

WIRRAL COUNCIL

CABINET

24 JUNE 2010

REPORT OF THE DIRECTOR OF FINANCE

REDUCTION IN GRANTS TO LOCAL GOVERNMENT 2010/11

1. EXECUTIVE SUMMARY

- 1.1 This report provides details of the Government announcement on 10 June 2010 to reduce grants to local government and the implications for Wirral Council.

2. BACKGROUND

- 2.1 The Government announced on 24 May 2010 that local government would make a £1.165 billion contribution towards the overall Government savings of £6.2 billion in 2010/11. The Department for Communities and Local Government (DCLG) on 10 June 2010 issued a document called 'Reduction in Grants to Local Government'. This provided the detail of the local government share of the savings which, at this stage, have still to be confirmed as the DCLG has asked for responses on any errors by 24 June 2010.
- 2.2 The Government, in considering the various grants and funding available, has
- a) given priority to protecting the funding for schools, for Surestart and for 16-19 year olds.
 - b) not reduced funding in the specific grants and / or funding streams for social care, housing benefit administration or main programme funding for Supporting People.
 - c) removed the ring-fence on a range of specific grants to give Councils extra flexibility about where to make savings. Capital funding can only be used on capital expenditure.
 - d) not revised the main Formula Grant to ensure that frontline services can be protected.

- 2.3 In summary the headline is that no Authority will see a reduction of greater than 2% in 2010/11 and for Wirral the reduction is 0.9% being a reduction of £3,927,000 on the allocation of £421,271,000.

GRANT	ALLOCATION	REDUCTION
	£000	£000
Dedicated Schools Grant	194,988	Nil
SureStart Grant	8,413	Nil
Schools Development Grant	16,643	Nil
Social Care Reform Grant	1,870	Nil
Formula Grant	157,860	Nil
Area Based Grant	41,497	3,927
Total	421,271	3,927

3. GRANT REDUCTIONS FOR WIRRAL 2010/11

- 3.1 Within the DCLG document are details of the reductions applied by each Department. Not all of these impact upon Wirral and those that do are:-

3.1.1 Department for Education

There is a 24% reduction in the total amount available to local authorities through Area Based Grant. This has not been analysed further by the Department but it is for authorities to manage this reduction.

3.1.2 Department for Transport

The main reduction is within the Integrated Transport Block (25%) whilst Wirral also benefits from the Primary Route Network (PRN) funding which has been reduced by 20%.

3.1.3 Department for Communities and Local Government

The Housing Market Renewal programme grant is to be reduced nationally by £50 million but how this saving is to be delivered is to be the subject of discussion with the Pathfinder areas. The DCLG is proposing a pro-rata cut and the £50 million equates to a 17% reduction on the original programme. Housing and Planning Delivery grant has been abolished. Whilst Wirral has received this grant in previous years there is no specific budget. It has been a 'windfall' receipt.

Local Area Agreement Reward Grant is now 50% of what was originally proposed. Wirral will not receive any payment in 2010/11. In total the grant was £8 million split across 2009/10 and 2010/11 which was then allocated between the Council and its partners (based on delivery of the targets) and split between capital and revenue. The Council revenue budget assumed the receipt of £1.4 million in 2010/11. In terms of the element for capital this was to be treated similar to a capital receipt.

There will be no further payments relating to the Local Authority Business Growth Incentive scheme for which Wirral has budgeted for £0.2 million in 2010/11.

Within Area Based Grant the Government has retained the funding for the Supporting People programme but removed the funding for the administration of the programme. There has been a 10% reduction in the Working Neighbourhood Fund, as there has only been limited evidence that this Fund has been effective, and a pro-rata reduction of 23.5% in the allocations for cohesion.

- 3.2 The reductions detailed in section 3.1 are a combination of capital and revenue grants for which the impact upon Wirral in 2010/11 is:-

3.2.1 REVENUE REDUCTIONS DEPARTMENT £000

AREA BASED GRANT

Education general reduction	Children's	2,643
Supporting People administration	Regeneration	216
Working Neighbourhood Fund	Regeneration	1,017
Cohesion	Corporate	18
Home Office	Regeneration	33

GENERAL GRANTS – REVENUE ELEMENT

Local Authority Business Growth Grant	Budgeted	200
Local Area Agreement Reward Grant	Budgeted	1,400

REVENUE GRANT REDUCTIONS 2010/11 5,527

3.2.2 CAPITAL REDUCTIONS DEPARTMENT £000

Integrated Transport Block	Technical	790
PRN Network	Technical	220
Housing Market Renewal	Regeneration	est 1,500
Local Area Agreement Reward Grant	General receipt	1,400

CAPITAL GRANT REDUCTIONS 2010/11 3,910

- 3.2.3 Under the Housing Programme it has been announced that there are reductions in the funding available that has not yet been allocated to authorities. This includes the National Affordable Housing Programme and Kickstart schemes which will not now be supported.

- 3.2.4 At the time of preparing the Council Budget 2010/11 Government plans included for the implementation of Personal Care at Home during 2010. This was to be partially funded by an allocation within the Area Based Grant with Wirral forecast to receive £1.6 million to meet the £2.6 million potential costs in 2010/11. The implementation will not be during this financial year and no grant funding has been made available.

4. SPECIFIC GRANTS WHICH ARE NOW GENERAL GRANTS

- 4.1 In order to offer Councils greater flexibility a number of Specific Grants, which could only be spent for the purposes specified, have been re-classed as General Grants. There remains the restriction in respect of capital grants in that they must be used to meet properly defined capital expenditure. Those that affect Wirral are shown in the table.

GRANT	DEPARTMENT	ALLOCATION
		£000
REVENUE		
Youth Opportunity Fund	Children's Services	424
Think Family Grant	Children's Services	609
Challenge & Support Funding	Children's services	75
Stroke Strategy	Adult Services	105
Aids Support	Adult Services	48
CAPITAL		
Housing Market Renewal	Regeneration	9,110

5. FINANCIAL IMPLICATIONS

- 5.1 The reductions in revenue grants in 2010/11 comprise:-

- 5.1.1 Area Based Grant £3,937,000

In accordance with the decision of Cabinet on 14 January 2010 this general grant was allocated to Departments based upon the indicative apportionments by the Government. The Area Based Grant allocations and the reductions are shown in the Appendix.

- 5.1.2 Local Area Agreement Reward Grant and Local Authority Business Growth Incentive Grant £1,600,000

Both of these grants were treated as general income in the Council Budget 2010/11 and the loss of income will have to be met from the General Balance.

- 5.2 The reductions in capital grants in 2010/11 comprise:-

- 5.2.1 Technical Services £1,010,000

This represents a reduction in resources available to fund the capital programme which would have to be accommodated by reducing the programme or increasing borrowing, and revenue costs, to maintain the planned programme.

5.2.2 Housing Market Renewal £1,500,000 estimated
At this stage the figures are indicative but will require the same consideration as for the reduction in Technical Services ie a reduced programme or increased Council borrowing and resultant revenue costs to maintain the planned programme.

5.2.3 Local Area Agreement Reward Grant £1,400,000
The capital element of this grant was to have been treated as a capital receipt which could be used to support the capital programme but not any specific scheme or project. The receipts are only used after they have been received and so represent 'income not received' rather than 'income lost'.

6. STAFFING IMPLICATIONS

6.1 These are none arising directly from this report.

7. EQUAL OPPORTUNITIES IMPLICATIONS

7.1 There are none arising directly from this report.

8. COMMUNITY SAFETY IMPLICATIONS

8.1 There are none arising directly from this report.

9. LOCAL AGENDA 21 IMPLICATIONS

9.1 There are none arising directly from this report.

10. PLANNING IMPLICATIONS

10.1 There are none arising directly from this report.

11. ANTI-POVERTY IMPLICATIONS

11.1 There are none arising directly from this report.

12. SOCIAL INCLUSION IMPLICATIONS

12.1 There are none arising directly from this report.

13. LOCAL MEMBER SUPPORT IMPLICATIONS

13.1 This report could have implications for all Members and Wards.

14. BACKGROUND PAPERS

14.1 Reduction in Grants to Local Government – letter from the Department for Communities and Local Government dated 10 June 2010.

15. RECOMMENDATIONS

- 15.1 That the reduction in Local Area Agreement Grant and Local Authority Business Growth Incentive Grant be met from the general balance.
- 15.2 That the Capital Programmes for Technical Services and Regeneration be reduced by the loss of capital grant and the Directors report to Cabinet in July on the revised programmes. In the case of Regeneration this will be by the grant reduction when it is formally confirmed.
- 15.3. That the use of the Area Based Grant be assessed against the contribution to delivery of the priorities in the Corporate Plan and against the outcomes achieved by the expenditure.
- 15.4. That the outcome of this assessment, to be conducted by the Deputy Chief Executive, be reported to the next meeting of the Cabinet.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/109

APPENDIX

WIRRAL COUNCIL AREA BASED GRANT ALLOCATIONS 2010/11

Grant	Council Dept	Govt Dept	2010-11 Apr-10 £000	2010-11 Jun-10 £000
14 - 19 Flexible Funding Pot	CYP	DfE	97	
Care Matters White Paper	CYP	DfE	496	
Carers	CYP	DH	397	
Child and Adolescent Mental Health Services	CYP	DH	748	
Child Death Review Process	CYP	DfE	56	
Children's Social Care Workforce (formerly HRDS and NTS)	CYP	DfE	133	
Children's Fund	CYP	DfE	1,241	
Children's Trust Fund	CYP	DfE	17	
Choice Advisers	Schools	DfE	52	
Connexions	CYP	DfE	3,299	
Designated Teacher Funding	CYP	DfE	20	
Education Health Partnerships	CYP	DfE	108	
Extended Rights to Free Transport	CYP	DfE	152	
Extended Schools Start up Costs	CYP	DfE	500	
Positive Activities for Young People	CYP	DfE	756	
Secondary National Strategy - Behaviour and Attendance	Schools	DfE	68	
Secondary National Strategy - Central Co-ordination	CYP	DfE	196	
Primary National Strategy -Central Co-ordination	CYP	DfE	185	
School Development Grant (LA element)	CYP	DfE	2,343	
School Development Grant (LA element)	Schools	DfE	373	
School Improvement Partners	CYP	DfE	143	
School Intervention Grant	CYP	DfE	90	
School Travel Advisers	CYP	DfE	39	
Sustainable Travel General Duty	CYP	DfE	25	
Teenage Pregnancy	CYP	DfE	185	
Young People Substance Misuse	CYP	DfE	46	
Young People Substance Misuse Partnership	CYP	HO	104	
January Guarantee	CYP	DfE	54	
LSC Staff Transfer: Special Purpose Grant	CYP	DfE	316	
			12,239	
Reduction in DfE grant allocations of 24% not analysed by the Department giving authorities the decision where to make the reductions				-2,643
Adult Social Care Workforce (formerly HRDS and NTS)	Adults	DH	1,104	
Carers	Adults	DH	1,585	
Learning Disability Development Fund	Adults	DH	358	
Local Involvement Networks	Adults	DH	199	
Mental Capacity Act and Independent Advocate Service	Adults	DH	230	
Mental Health	Adults	DH	1,261	
Preserved Rights	Adults	DH	2,448	
Supporting People Administration	Regen	DCLG	216	-216
Supporting People	Regen	DCLG	10,341	
Working Neighbourhood Fund (ex NRF)	Regen	DCLG	10,345	-1,017

Stronger Safer Communities Fund	Regen	HO	296	-33
Stronger Safer Communities Fund	CYP	HO	22	
Stronger Safer Communities Fund	Regen	DCLG	350	
Youth Taskforce/Respect	Regen	DfE	40	
De-trunking	Tech	DfT	297	
Economic Assessment Duty	Corp	DCLG	65	
Climate Change	Corp	DCLG	24	
Community Call For Action	Law	DCLG	2	
Cohesion	Corp	DCLG	75	-18
Reductions identified by the Government Departments against the particular lines within the Area Based Grant				-1,284
TOTAL AREA BASED GRANT			41,497	
TOTAL REDUCTIONS IN AREA BASED GRANT PER THE GOVERNMENT DOCUMENT OF 10 JUNE 2010				-3,927