

WIRRAL COUNCIL

CABINET

4 FEBRUARY 2010

REPORT OF THE DIRECTOR OF FINANCE

FINAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2010-11

1. EXECUTIVE SUMMARY

1.1 The Final Local Government Finance Settlement for 2010/11 was announced on 20 January 2010. This confirmed that the third and final year of the Settlement would not change from the provisional figures announced on 26 November 2009 and reported to Cabinet on 9 December 2009.

2. HEADLINES

2.1 Total Government support for local government (Aggregate External Finance) increases by 4.0% in 2010/11 on an adjusted like for like basis.

2.2 The 'floor' mechanism existing to provide a minimum increase to local authorities remains unchanged with the overall damping arrangements keeping the floor at 1.5% for 2010/11.

2.3 The decision to confirm the original proposal was taken after considering the views of the local authority associations and others commenting on the proposals. The Local Government Minister determined that as a result there were no exceptional circumstances to be taken into account and therefore the Settlement would remain unchanged.

3. FINANCIAL IMPLICATIONS

3.1 Formula Grant

Wirral will receive the following Formula Grant allocated over components:-

Components	2009/10	2010/11
	£ million	£ million
Relative Needs	125.388	128.451
Relative Resources	-25.298	-25.143
Central Allocation	60.264	61.832
Floor Damping	-7.616	-7.279
Total Formula Grant	152.738	157.861

The increase in formula grant on a like for like basis is 3.4% compared with the national increase of 2.6%.

3.2 **Dedicated Schools Grant (DSG)**

Again, there has been no change and the figures are confirmed as:

2009/10	£188.116m
2010/11	£194.988m

The DSG is, however, subject to change to reflect a later pupil count and local authorities with falling school roles, including Wirral, will therefore receive a reduced allocation from that announced. Consequently when setting the budget for 2010/11 a more realistic figure of £193.995m has been used.

3.3 **Area Based Grant**

The figures are as reported to Cabinet on 14 January 2010.

2009/10	£31.975m
2010/11	£41.125m

They represent an increase of £0.937m for 2009/10 and £0.119m for 2010/11 compared with the figures originally announced in the provisional settlement. A full breakdown of the grants can be found in the report of 14 January 2010.

There has been no further announcement regarding funding for personal care at home as the consultation period does not conclude until 23 February 2010.

4 **CAPPING**

4.1 No definitive capping principles have been announced but the statement by the Parliamentary Under-Secretary of State gives an indication of Government intentions. Any excessive Council Tax increases will be capped; there should not be a presumption that there would be no capping even if the principles of 2009-10 are not breached (budget requirement increase of more than 4% and a band D increase of more than 5%); there is an expectation that the average band D increase will fall to a 16 year low.

4.2 Capping action has already been initiated against three police authorities in advance of 2010/11 to limit their increase to around 3%.

5. **STAFFING IMPLICATIONS**

5.1. There are none arising from this report.

6. **EQUAL OPPORTUNITIES IMPLICATIONS**

6.1. There are none arising from this report.

7. **LOCAL AGENDA 21 IMPLICATIONS**

7.1. There are none arising from this report.

8. PLANNING IMPLICATIONS

8.1. There are none arising from this report.

9. COMMUNITY SAFETY IMPLICATIONS

9.1. There are none arising from this report.

10. HUMAN RIGHTS IMPLICATIONS

10.1. There are none arising from this report.

11. LOCAL MEMBER SUPPORT IMPLICATIONS

11.1. There are none arising from this report.

12. BACKGROUND PAPERS

12.1. Local Authority Finance (England) Revenue Support Grant for 2010/11 and Related Matters issued by the DCLG on 20 January 2010.

13. RECOMMENDATION

13.1 That the Final Local Government Finance Settlement be used to prepare the estimates for presentation to the budget meeting of the Cabinet.

IAN COLEMAN
DIRECTOR OF FINANCE