

Central
Bedfordshire
Council
Priory House
Monks Walk
Chicksands,
Shefford SG17 5TQ



**TO EACH MEMBER OF THE
EXECUTIVE**

08 July 2010

Dear Councillor

EXECUTIVE - Tuesday 13 July 2010

Further to the Agenda and papers for the above meeting, previously circulated, please find attached the late report which was not included in the Forward Plan which was published on 15 June 2010:-

16. £1.166bn Local Government In Year Reductions

The report sets out the impact of the in year reductions announced by CLG on 10 June and the steps being taken at Central Bedfordshire as a result.

Should you have any queries regarding the above please contact Democratic Services on Tel: 0300 300 4050.

Yours sincerely

Mel Peaston,
Interim Committee Services Manager
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Meeting: Executive
Date: 13 July 2010
Subject: £1.166bn Local Government In Year Reductions
Report of: Cllr Maurice Jones, Portfolio Holder for Finance, People and Governance
Summary: The report sets out the impact of the in year reductions announced by CLG on 10 June and the steps being taken at Central Bedfordshire as a result.

Advising Officer: Richard Ellis, Director of Customer and Shared Services
Contact Officer: Matt Bowmer, Assistant Director Financial Services
Public/Exempt: Public
Wards Affected: All
Function of: Executive
Key Decision Yes
Reason for urgency An immediate response is required to the Government in year grant reductions.

CORPORATE IMPLICATIONS

Council Priorities:

In implementing the spending reductions every effort will be made to minimise the impact on the delivery of the Council's priorities.

Financial:

The detailed financial implications are set out in the report. There is a £1.5M reduction to previously announced funding in year, which is on top of the £12.037M efficiencies required by the Council's approved Budget for 2010/11. Further, there will be no allocations of Local Authority Business Growth Incentive (LABGI) or Housing & Planning Delivery Grant (HPDG), two funding streams which Central Bedfordshire received £1.8M in total in 2009/10.

Legal:

None

Risk Management:

None

Staffing (including Trades Unions):

There is a likelihood of staffing reductions as a consequence of the in year cuts in grant funding by Central Government.

Equalities/Human Rights:

An impact assessment is being undertaken on proposed spending reductions.

Community Safety:

Reductions in Road Safety Funding may have an adverse impact on Community Safety.

Sustainability:

Reductions in Housing and Planning Delivery Grant may affect the Council's Sustainable Development aims.

Summary of Overview and Scrutiny Comments:

- This report has not been considered by Overview & Scrutiny.

RECOMMENDATION(S):

that spending reductions be made in line with the Government grant reductions.

Reason for Recommendation(s): *Actions can be taken to address the in year grant reductions by Central Government.*

Executive Summary

Central Government has made in year reductions to a number of funding streams to Local Government, most notably Area Based Grant but also Housing & Planning Delivery Grant, Local Authority Business Growth Incentive, Performance Reward Grant and Department for Transport capital grants. The report sets out the detail of these reductions and proposes spending reductions in line with the lost grant and also use of Performance Reward Grant to offset potential redundancy costs.

Background Information

1. Very soon after the coalition was formed, an early announcement on £6.2bn of public sector cuts was made. Subsequently, the allocation of these cuts across Government departments was then set out. For local government, these translate into funding cuts of £1.166bn.
2. There had been speculation over recent weeks about the timing of the release of detailed Local Government reductions. That detail is now available through the announcement received on Thursday 10 June.

3. There are five elements to the Local Government reductions:
 - Area Based Grant
 - Local Authority Business Growth Incentive (LABGI)
 - Housing and Planning Delivery Grant (HPDG)
 - Performance Reward Grant (PRG)
 - Capital Grants

4. There was a subsequent announcement on 17 June by the Department for Culture Media & Sport (DCMS) cancelling the Free Swimming Grant.

Issues

5. Area Based Grant (AGB)

5.1 The table below sets out the reductions for Central Bedfordshire by sponsoring Government department. Appendix A sets out all of Central Bedfordshire's ABG allocations for 2010/11.

	£M
Communities and Local Government	0.104
Department for Education (DfE)	1.172
Department for Transport (DfT)	0.204
Home Office	0.025
Total for Central Bedfordshire	1.505

5.2 The ABG reduction for DfE represents 24% of the original allocation. The DfE has made a conscious decision to make an across the board reduction and not target individual spending lines. There had been an expectation of future reductions in grant here during the 2010/11 budget process and these have now come earlier than expected.

5.3 Unlike the DfE reductions there is a specific reduction in the Supporting People Admin grant. The reduction of £0.104M is Central Bedfordshire's total allocation.

5.4 The majority of the DfT reductions are in capital grants which is covered below. There is a revenue element to one of these though – Road Safety Funding and the loss to Central Bedfordshire is £0.204M.

5.5 There is little detail on the Home Office reductions other than being a pro rata reduction. Central Bedfordshire's share is £0.025M.

6. Local Area Business Growth Incentive (LABGI)

6.1 There will be no allocations in 2010/11; there had been a national pot of £50M. During 2009/10 a grant of £0.300M was received. This amount was not built into the base budget.

7. Housing and Planning Delivery Grant (HPDG)

7.1 There will be no allocations in 2010/11; there had been a national pot of £146M. During 2009/10 a grant of £1.4M was received. Although there has been a planned reduction in its use to support mainline activity, this is still partly built into the base budget. The effect for 2010/11 will be minimised through the use of an earmarked reserve of previous year payments. The coalition Government has not yet announced their proposals for the replacement of HPDG.

8. Performance Reward Grant

8.1 There are no individual authority figures published here as payment is dependent on performance. There are two different scenarios but both essentially represent a 50% reduction in previous expectations.

- For Local Area Agreements (LAAs) that ran from 2006 to 2009 there are to be no further claims but CLG will pay 50% where a target is achieved but the data was not available before December 2009.
- For LAAs that ran from 2007 to 2010, claims should be submitted as usual and 50% of the claim will be met.

8.2 These grants have always been paid in two instalments and the Government will honour the first, so effectively there will be no second instalment.

9. Capital Grants

9.1 The reductions here for Central Bedfordshire are singularly from the Department for Transport (DfT). This department has been allocated £309M of reductions and £275M of this will come from capital grants. There are a range of measures but only two, the Integrated Transport Block (ITB) and Road Safety Funding, impact on Central Bedfordshire. The Council share of these being £0.670M and £0.170M respectively.

10. Free Swimming Grant

10.1 There was a subsequent announcement on Free Swimming Grant. The annual free swimming grant is £0.222M. Although the grant, which provides for free swimming for people over 60 or under 16 years of age, was due to end on 31 March 2011, it has now been ceased with effect from 31 July 2010. This is an in year reduction of £0.148M.

Options

11. The most straightforward option for accommodating these reductions is for service spending plans to be reduced in line with the Government cuts as set out in Appendix A.

12. For Children's Services the impact of the £1.172M reduction across the individual elements of the ABG allocation is detailed in Appendix B. A very early analysis has been done on the impact of these grants and on first analysis £370,569k of the grant has not been fully committed and should be able to be targeted for reduction. The remaining amount will need to be negotiated with schools, some of whom have already received the relevant grants for the full year. Other projects may need to finish early, causing redundancy or the ending of contracts earlier than expected. Some of the grants are for substantive services and this is particularly the case in the light of the reduction of money for Connexions, which pays for staffing for guidance and advice for young people, i.e. the previous careers service. The Appendix B shows which of those grants could be more readily reduced in year. The remainder of the balance would need to be found by bringing forward the planned school improvement service reorganisation and deletion of some policy and management posts in Children's Services as the service will also have financial pressures in other areas as well as this in year cut in ABG.
13. For Sustainable Communities a range of activities are affected. In relation to Community Safety a series of projects aimed at crime reduction and reducing the level of road accident casualties will continue but at a reduced level to accommodate the funding reduction. The free swimming will cease on 1 August 2010. The published programme of works funded through the highways integrated transport capital programme will be republished with lower priority schemes removed to meet the cost of the 25% budget reduction.
14. The loss of ABG has an impact on both Central Bedfordshire and its partners. There is the likelihood of staffing reductions and potential redundancy costs and for this reason it is proposed that uncommitted Performance Reward Grant be used by all partners as the first call against these redundancy costs.

Appendices:

Appendix A – Area Based Grant Allocations for 2010/11

Appendix B – Children's Services ABG Reductions

Background Papers: (open to public inspection)

None

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ABG Allocations for 2010/11

Appendix A

Area Based Grant for 2010/11	Govt Dept	As at 1 April 2010	Adjustment 11 June 2010	Revised
		£	£	£
Economic Assessment Duty	CLG	65,000		65,000
Supporting People Administration	CLG	103,971	-103,971	0
Supporting People **	CLG	2,882,625		2,882,625
Climate Change	CLG	22,500		22,500
NN160 Status Survey (See note 1)	CLG	8,400		8,400
Familiarisation costs of new statutory guidance on social housing allocations (See note 1)	CLG	1,380		1,380
	CLG Total	3,083,876	-103,971	2,979,905
School Development Grant	DCSF	611,965		611,965
Extended Schools Start-Up Grants	DCSF	286,750		286,750
Primary National Strategy - Central	DCSF	157,688		157,688
Secondary National Strategy - Central				
Co-ordination	DCSF	166,265		166,265
Secondary National Strategy - Behaviour and Attendance	DCSF	109,980		109,980
School Improvement Partners	DCSF	160,250		160,250
Education Health Partnerships	DCSF	58,737		58,737
School Travel Advisers	DCSF	39,692		39,692
Choice Advisers	DCSF	16,715		16,715
School Intervention Grant	DCSF	91,200		91,200
14 - 19 Flexible Funding Pot	DCSF	73,809		73,809
Sustainable Travel - General Duty	DCSF	22,540		22,540
Extended Rights to Free Transport	DCSF	72,977		72,977
Connexions	DCSF	1,976,288		1,976,288
Children's Fund	DCSF	390,911		390,911
Child Trust Fund	DCSF	1,282		1,282
Positive Activities for Young People	DCSF	66,272		66,272
Teenage Pregnancy	DCSF	74,000		74,000
Children's Social Care Workforce	DCSF	57,630		57,630
Care Matters White Paper	DCSF	169,815		169,815
Child Death Review Processes	DCSF	24,405		24,405

Area Based Grant for 2010/11	Govt Dept	As at 1 April 2010	Adjustment 11 June 2010	Revised
Young Peoples Substance Misuse	DCSF	26,388		26,388
Designated Teacher Funding	DCSF	21,112		21,112
Social Care Checks	DCSF	0		0
January Guarantee	DCSF	20,677		20,677
LSC Staff Transfer	DCSF	193,377		193,377
Dept for Education (Grants not specified)	DCSF		-1,172,060	-1,172,060
	DCSF Total	4,890,725	-1,172,060	3,718,665
Environmental Damage Regulations	DEFRA	637		637
	DEFRA Total	637	0	637
Detrunking	DfT	573,600		573,600
Road Safety Grant	DfT	766,003	-204,000	562,003
Rural Bus Subsidy	DfT	592,768		592,768
	DfT Total	1,932,371	-204,000	1,728,371
Adult Social Care Workforce	DoH	498,734		498,734
Carers	DoH	900,762		900,762
Child & Adolescent Mental Health	DoH	325,304		325,304
Learning & Disability Development Fund	DoH	137,562		137,562
Local Involvement Networks	DoH	88,898		88,898
Mental Capacity Act & Independent Mental Capacity	DoH	100,384		100,384
Mental Health	DoH	484,763		484,763
Preserved Rights	DoH	354,613		354,613
	DoH Total	2,891,020	0	2,891,020
Community Call for Action/Overview Scrutiny Cmmtte	Home Office	2,000		2,000
Stronger Safer Communities	Home Office	277,586		277,586
Young People Substance Misuse Partnership	Home Office	36,377		36,377
Home Office (Grant not specified)	Home Office		-24,543	-24,543
	Home Office Total	315,963	-24,543	291,420
Grand Total		13,114,592	-1,504,574	11,610,018

-0.114725175 957,827

ABG Allocations for 2010/11

Appendix B

Area Based Grant for 2010/11	Govt Dept	As at 1 April 2010	Adjustment 11 June 2010	Revised	Comments - NB: Those with an asterisk could be removed more easily than those without
		£	£	£	
ICT in Schools		49,558	(11,877)	37,681	Pays for monitoring ICT school development - staffing*
Individual Needs		191,836	(45,973)	145,863	Implementation of SEN programmes could be stopped *
School Support Training		87,969	(21,082)	66,887	Will impact on schools support staffing. Could be stopped*
Advanced Skills Teachers		5,856	(1,403)	4,453	Provides administrative capacity to support the 17 AST teachers*
Summer Schools - Gifted & Talented		21,596	(5,175)	16,421	Could be stopped*
Targetted Behaviour Imp programme		255,150	(61,147)	194,003	Supports prevention of exclusions . Already paid to schools
Total School Development Grant	DCSF	611,965	(146,657)	465,308	
Extended Schools Start-Up Grants	DCSF	286,750	(68,720)	218,030	Partly funds staff, 75% already paid to schools*
Primary National Strategy - Central	DCSF	157,688	(37,790)	119,898	Post held vacant*
Secondary National Strategy - Central Co-ordination	DCSF	166,265	(39,845)	126,420	Salary cost against permanent staff (Maths Team)
Secondary National Strategy - Behaviour and Attendance	DCSF	109,980	(26,357)	83,623	Salary cost against permanent staff
School Improvement Partners	DCSF	160,250	(38,404)	121,846	Contracts already committed for next academic year
Education Health Partnerships	DCSF	58,737	(14,076)	44,661	Committed to fund joint arrangement with health
School Travel Advisers	DCSF	39,692	(9,512)	30,180	Staffing commitment
Choice Advisers	DCSF	16,715	(4,006)	12,709	Staffing commitment
School Intervention Grant	DCSF	91,200	(21,856)	69,344	20% of this budget already held against efficiency target

14 - 19 Flexible Funding Pot	DCSF	73,809	(17,688)	56,121	Further implementation of 14-19 strategy*
Sustainable Travel - General Duty	DCSF	22,540	(5,402)	17,138	Obligation, part of statutory duty
Extended Rights to Free Transport	DCSF	72,977	(17,489)	55,488	Budget not fully committed*
Connexions	DCSF	1,878,288	(450,131)	1,428,157	Salary costs against permanent staff
Connexions - Workforce Dev	DCSF	98,000	(23,486)	74,514	Commissioning of training would be stopped*
Children's Fund	DCSF	390,911	(93,682)	297,229	Reduce commissioning of PRU already at risk efficiency*
Child Trust Fund	DCSF	1,282	(307)	975	Probable saving as fund to be abolished*
Positive Activities for Young People	DCSF	66,272	(15,882)	50,390	Supports youth engagement work*
Teenage Pregnancy	DCSF	74,000	(17,734)	56,266	Money committed to support joint arrangement with health
Children's Social Care Workforce	DCSF	57,630	(13,811)	43,819	Committed to support social care workforce
Care Matters White Paper	DCSF	169,815	(40,696)	129,119	Need to continue supporting children in care
Child Death Review Processes	DCSF	24,405	(5,849)	18,556	Work on child protection
Young Peoples Substance Misuse	DCSF	26,388	(6,324)	20,064	Committed to fund joint arrangement with health
Designated Teacher Funding	DCSF	21,112	(5,059)	16,053	Support to teachers can be reduced*
Social Care Checks	DCSF	0	0	0	
January Guarantee	DCSF	20,677	(4,955)	15,722	Can reduce administrative support to 14-19*
LSC Staff Transfer	DCSF	193,377	(46,343)	147,034	Grant to fund LSC staff who have transferred
DCSF Total		4,890,725	(1,172,060)	3,718,665	