

Finance briefing note for all Councillors:

Information received on in-year 2010/11 reductions in government grants.

Background

The Chancellor of the Exchequer George Osborne announced on 24 May 2010 that £6.2 billion in-year savings would be made in the national budget for 2010/11. Local Government would contribute about £1.2 billion towards the overall target through reductions in government grants although very little detail of which grants and the impacts on individual authorities was given. In order to assist local authorities make the savings additional freedoms and flexibilities were given to authorities with the removal of the ring-fence around £1.7 billion specific grants allowing grant monies to be re-allocated according to local priorities. Again no details were given about which specific grants are affected.

Details of in-year savings in specific grants for Brighton & Hove City Council

The announcement today 10 June by the Minister for Communities and Local Government Eric Pickles sets out details of the £1.166 billion savings in 2010/11 local authority grants:

- The reductions in Area Based Grant for each local authority. The Brighton & Hove City Council grant savings are shown in appendix 1.
- The reductions in other specific revenue and capital grants. The Brighton & Hove City Council estimated savings are shown in appendix 2.
- The specific grants where the ring-fence has been removed. A list of these grants is shown in appendix 3.

The announcement is not a consultation but authorities have until 24 June to respond to CLG if they believe there are any errors in the figures.

The total reduction in 2010/11 revenue and capital grants for the City Council is approximately £3.55m or 0.3% of the national total. This reduction is less than the council's average national grant share of 0.5%. The figure is approximate at this stage because for some of the proposals the potential impact upon the council is unclear and subject to further clarification.

Officers have been preparing information on all the specific and capital grants the council receives in order to assist with the decision-making process. The purpose of this note is to set out the details of the reductions in grants due to be received by the council.

There will be an Emergency National Budget on 22 June 2010. The budget will set the spending parameters for the Comprehensive Spending Review (CSR) due to be conducted by the government over the summer and early autumn. It is not known at this stage how many years the CSR will cover. Details of how much funding each local authority will receive in 2011/12 and possibly beyond will not be available until late November or early December when the provisional Local Government Finance Settlement is announced. A budget update report will be prepared for Cabinet in July

which will set out the budget framework and timetable for 2011/12, incorporating any relevant information from the National Budget. There will also be a report on the July agenda updating on the progress of the value for money programme.

Mark Ireland,
Head of Strategic Finance & Procurement
10 June 2010

Appendix I

2010/11 Area Based Grant reductions

The figures in the following table may not add exactly due to roundings.

Government Department and name of grant	2010/11 Original Grant £'000	2010/11 Revised Grant £'000	Change in grant allocation £'000	% Change
Department of Education (Note I)				
School Development Grant	1,071			
Extended Schools Start-Up Grants	328			
Primary National Strategy – Central	121			
Secondary National Strategy – Central Co-ordination	146			
Secondary National Strategy – Behaviour and Attendance	68			
School Improvement Partners	77			
Education Health Partnerships	56			
School Travel Advisors	26			
Choice Advisors	30			
School Intervention Grant	49			
14-19 Flexible Funding Pot	59			
Sustainable Travel – General Duty	16			
Extended Rights to Free Transport	162			
Connexions	2,168			
Children's Fund	798			
Child Trust Fund	8			
Positive Activities for Young People	249			
Teenage Pregnancy	151			
Children's Social Care Workforce	83			
Youth Taskforce	150			
Care Matters White Paper	281			
Child Death Review Process	35			
Young Peoples Substance Misuse	30			
Designated Teacher Funding	11			
January Guarantee	27			
Learning & Skills Council Staff Transfer – Special Purpose Grant	396			
Total Education	6,594	5,014	-1,580	-24.0%
Department for Transport				
Road Safety Grant	396	291	-105	-26.5%
Rural Bus Subsidy	29	29	-	-
Total Transport	424	319	-105	-24.7%

Government Department and name of grant	2010/11 Original Grant £'000	2010/11 Revised Grant £'000	Change in grant allocation £'000	% Change
Home Office (Note 4)				
Community Call for Action / Overview Scrutiny Committee	2			
Stronger Safer Communities	312			
Young People Substance Misuse Partnership	71			
Total Home Office	385	355	-30	-7.8%
Department of Communities & Local Government				
Economic Assessment Duty	65	65	-	-
Supporting People Administration (Note 2)	164	0	-164	-100%
Supporting People	11,249	11,249	-	-
Prevent (Note 3)	195	138	-56	-29.1%
Climate Change	23	23	-	-
NII60 STATUS Survey	8	8	-	-
Familiarisation costs of new statutory guidance on social housing allocations	1	1	-	-
Total CLG	11,705	11,485	-220	-1.9%
DEFRA				
There are no changes to any of the DEFRA grants				
Department of Health				
There are no changes to any of the DoH grants				
Total Area Based Grants	24,529	22,593	-1,935	-7.9%

Note 1: Department for Education (DfE)

The DfE have said that local authorities should manage their reductions locally by giving priority to statutory services and functions along with those services which are most important to the local authority and its residents. To achieve this DfE are not proposing to reduce the allocations which local authorities have received in relation to particular spending lines (within ABG) but will reduce the overall amount each authority receives from the Department through ABG. For each local authority this will mean a reduction of 24% in the total allocation for the year – it is for local authorities to manage the reduction across all their funding sources. Percentage reductions have therefore been applied to the overall ABG allocations across all local authorities.

Note 2: Supporting People Admin

The Government has decided to remove the funding stream for Supporting People Administration for 2010/11 which was designed to support local authorities in establishing dedicated Supporting People teams, at the time of the introduction of

the Supporting People Programme. Authorities are expected to have delivered efficiencies in this area, and many have begun to combine Supporting People teams with other social service teams. It should be noted that no reductions have been made to the Supporting People Programme funding stream, and these allocations will continue to be made through the Area Based Grant.

Note 3: Prevent (for preventing violent extremism)

The government has said funding for local authorities to deliver Prevent will still be higher than it was in 2008-09 and 2009-10. Each of the 94 authorities in receipt of Prevent area based grant will have their allocations for this year reduced, on a pro rata basis.

Note 4: Home Office

The Home Office contribution to the overall reduction in grants to local government (excluding proposals for police authorities which the Minister of State for Policing and Criminal Justice announced on 27 May) totals £6m. This will be achieved through a £6 million reduction in the total amount of Area Based Grant provided by the Home Office. The £6m reduction has been applied on a pro-rata basis.

Appendix 2

Reductions in other specific revenue and capital grants

Government Department and name of grant	2010/11 Original Grant £'000	2010/11 Revised Grant £'000	Change in grant allocation £'000	% Change
Revenue Grants				
Department of Communities & Local Government				
Housing and Planning Delivery Grant (Note 1)	120	c.0	c.-120	-100%
Local Authority Business Growth Incentive Scheme (Note 2)	c.172	0	c.-172	-100%
Local Area Agreement Reward	Although reduced nationally the reduction is not expected to have an impact on the current council budget			
Total Revenue Grants	c.292	c.0	c.-292	-100%
Capital Grants				
Department for Transport				
Integrated Transport Block	1,651	411	-1,240	-75%
Road Safety Capital Grant	88	0	-88	-100%
Total Capital Grants	1,739	411	-1,328	-76%
Total Area Based Grants in appendix 2	24,529	22,593	-1,935	-7.9%
Total Estimated Reduction			-3,555	

Note 1: Housing and Planning Delivery Grant

This has been abolished in the current year. The intention of HPDG was to act as an incentive to local authorities to bring forward housing and prepare the ground for increased delivery. However, there has been a sustained shortfall in housing development resulting in the lowest level of house building in England since 1946. HPDG has proved an ineffective and excessively complex incentive. The Coalition Agreement set out that the Government will provide incentives for local authorities to deliver sustainable development, including for new homes and businesses.

Note 2: Local Authority Business Growth Incentives

This government says it is committed to promoting business, as the driver of economic growth and innovation. However, the government does not believe that LABGI offers a real incentive to local authorities to promote economic development. The government also believes that many have viewed the scheme as being too complex, unpredictable and potentially unfair. The coalition agreement set out that the government will provide incentives for local authorities to deliver sustainable development, including for new homes and businesses.

Appendix 3

Un-Ringfenced Grants

Ring-fences removed from revenue grants in 2010-11

Revenue Grants	Department	Brighton & Hove allocation £ '000 2010-11
Youth Opportunity Fund	DfE	141
Think Family Grant	DfE	819
Challenge and Support Funding	DfE	75
AIDs Support	DH	455
Learning Disability Campus Closure Programme	DH	-
Stroke Strategy	DH	93
Bus Challenge and Kickstart	DfT	-
Animal Health and Welfare Enforcement	DEFRA	-
Waste Management Pilots	DEFRA	-

Ring-fences removed from capital grants in 2010-11

Capital Grant	Department	Brighton & Hove allocation £ '000 2010-11
Fair Play Pathfinders	DfE	-
Fair Play Playbuilders	DfE	598
Innovation in Extracare Housing Grant	DH	-
Capital Investment for Transformation in Adult Social Care Grant	DH	150
AIDS/HIV	DH	-
Common Assessment Framework	DH	-
Social Care IT Infrastructure	DH	84
Detrunking	DfT	-
Major Projects	DfT	-
NEXUS (Tyne and Wear Metro)	DfT	-
Green Bus Fund	DfT	-
Flood and Coastal Erosion Risk Management	DEFRA	-
Coastal Change Pathfinders	DEFRA	-
Contaminated Land	DEFRA	-
Housing Market Renewal	CLG	-