

REPORT TO: Executive Board

DATE: 1 July 2010

REPORTING OFFICER: Operational Director Finance

TITLE: Government Announcement to
Cut 2010/11 Grants

WARDS: Borough Wide

1.0 PURPOSE OF REPORT

1.1 The report sets out the financial implications on the Council of the Government's announcement to cut 2010/11 grants.

2.0 RECOMMENDED: That the Executive Board note the grant cuts in this year and, if necessary, that a Special Council be called to consider any in year savings required in response.

3.0 SUPPORTING INFORMATION

3.1 On 24 May 2010 the new Coalition Government announced plans to make £6.2bn of savings in the current year. These plans were intended to cut out waste and be in areas of low priority and, at the same time, protect key front line services and those on lower incomes.

3.2 Of the total savings the local government sector was to provide £1.65bn, equivalent to over 18% of the total savings. The Government made it clear that Formula Grant, Dedicated Schools Grant (DSG) and Sure Start grants would be protected in the current year.

3.3 On 10 June 2010 the Government provided further details of the savings from local government and these are set out in Appendix A.

3.4 For Halton the direct cuts amount to £2.047m in revenue grants and £0.953m in capital grants. These are set out below, together with the percentage reduction in each allocation.

		£000	%
<u>Revenue</u>			
Area Based	Dept of Education	1,225	24
Grants (ABGs)	Road Safety	90	27
	Supporting People Administration	96	100
	Working Neighbourhoods Fund	601	10
	Cohesion	18	24
	Home Office	17	81
			<u>2,047</u>

		£000	%
<u>Capital</u>			
Highways	Integrated Transport Block	442	75
	Principal Road Network	438	9
	Road Safety	75	27
		<u>955</u>	

- 3.5 For both the Department of Education and the Home Office ABGs the Government have only provided the total grant cut and not identified the individual grant cut. If the grant cut was apportioned pro rata to the grant allocation then the cut to individual grants would be:

	Allocation £	Cut £
Dept for Education		
14-19 Flexible Funding Pot	36,976	8,861
Choice Advisers	26,334	6,311
Education Health Partnerships	60,115	14,407
Extended Rights to Free Transport	72,306	17,328
Extended School Start Up Costs	233,313	55,913
Secondary National Strategy		
Behaviour and Attendance	68,300	16,368
Central Co-ordination	132,382	31,725
Primary National Strategy		
Central Co-ordination	94,389	22,620
School Development Grant	1,131,667	271,203
School Improvement Partners	71,340	17,097
School Intervention Grant	44,000	10,545
Children's Social Care Workforce	55,839	13,382
Children Fund	483,454	115,859
Connexions	1,718,540	411,847
Teenage Pregnancy	106,000	25,403
Positive Activities for Young People	253,418	60,731
Child Death Review Processes	23,646	5,667
Care Matters White Paper	163,816	39,258

Young Persons Substance Misuse	20,760	4,975
Children's Trust Funds	4,204	1,007
Designated Teacher Funding	10,228	2,451
LSC Transfer	246,781	59,141
January Guarantee	26,179	6,274
School Travel Advisors	17,000	4,074
Sustainable Travel General Duty	10,249	2,456
	<u>5,111,236</u>	<u>1,224,905</u>

Home Office

Young Persons Substance Misuse Partnership	42,369	3,291
Safer and Stronger Communities Fund	171,512	13,323
Community Call for Action	2,000	155
	<u>215,881</u>	<u>16,769</u>

- 3.6 In addition the following grants have been cut that had not been allocated to individual local authorities. These are identified below with indicative grant reductions for Halton, which brings the total grant loss to £2.879m.

	£000
Housings Planning Delivery Grant	245
Local Area Agreement Reward Grant	444
Local Authority Business Growth Initiative Grant	143

- 3.7 The Government have made it clear that it is up to individual local authorities to decide where the cuts actually fall. They have increased the number of grants that are free from any ring fence and these are shown in Appendix B.
- 3.8 The Council's response to these cuts in grant will need careful consideration and will need to take into account impact in future years with the likelihood of further significant cuts to follow. The next Council meeting after the Summer break is 20 October, which may be too late to implement the cuts to balance this year's budget. Accordingly, it may be necessary to arrange a Special Council meeting before then to authorise the budget cuts.

4.0 POLICY AND OTHER IMPLICATIONS

- 4.1 There are no policy or other implications arising directly from the report.

5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

- 5.1 **Children and Young People in Halton**
5.2 **Employment, Learning and Skills in Halton**
5.3 **A Healthy Halton**

5.4 **A Safer Halton**

5.5 **Halton's Urban Renewal**

5.6 The Council will need to make decisions on the basis of its own priorities.

6.0 RISK ANALYSIS

6.1 It will be necessary to take appropriate action in response to the cut in grants to enable a balanced budget for the year.

7.0 EQUALITY AND DIVERSITY ISSUES

7.1 There are no equality or diversity issues arising directly from the report.

8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

8.1 There are no background papers under the meaning of the Act.

APPENDIX A

REDUCTION IN GRANTS TO LOCAL GOVERNMENT

	Revenue	Capital
	£m	£m
Department for Education		
Reduction in ABGs	311.0	
Department for Transport		
Integrated Transport Block		150.8
Major Projects		61.4
Yorkshire and Humber ITB Transfer		23.5
Capital detrunking		6.8
PRN networking funding		5.9
Urban congestion fund		7.9
Road Safety capital grant		17.2
Kickstart 2009	5.0	
Other (to be allocated)	10.0	
Road Safety ABG	20.6	
Communities and Local Government		
Housing Market Renewal		50.0
Gypsy and Traveller site grant		30.0
Housing and Planning Delivery Grant	146.0	
Connecting Communities	19.1	
Other Cohesion Planning	5.0	
ABG – Supporting People admin	30.0	
Working Neighbourhood Fund	49.9	
Local Enterprise Growth Initiative	17.5	
Prevent	7.0	
Cohesion	4.0	
Local Area Agreement Reward Grant	125.0	
Local Authority Business Growth Incentive Scheme	50.0	
Department for Environment, Food and Rural Affairs		
Contaminated Land		7.5
Home Office		
ABGs	6.0	
Less Adjustment	(1.1)	
	805.0	360.9
	£1,165.9	

APPENDIX B

RING FENCES REMOVED FROM LOCAL GOVERNMENT FUNDING STREAMS

Ring fences removed from revenue grants in 2010-11

Revenue Grant	Department	£m 2010-11
Youth Opportunity Fund	DfE	40.8
Think Family Grant	DfE	94.1
Challenge and Support Funding	DfE	3.9
AIDs Support	DH	25.5
Learning Disability Campus Closure Programme	DH	51.0
Stoke Challenge	DH	15.0
Bus Challenge and Kickstart	DfT	10.0
Animal Health and Welfare Enforcement	DEFRA	8.5
Waste Management Pilots	DEFRA	1.5
		250.3

Ring fences removed from capital grants in 2010-11

Capital Grant	Department	£m 2010-11
Fair Play Pathfinders	DfE	9.3
Fair Play Playbuilders	DfE	65.7
Innovation in Extracare Housing Grant	DH	3.0
Capital Investment for Transformation in Adult Social Care	DH	30.0
AIDS/HIV	DH	3.1
Common Assessment Framework	DH	21.0
Social Care IT Infrastructure	DH	17.0
Detrunking	DfT	27.2
Major Projects	DfT	434.7
NEXUS (Tyne and Wear Metro)	DfT	34.0
Green Bus Fund	DfT	9.7
Flood and Coastal Erosion Risk Management	DEFRA	42.8
Coastal Change Pathfinders	DEFRA	4.6
Contaminated Land	DEFRA	10.0
Housing Market Renewal	CLG	236
		£948.2
		1,198.5