

LOCAL GOVERNMENT'S CONTRIBUTION TO £6.2 BILLION EFFICIENCIES IN 2010-11

Introduction and overview

1. This note sets out the basis on which the Government will implement reductions to individual local authority grant allocations for 2010-11. The note does not cover funding to police authorities. The Minister of State for Policing and Criminal Justice announced his proposals for police authorities on 27 May.

2. The Government has made clear that its most urgent priority is to tackle the UK's record deficit in order to restore confidence in our economy and support the recovery. On Monday, 24 May, the Chancellor of the Exchequer and Chief Secretary to the Treasury announced the first step in tackling the deficit, setting out how the Government intends to save over £6 billion from spending in 2010-11.

3. Included in that savings package was an expectation that savings of over £1 billion would be delivered by local government. The Government recognises that it will be challenging for local authorities (along with other parts of the public sector) to make these reductions in-year. However, the Government is clear that these reductions are necessary for the reasons set out above. It is for local authorities to decide where their priorities and opportunities for efficiencies lie across the totality of their responsibilities

4. To support local authorities to re-shape their budgets, the Government aims to give authorities certainty about their grant reductions as a matter of urgency, so that they can make the necessary decisions as quickly as possible. The Government has also received representations from local government to provide certainty urgently.

5. The Government will not be consulting authorities on the reductions to grants or funding streams. However, in relation to those grant streams where reductions are necessary, the Government considers it prudent to publish amended allocations and to allow local authorities to comment on the accuracy of the figures before they are implemented. This note does that.

The case for a reduction

6. As set out above, the Government's most urgent priority is to tackle the UK's record deficit. The Government believes that it is better to start to make reductions in the current financial year. Ministers consider that not making these reductions now will simply delay the need for savings in future years, therefore compounding the impact on local authorities and other parts of the public sector in the future.

7. Ministers believe that it is fair that local authorities make a contribution to the savings in 2010-11. As with central departments, the Government expects local authorities will be able to make savings from efficiency

measures, eliminating waste and, where necessary, reducing spending in areas that are lower priority for their communities. The fact that certain grants have been chosen for reduction over others does not mean that the Government expects there to be a direct correlation between grant reductions and local authority budget changes.

8. Government Departments have had to make difficult decisions about reducing grants paid to local government, but delay in providing this certainty will make it more difficult for authorities to manage their finances in 2010-11.

9. The Government therefore wishes to provide as much clarity and flexibility to local authorities and other public bodies as quickly as possible so that they can best handle the changes proposed without an impact on key frontline services.

10. In considering grant and funding streams, the Government has:

- given priority to protecting the funding for schools and Surestart and 16-19 year olds;
- not reduced funding in the specific grants and/or funding streams for adult social care, housing benefit administration, main programme funding for Supporting People and for the fire service

11. The Government has examined whether it would be possible to focus the reductions on grants which have not been included in grant determinations, or grants which are not subject to statutory restrictions. This has been possible to some extent. Some of the reductions occur in grants where there are underspends, where the money has yet to be allocated, or where a grant determination has not yet been made. However, it has been necessary to reduce some grant allocations included in grant determinations.

12. The Government is clear that local government needs increased flexibility to take decisions locally. This means retaining the most flexible funding (formula grant) at the level approved by Parliament (£29 billion). It also means lifting restrictions on how local government spends its money by removing ringfences. This gives councils extra flexibility to make decisions about where savings are found, although this is subject to the usual rules which ensure that capital funding is used on capital expenditure.

13. In addition, the Government believes that the abolition of CAA (saving Government £10m in 10-11) will reduce direct and indirect costs on local authorities

14. Local authorities will have to make difficult decisions, and increase the drive for efficiency, but in the context of the need to tackle the budget deficit, it is right that all parts of the public sector prioritise. The reductions announced by departments therefore take these factors into account.

15. The distribution and level of grants from 2011-12 onwards will be considered in the autumn Spending Review
16. Information on the grants which will be reduced in 2010-11 is attached at Annex A.
17. A list of contacts in the relevant government departments is at Annex B.
18. Precise information on the changes, by department and for each funding stream or grant, is attached at Annex C. Reductions to individual grants/funding streams have been made, in the main, on a pro-rata basis, so that every authority is affected to the same proportionate extent in relation to that grant stream. In each case, the Government is satisfied that it has adopted a fair approach to making the necessary reductions.
19. Annex D of this document provides details of the revised allocations for individual authorities. The table sets out the changes for each grant stream by individual local authority.
20. A revised list of all revenue and capital grants, and whether they are ringfenced, is at Annex E.
21. Authorities should let the Department know by 5pm on Thursday 24 June if they believe that there are errors in the figures. Information should be sent to:

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Communities and Local Government
Local Government Finance - Strategy, Revenue and Capital
5/H1
Eland House
Bressenden Place,
London, SW1E 5DU

Or by e-mail to becca.taber@communities.gsi.gov.uk

22. For further detail see the **Treasury Press Notice** at http://www.hm-treasury.gov.uk/d/press_04_10.pdf

Local Authority	Main Revenue Grant allocation ¹	Revenue Grant allocation reductions ²										Adjustment ⁵	Total reduction post-adjustment	% reduction against total revenue allocation
		DfE total ABG	Supporting People Admin ABG	WNF ABG	LEGI ABG	Prevent ABG	Cohesion ABG	Road Safety revenue ABG ³	DfT Kickstart 2009 Specific grant ⁴	HO ABG	Total reductions			
Southampton	251.77	-1.52	-0.15	-	-	-0.06	-0.02	-0.08	-	-0.03	-1.86	-	-1.86	-0.7%
Southend-on-Sea	197.34	-1.03	-0.11	-	-	-	-0.03	-0.08	-0.12	-0.02	-1.39	-	-1.39	-0.7%
Southwark	475.43	-2.19	-0.25	-0.73	-	-0.07	-	-	-	-0.05	-3.30	-	-3.30	-0.7%
Spelthorne	5.71	-	-	-	-	-	-	-	-	-	-	-	-	-
St Albans	7.90	-	-	-	-	-0.06	-	-	-	-	-0.06	-	-0.06	-0.7%
St Edmundsbury	7.11	-	-	-	-	-	-	-	-	-	-	-	-	-
St Helens	239.61	-1.58	-0.15	-0.55	-0.90	-	-	-	-	-0.02	-3.21	-	-3.21	-1.3%
Stafford	8.79	-	-	-	-	-	-	-	-	-	-	-	-	-
Staffordshire	717.88	-3.80	-0.34	-	-	-	-	-0.35	-	-0.08	-4.57	-	-4.57	-0.6%
Staffordshire Moorlands	7.62	-	-	-	-	-	-	-	-	-	-	-	-	-
Stevenage	7.89	-	-	-	-	-	-	-	-	-	-	-	-	-
Stockport	277.10	-1.49	-0.11	-	-	-0.06	-	-	-	-0.03	-1.69	-	-1.69	-0.6%
Stockton-on-Tees	230.81	-1.71	-0.10	-0.49	-	-0.06	-0.02	-0.08	-0.11	-0.02	-2.58	-	-2.58	-1.1%
Stoke-on-Trent	329.07	-1.92	-0.25	-0.98	-	-0.07	-0.06	-0.10	-0.13	-0.03	-3.55	-	-3.55	-1.1%
Stratford-on-Avon	7.00	-	-	-	-	-	-	-	-	-	-	-	-	-
Stroud	7.22	-	-	-	-	-	-	-	-	-	-	-	-	-
Suffolk	633.91	-3.25	-0.49	-	-	-	-	-0.32	-	-0.07	-4.11	-	-4.11	-0.6%
Suffolk Coastal	8.29	-	-	-	-	-	-	-	-	-	-	-	-	-
Sunderland	374.99	-2.71	-0.14	-1.08	-	-0.05	-0.03	-	-	-0.03	-4.05	-	-4.05	-1.1%
Surrey	834.55	-3.98	-0.43	-	-	-	-	-0.49	-0.34	-0.10	-5.35	-	-5.35	-0.6%
Surrey Heath	4.87	-	-	-	-	-	-	-	-	-	-	-	-	-
Sutton	210.03	-1.00	-0.12	-	-	-0.06	-	-	-	-0.02	-1.20	-	-1.20	-0.6%
Swale	12.30	-	-	-	-	-	-0.03	-	-	-	-0.03	-	-0.03	-0.3%
Swindon	193.25	-1.18	-0.13	-	-	-	-	-0.10	-	-0.02	-1.42	-	-1.42	-0.7%
Tameside	277.66	-1.62	-0.15	-0.45	-	-0.06	-0.03	-	-	-0.03	-2.34	-	-2.34	-0.8%
Tamworth	6.96	-	-	-	-	-	-0.02	-	-	-	-0.02	-	-0.02	-0.3%
Tandridge	4.27	-	-	-	-	-	-	-	-	-	-	-	-	-
Taunton Deane	8.76	-	-	-	-	-	-	-	-	-	-	-	-	-
Teignbridge	9.94	-	-	-	-	-	-	-	-	-	-	-	-	-
Telford and the Wrekin	196.43	-1.49	-0.09	-	-	-0.05	-0.03	-0.08	-	-0.02	-1.76	-	-1.76	-0.9%
Tendring	14.36	-0.01	-	-	-	-	-0.02	-	-	-	-0.03	-	-0.03	-0.2%
Test Valley	7.14	-	-	-	-	-	-	-	-	-	-	-	-	-
Tewkesbury	5.34	-	-	-	-	-	-	-	-	-	-	-	-	-
Thanet	15.17	-	-	-0.16	-	-	-0.05	-	-	-	-0.21	-	-0.21	-1.4%
Three Rivers	5.73	-	-	-	-	-	-	-	-	-	-	-	-	-
Thurrock	179.05	-0.97	-0.09	-	-	-	-0.08	-0.07	-	-0.02	-1.23	-	-1.23	-0.7%
Tonbridge and Malling	6.55	-	-	-	-	-	-	-	-	-	-	-	-	-
Torbay	152.79	-0.82	-0.09	-	-	-	-0.02	-0.03	-	-0.02	-0.99	-	-0.99	-0.6%
Torridge	6.46	-	-	-	-	-	-	-	-	-	-	-	-	-
Tower Hamlets	553.23	-2.55	-0.21	-1.10	-	-0.17	-0.03	-	-	-0.05	-4.12	-	-4.12	-0.7%
Trafford	241.14	-1.31	-0.12	-	-	-0.06	-	-	-	-0.03	-1.51	-	-1.51	-0.6%
Tunbridge Wells	7.02	-	-	-	-	-	-	-	-	-	-	-	-	-
Tyne and Wear Transport	0.25	-	-	-	-	-	-	-	-0.10	-	-0.10	-	-0.10	-
Uttlesford	4.14	-	-	-	-	-	-	-	-	-	-	-	-	-
Vale of White Horse	7.16	-	-	-	-	-	-	-	-	-	-	-	-	-
Wakefield	375.11	-2.08	-0.17	-	-	-0.06	-0.03	-	-	-0.03	-2.37	-	-2.37	-0.6%
Walsall	363.90	-2.16	-0.12	-0.66	-	-0.07	-0.02	-	-	-0.03	-3.06	-	-3.06	-0.8%