

WIRRAL COUNCIL

CABINET

2 JUNE 2011

SUBJECT	GOVERNMENT GRANTS 2011-12
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	FINANCE AND BEST VALUE
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report provides an update on Government Grants received since the Budget 2011/12 was agreed by Council on 1 March 2011.

2.0 RECOMMENDATIONS

- 2.1 That the Technical Services budget 2011/12 be varied by increasing expenditure on highways maintenance by £625,900 with this matched by income from the Road Maintenance Resource Grant.
- 2.2 That the New Homes Bonus general grant for 2011/12 be added to balances. The Interim Director of Corporate Services will bring a report to the next Cabinet on potential uses for this resource.
- 2.3 That the Local Services Support General Grant for 2011/12 be added to balances and the budgets be increased for 2011/12 for Technical Services, by £123,000 for priority local flood measures; for Corporate Services by £350,000 to re-instate the Neighbourhood Management arrangement in Tranmere and for Children & Young People by £200,000 to support home to school transport costs.
- 2.4 That the receipt of the Council Tax Freeze Grant 2011/12 of £3,285,900 be noted.

3.0 REASONS FOR RECOMMENDATIONS

- 3.1 Once the Council Budget has been agreed any variations to the approved expenditure, and the receipt of additional income, are required to be reported to Cabinet. Any variations to the agreed Budget have to be approved by Council under the Council Constitution.

4.0 BACKGROUND AND KEY ISSUES

- 4.1 The Government has agreed to a series of payments to local authorities through the grant-making powers under Section 31 of the Local Government Act 2003.

ROAD MAINTENANCE RESOURCE

- 4.2 The Chancellor' of the Exchequer announced in the Budget on 23 March 2011 that, as a result of savings in the Department for Transport (DfT) budget for 2010/11, the funding available for extra road maintenance caused by the severe winter weather had been increased from £100 million to £200 million.
- 4.3 Wirral was notified on 24 March 2011 that the grant awarded to this Authority was £625,931. This is a new specific grant with conditions on its use:-
- a) It may be used only for additional road maintenance expenditure.
 - b) The Authority must publish a note on its web-site by 30 September 2011, copied to the DfT, setting out how the grant has been spent; the original budget for highway maintenance and how this additional funding has complemented the wider highway maintenance spend.
- 4.4 The 2011/12 budget for highways maintenance is to be amended to reflect the increased spend and income. The Director of Technical Services is to prepare a programme of works and ensure compliance with the grant conditions.

NEW HOMES BONUS GRANT

- 4.5 The New Homes Bonus is a means of ensuring that the economic benefits of housing growth are more visible to local authorities and communities. The grant allocated is based upon each unit of housing stock in the council area that is brought back into use and the Government has stated that the Council will receive match funding for each of the next six years.
- 4.6 The Government has set aside £200 million for 2011/12 and £250 million for each of the next three years. The allocations for 2011/12 were announced on 4 April 2011 and Wirral will receive £260,019.
- 4.7 When setting the Budget 2011/12 this grant had not been announced and so the £260,019 represents additional income. As a general grant there are no conditions attached to the use of the grant. The Minister for Housing and Local Government expects local authorities to discuss with local communities how to spend this allocation.
- 4.8 The Interim Director of Corporate Services is to bring a report to the next Cabinet on potential uses for this additional resource.

LOCAL SERVICES SUPPORT GRANT

- 4.9 In order to further stream-line grant funding some areas of funding from four departments: Department for Communities and Local Government, Department for Education, Department for the Environment, Food and Rural Affairs and the Home Office, have been combined in a Local Services Support grant.

- 4.10 Of the total available of £309 million Wirral was formally notified on 1 April 2011 of an allocation of £1,223,000 for 2011/12. This was higher than the earlier notifications as it includes Neighbourhood Management and Extended Rights to Free Travel:-

Area of activity	£000	Comments
Preventing Homelessness	221	Corporate Services budget includes this spend.
Community Safety	311	Law, HR AMgt budget includes this spend.
Local Flood	123	Technical Services budget needs to be increased.
Inshore Fisheries	17	Law, HR AMgt budget includes the spend for the Sea Fisheries Committee.
Neighbourhood Management	350	Grant ceased March 2011. As re-instated potential to increase Corporate Services budget and pass to Tranmere Together.
Extended Rights to Free Travel	200	Children & Young People budget reduced for 2011/12 and so re-instate in part.

- 4.11 When setting the Budget 2011/12 some of the grants, amounting to £0.7 million, had not been announced or clarity was awaited over the purposes specified. As a general grant there are no conditions attached to the use of the grant although Cabinet may wish to:-
- Within the Technical Services Department budget include £123,000 for 2011/12 for priority local flood measures. The Director of Technical Services reported to Cabinet on 17 March 2011 on Wirral flood and water management and the lead role of the Authority in the strategic management of local flood risk.
 - Re-instate the Neighbourhood Management arrangement whereby the budget for Corporate Services Department is increased and a payment of £350,000 is allocated to the Tranmere Together Partnership for 2011/12.
 - Increase the extended rights to free travel budget within Children & Young People Department by £200,000. Funding will support home to school transport costs for pupils in low income family groups, fund specific arrangements re former Rock Ferry High pupils attending the University Academy and also help to contain some significant cost pressures within Home to School Transport.

COUNCIL TAX FREEZE GRANT

- 4.12 The Government Spending Review announced that local authorities which voluntarily froze or reduced their Council Tax in 2011/12 would qualify to receive additional grant equivalent to a 2.5% increase in their Band D Council Tax. A total of £650 million was set-aside to fund this initiative.

- 4.13 The Government intends to provide this supplementary funding to each local authority in subsequent years of the spending review to compensate for the Council Tax income foregone in 2011/12.
- 4.14 All eligible local authorities froze or reduced Council Tax in 2011/12 and it was announced on 13 April 2011 that Wirral will receive £3,285,850 in the form of a general grant with no conditions attached which is the amount included within the agreed Council Budget 2011/12.

5.0 RELEVANT RISKS

- 5.1 The confirmation of the award of the Government Grants for 2011/12 either supports the resources already allocated within the Council Budget for 2011/12 or provides additional resources for 2011/12.

6.0 OTHER OPTIONS CONSIDERED

- 6.1 In terms of the use of Government Grants those that are Specific Grants can only be spent in accordance with the conditions attached to the award of the grant. General grants are available to support Council spending and it is for the Council to determine the use of such grants.

7.0 CONSULTATION

- 7.1 The Wirral's Future : Be a part of it consultation was used in the setting of the Council Corporate Plan and Budget for 2011/12.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 8.1 If Cabinet agree to the allocation of grant resources for Neighbourhood Management this will support the Tranmere project.

9.0 RESOURCE IMPLICATIONS

FINANCIAL

- 9.1 Government Grants received since setting the Budget for 2011/12.
- a) Road Maintenance Resource funding is a new specific grant of £625,900 which must be used for the purpose specified..
 - b) New Homes Bonus is a new general grant of £260,000 for 2011/12 for which no spend has yet been identified.
 - c) Local Authorities Support Services grant is now a general grant of £1,223,000 for 2011/12 bringing together a number of previously separate grants Of this sum £673,000 is 'additional' resource which Cabinet is asked to consider utilising.
 - d) Council Tax Freeze grant is a general grant of £3,285,900 which was included within the Council Budget 2011/12.

STAFFING

- 9.2 There are none arising directly from this report.

10.0 LEGAL IMPLICATIONS

10.1 There are none arising directly from this report.

11.0 EQUALITIES IMPLICATIONS

11.1 There are no implications at this stage. The Local Services Support Grant includes resources to support preventing homelessness and for extended rights to free travel.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are no direct implications arising from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are no direct planning implications. The Local Services Support Grant includes resources for community safety for which a budgetary allocation has been agreed within Law, Human Resources and Asset Management.

FNCE/93/11

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REFERENCE MATERIAL

Department for Transport : Local Road Maintenance Resource Funding (Repair of damage caused by severe winter weather 2010/11) Specific Grant Determination 2011 (31/1889).

Department for Communities and Local Government : The New Homes Bonus Scheme Grant Determination 2011/12 (31/1877); The Local Authorities Local Services Support Grant Determination 2011 (31/1893) and Council Tax Freeze Grant Determination 2011 (31/1873).

SUBJECT HISTORY

Council Meeting	Date
Cabinet - Council Budget 2011-12	21 February 2011