

Briefing Note to All Councillors

15 June 2010

Reduction in Grants 2010/11

1. As part of the Coalition Government's announcements on the reduction of the National Budget Deficit, there have been specific announcements concerning reductions in 2010/11 Grant funding. There has been no reduction in Revenue Support Grant, and therefore the authorities Budget Requirement will not change.
2. There has, however been changes to a number of Area Based Grants (ABG) and Capital Grants, as well as Local Authority Business Growth Initiative grant (LABGI) and Local Area Agreement Performance Reward Grant (LAA PRG). The details of the changes for Oxfordshire County Council are set out in Annex 1.
3. In addition the Government has announced the un-ringfencing of a series of grants, although only a few of these are received by Oxfordshire County Council. Those affected are set out in Annex 2.
4. The key points of the reductions are:
 - The total impact on Oxfordshire is a £10.882m reduction in grants in 2010/11 for both capital and revenue.
 - Our share of the national total is lower than estimated as nationally there are cuts to £400m of grants (from the £1.165bn) for which we receive no allocation.
 - There will be no predetermination of how the ABG grants from the Department for Education (DfE) and the Home Office (HO) will be made. There is an overall reduction (£2.866m from the DfE and £0.060m from the HO) which the authority will need to determine how to allocate. In addition there are ABG reductions from Communities & Local Government (CLG) of £0.320m and Department of Transport (DfT) of £0.305m which the Cabinet could recommend to Council to allocate to other services.
 - The LABGI grant for 2010/11 has been cut entirely and the 2nd instalment of LAA Performance Reward Grant which was due to be paid in March 2011 will no longer be received.
 - The schedule of LABGI proposals was agreed at the Council meeting on 9th February 2010 and the annex from that meeting is attached at Annex 3 for information, although the initial estimate at that time of a contribution for 2010/11 was subsequently reduced from £0.4m to

£0.329m. Some of the 2010/11 commitments have already been paid out, and the Cabinet will need to make proposals to Council on how to fund or reduce this area of expenditure.

- The LAA PRG allocation is determined by the Public Services Board, and the Cabinet will need to consider proposals to the PSB on how to reduce its planned programme. At present the first instalment of £4.283m which was received in March 2010 has been either allocated to County directorates (£2.7m) or paid out to District partners (£1.6m). The PSB will also need to determine whether it seeks to claw back any of that funding and re-allocate it. It should be noted that half of the PRG funding is revenue but the remaining half is capital.
 - The Capital Grants totalling £2.72m fall mainly within the DfT area, with the exception of £0.368m for Travellers from CLG. Cabinet will need to recommend to Council how these are taken on board within the broader review of the Capital programme.
 - We have received notification from DfT that a decision on the funding for Oxford Station will be deferred. £5m was expected to be received in 2010/11 (£63m in total) but is not included in the capital programme as the scheme had not yet been agreed by DfT.
 - The impact on Oxfordshire of un-ringfencing of grants totals £1.3m for revenue and £2.1m for capital.
5. In addition to the specific changes to ABG for which we have been notified, some of the Government Departments have also identified significant reductions in national grants which will lead to further reductions in Specific Grants. The total Specific Grants for 2010/11 are set at Annex 3, and reductions to these will also impact in provision of services which OCC, including schools provides. At present we have no further information on any allocation to authorities.
6. The majority of these Specific Grants are received from the DfE, who have identified some £359m reductions, this could impact on the services the authority provides to schools.
7. There is one further element on which there is still no decision, and that is the future of the Building Schools for the Future programme. There has been speculation that the programme will be reduced, but it has not been mentioned in any of the announcements last week. The position will remain under review, but it should be noted that it has significant revenue and capital implications.

8. The Cabinet will need to consider the implications of all of these grant reductions, and make recommendations to Council on how to amend the 2010/11 Budget. A special Council meeting has been proposed for 27th July which would then consider the proposals.

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