

February 2008

Working Neighbourhoods Fund allocations

1. Identifying Upfront and Transitional Local Authorities

Eligible authorities are those that meet at least one of the following criteria:

- 20 per cent or more of their LSOAs in the most deprived national decile on the IMD 2007; or
- 20 per cent or more of their LSOAs in the most deprived national decile on the Employment Domain 2007; or
- Any authority that is ranked in the top 40 districts on an equally weighted measure of key benefit claim rate and employment rate.

2. Transitional authorities

Authorities currently receiving NRF but which do not meet any of the criteria identified in **1** are allocated 60 per cent of their 2007/08 allocation in 2008/09 and 40 per cent of their 2008/09 allocation in 2009/10.

3. Allocation for 2008/09 (Year 1)

- WNF eligible local authorities are set a minimum allocation of 60 per cent of their 2007/08 NRF allocation.
- The remainder of the pot is distributed to the WNF authorities on the basis of the working age population living those LSOAs falling within the most deprived national decile on the Employment Domain 2007. Each council received a standard amount per head of population.
- If any WNF local authority's allocation results in a loss of more than £5 million compared to their 2007/08 NRF allocation, the LA's 2008/09

allocation is fixed at a figure of £5 million below the 2007/08 allocation. This affects only Newham.

- Go through the steps again ensuring that transitional local authorities are fixed at 60 per cent, guarantee every upfront LA gets at least 60 per cent and fix Newham's allocation.
- The remainder of the pot is then calculated and distributed to upfront authorities that have not already been fixed on the basis of the population weight variable. This is the working age population living in the 10 per cent most deprived LSOAs on the Employment domain in the particular authority divided by the total working age population living in the 10 per cent most deprived LSOAs in all upfront LAs.
- Check whether any upfront LA is allocated less than £1m in 2008/09. If so, fix the LA allocation for 2008/09 at £1m. This step fixes Copeland, Blyth Valley and West Somerset.
- Calculate how much has been allocated by fixing the transitionals, guaranteeing the upfront LAs, fixing any LAs with losses of over £5 million and fixing any LAs allocated less than £1 million. Calculate the remainder of the pot.
- Distribute the remainder of the pot amongst the upfront LAs, but excluding any LAs fixed in previous steps, using the population weight variable.

4. Allocation for 2009/10 (Year 2)

Follow the same process as in 2008/09 but this time fix transitionals at 40 per cent of 2008/09 allocation.

5. Allocation for 2010/11 (Year 3)

Same process but do not allocate any funds to transitional authorities.