda 21 targets.

5 EQUAL OPPORTUNITIES IMPLICATIONS

- 5.1 Deprivation funding is aimed at assisting the most disadvantaged areas and individuals within the community and, as such, is intended to have the effect of equalling opportunities.

6 BACKGROUND

- 6.1 In a letter dated 18 July 2005, the Council was invited to give written evidence to the Scottish Parliament Finance Committee to assist their cross-cutting expenditure review on deprivation. The broad result of this review is:

"To review Executive spending on deprivation, and to assess the efficiency and effectiveness of such expenditure and its coherence and consistency as a cross-cutting issue, and to make recommendations, where necessary, to improve Executive performance."

- 6.2 The invitation to submit written evidence takes the form of eight specific questions and these questions, along with the Council's suggested responses, are included at Appendix 1. The review focuses on spending directed at areas of multiple deprivation, but acknowledges that deprivation also affects individuals generally and that several funding streams are allocated on the basis of individual circumstances. For completeness, the Council has also been asked to provide details of funding targeted at deprivation that is distributed to individuals generally and this is shown separately in the response to the first question in Appendix 1. (Note: the funding streams shown under the "area deprivation" heading are in accordance with a list previously prepared by the Scottish Executive).
- 6.3 Elected Members will be aware that the City Council has consistently lobbied the Scottish Executive in an attempt to secure additional funding to help tackle the serious and wide-scale problems caused by the relatively high levels of deprivation in Dundee. This review offers an opportunity to the City Council to again highlight important issues in relation to deprivation.

7 **CONSULTATIONS**

- 7.1 All other Chief Officers of the Council have been consulted on the terms of this report, given that deprivation is a key issue that cuts across all Council services and activity.

8 **BACKGROUND PAPERS**

- 8.1 The following background papers were used in preparing this report:

Report FI/S2/05/16/4 by Richard Rollison (Branch Head, Regeneration Unit, Scottish Executive) to Scottish Parliament Finance Committee on 14 June 2005.

Letter dated 18 July 2005 from Des McNulty MSP, Convener of the Scottish Parliament Finance Committee.

DAVID K DORWARD
DEPUTE CHIEF EXECUTIVE (FINANCE)

STEWART MURDOCH
DIRECTOR OF LEISURE & COMMUNITIES

29 SEPTEMBER 2005

**THE SCOTTISH PARLIAMENT FINANCE COMMITTEE -
CROSS CUTTING EXPENDITURE REVIEW ON DEPRIVATION**

RESPONSE FROM DUNDEE CITY COUNCIL TO QUESTIONNAIRE ISSUED JULY 2005

1 *How much funding targeted at area deprivation, for what specific purpose(s), allocated by what method(s), do you receive from the Scottish Executive?*

For the next three financial years, Dundee City Council is expecting to receive the following funding for area deprivation:

	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>
Community Regeneration Fund	5,775	5,665	5,927
Community Voices Programme	240	192	144
Working for Families Fund	1,000	1,000	1,000
Supporting People	12,060	12,088	12,298
Housing Estate Regeneration Fund		Awaiting Outcome of Bid	
Tackling Anti-Social Behaviour	1,870	2,210	2,374
Changing Children's Services Fund	<u>2,240</u>	<u>2,240</u>	<u>2,240</u>
	<u>23,185</u>	<u>23,395</u>	<u>23,983</u>

In addition, the following funding streams are also related to tackling deprivation generally:

	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>
Financial Inclusion Fund	-	450	450
School Meals GAE	1,902	1,591	1,617
School Hostels & Clothing GAE	798	756	765
Education Deprivation GAE	1,654	1,592	1,626
Surestart GAE	1,794	1,773	1,866
National Priorities Action Fund GAE	4,992	4,946	5,052
Homelessness GAE	93	88	88
Homelessness Task Force	487	499	512
Furniture Grants	54	54	54
Enhanced Debt Advice Services GAE	124	122	122
Money Advice GAE	<u>62</u>	<u>62</u>	<u>62</u>
	<u>11,960</u>	<u>11,933</u>	<u>12,214</u>

Note: The Council also receives European and Lottery Funding, some of which is used to tackle deprivation issues.

2 *Have you any comments on central allocation mechanisms, eg are there variations by Department?*

Ensuring compliance with the central allocation mechanisms is very costly particularly in terms of staff time. Any variations there are in allocation mechanisms between departments only adds to the cost. Within every Council there is expert knowledge of the local area and the problems that exist in relation to deprivation. However well-intended and well-researched a central allocation mechanism may be, it is surely no substitute for one based on local knowledge. An approach which allowed individual authorities to make their own decisions on the allocation of funding may lead to many different allocation mechanisms, but they would be tailored to particular needs and therefore, arguably, be more effective.

3 ***What internal arrangements do you have in place for allocating funding to address multiple deprivation?***

Dundee City Council has many areas with high levels of deprivation. The small geographic size of the Council's area means that deprivation is also widespread. As a result of this, deprivation is an issue that is dealt with almost as a matter of course when preparing annual budgets. All departments of the Council (and in particular Education, Social Work, Communities, Leisure & Arts and Housing) routinely consider the measures required to address the many issues that deprivation creates. Since its inception in 1996, the Council has always allocated resources to its services, and therefore ultimately to its population, on the basis of need. This basis of need is also continuously reassessed.

As well as an inbuilt recognition of deprivation throughout all Council services and activity, there are also some areas where money is directed to specific areas of deprivation. Hypothecated budgets received from Government and other external sources are allocated on specific bases. This is usually done to ensure compliance with the hypothecation conditions. The most significant example of this is the allocation of Community Regeneration Funding.

The arrangements for the allocation of Community Regeneration Funding have been the subject of extensive debate between the Council and its community planning partners.

In summary, key decisions are based on:

- Dundee City Council acting as the accountable body reporting to the Dundee Partnership.
- The overall responsibility for decisions on the allocation of the Community Regeneration Fund being taken formally by the Dundee Partnership Management Group.
- Recommendations on allocations taken by local Community Regeneration Forums utilising devolved budgets.

4 ***The Scottish Index of Multiple Deprivation can be used to target funds to deprived areas. Do you use this index and if so, do you find it a useful tool? If not, what do you use instead and why?***

The Scottish Index of Multiple Deprivation is used within the Council to assist in the direction of resources. It is widely recognised as a good measure of deprivation and therefore provides a fair allocation basis. Just as importantly, it also provides a defensible method of allocation.

The Scottish Index of Multiple Deprivation is, however, an area-based measure of deprivation. Dundee City Council recognises the need to respond to deprivation on a geographic basis, but also recognises that there is a need to respond to individuals suffering from deprivation outwith these areas. The distinction between area deprivation and individual deprivation is much less obvious in Dundee where there are high overall levels of deprivation in a small geographic area.

5 ***What are the advantages and disadvantages of partnership funding and working in tackling area deprivation? What are the most effective funding models?***

There are many advantages in partnership funding and working and, on balance, these probably outweigh the disadvantages. The main advantages are:

- a The parties are bound together in pursuit of a common aim.

- b There will be a joint strategic approach to the common aim, rather than a number of different approaches with potential for duplication.
- c All parties share responsibility for the outcomes of the partnership initiatives, thereby ensuring commitment to success.

Given these advantages there is a belief in Dundee that partnership working definitely makes things happen that would otherwise have not.

The disadvantage of partnership working is that often the local authority is left to "pick up the tab" at the end of the period of partnership working. This is not necessarily related to the failure of the partnership itself but due to the short term nature of the funds available to it.

The model of partnership working used in Dundee is for the local authority to take the role as grant recipient. Other Councils have used different models and in some cases have set up separate organisations to act as grant recipient. These separate organisations involve the establishment of new managerial and administrative structures with obvious cost implications. The view in Dundee is that the necessary structures exist within the Council and therefore no unnecessary additional costs need be incurred.

6 *What are the key financial barriers to tackling area deprivation, and what action have you taken successfully to overcome them?*

The most obvious financial barrier to tackling area deprivation is the overall lack of financial resources. In Dundee City Council there is little or no scope to address deprivation adequately given the already-high Council Tax level. The high level of Council Tax within Dundee is, in itself, partly a result of the Council's work to address the problems caused by deprivation. Within the constraints of the Council Tax some of the symptoms of deprivation have been tackled, but unfortunately few of the causes. The financial barriers to tackling area deprivation cannot be overcome in Dundee given our current financial settlements and the Council has consistently lobbied the Scottish Executive on this issue. A particular area of current under-funding is in Children's Services within Social Work. The falling school rolls in Dundee will not be matched by a reduction in demand for these services and there will continue to be a high dependency on such services due to poverty and deprivation. Another issue worthy of note is the withdrawal of Better Neighbourhood Services Funding from disadvantaged areas. The replacement Community Regeneration Funding will not be of the same scale in these areas and the local communities will see this as a reduction.

Hypothecated grant funding can mitigate the effects of deprivation, but money given only for the short term will produce only short term results which are not sustainable after the fixed period.

7 *How do you ensure that people most affected can effectively be involved in funding decisions?*

The Council has made a commitment to the establishment of area based Community Regeneration Forums covering those parts of the city which are eligible for additional funding as a result of the Scottish Index of Multiple Deprivation. These areas have been clustered into five Community Regeneration Forums.

Each Forum is supported by a seconded Council Officer and a community worker funded from the Community Regeneration Fund. In addition, European and other monies are accessed to build community capacity and to ensure that community representatives on the Forum and living in the wider area are able to take part in this process.

In addition to the Forums (which are elected annually), the Council supports community meetings and consultation events within each area to enable community representatives to inform the decision-making process.

Outwith the eligible geographic areas, the Council has worked with its community planning partners to put in place other mechanisms for consulting thematically with minority groups, who would be affected by deprivation, for example, the Equalities Partnership, Voluntary Sector Liaison Group and the Xplore Social Inclusion Partnership etc.

8 *Any other comments on area-based funding to address deprivation.*

The use of area-based funding to address deprivation will obviously be beneficial to an extent, but it should not be used to the complete exclusion of funding aimed at individual needs due to deprivation. Deprivation is widespread in Dundee due to its small geographic area. Dundee, as an urban centre, also "imports" deprivation from neighbouring authorities. As an example, of the people using the Corner Drop-In Centre in Dundee (which provides confidential health and social advice), 20% are from areas outwith the city boundaries.

For all these reasons, in Dundee, area-based funding will not necessarily respond fully to the true costs of deprivation and greater account should therefore be taken of levels of deprivation in the distribution of mainstream resources to local authorities.