

## 2009/10 to 2010/11 Provisional Local Government Finance Settlements

The 2009/10 provisional local government finance settlement and an indicative 2010/11 settlement were announced today, 26 November 2008, by John Healey MP, Minister for Local Government.

As part of the current system of three-year settlements, indicative settlements for 2009/10 and 2010/11 were announced at the same time as the 2008/09 settlement on 6 December 2007 and 24 January 2008. At that time, the Minister stated that "In line with the Government's policy on three-year settlements, it is not intended that the 2009-10 and 2010-11 settlement proposals will be changed from those published today, other than in exceptional circumstances".

There have been changes to grants to specified bodies, the level of specific and special grants, the split between NNDR and RSG, due to local government restructuring, and transfers of function from formula grant. These changes have not affected the boroughs' formula grant figures for 2009/10 or 2010/11 which have not changed since January 2008. This briefing provides a brief overview of some of the key headline figures from the provisional settlement:

- **Headline Aggregate External Finance** (the total level of support the Government provides to local authorities) will increase by 4.2% in 2009/10 and 4.4% in 2010/11. Annex 1 shows the breakdown of AEF into formula grant and specific grants.
- **Increases in average formula grant** (revenue support grant, police grant and redistributed business rate) for the two years are set out in Table 1. Further details by area are set out in Annex 2 and for individual boroughs in Annex 3.

**Table 1: Change in Formula Grant %**

	2009/10	2010/11
London boroughs	2.0%	1.8%
London inc. GLA	2.1%	2.0%
England	2.8%	2.6%

- **Grant floors** have been set to provide a minimum increase in formula grant. These floors are paid for by "scaling back" grant increases above the floor. There have been no changes to the boroughs on the grant floor since the indicative settlements announced on 24 January 2008. Table 2 summarises the position for London boroughs. Details of the grant allocations for each London authority are set out in Annex 3.

**Table 2: Grant Floors for Authorities Providing Education and Social Services**

	2008/09 comparison	2009/10	2010/11
Grant Floor	2.0%	1.75%	1.5%
Scaling factor	67.0%	72.9%	71.7%
No. of boroughs on grant floor	29	24	24

- The government reiterated the expectation that average council tax increases in 2009/10 should be substantially below 5%, and that they will not hesitate to use capping powers to protect council tax payers from excessive increases.

## Annex 1: Settlement Key Statistics

Formula Grant, Specific and Special Grants		2008/09		2008/09		2009/10		2009/10		2010/11		2010/11	
		Unadjusted £m	Adjusted £m	Unadjusted £m	Adjusted £m	Unadjusted £m	Adjusted £m	Unadjusted £m	Adjusted £m	Unadjusted £m	Adjusted £m	Unadjusted £m	Adjusted £m
<b>TOTAL AEF</b>		<b>70,313</b>	<b>70,157</b>	<b>73,120</b>	<b>73,120</b>	<b>2,963</b>	<b>2,963</b>	<b>4.2%</b>	<b>4.2%</b>	<b>76,357</b>	<b>76,357</b>	<b>3,214</b>	<b>4.4%</b>
of which	Specific and Special Grants (excl PFI)	46,227	46,097	48,220	48,220	2,123	2,123	4.6%	4.6%	50,627	50,627	2,378	4.9%
	<b>NET AEF (CSR2007)</b>	<b>24,081</b>	<b>24,086</b>	<b>24,920</b>	<b>24,920</b>	<b>834</b>	<b>834</b>	<b>3.5%</b>	<b>3.5%</b>	<b>25,763</b>	<b>25,763</b>	<b>863</b>	<b>3.5%</b>
plus	Total post-CSR transfers	5	-26	-20	-20					-33	-33		
equals	<b>NET AEF (incl PFI)</b>	<b>24,086</b>	<b>24,060</b>	<b>24,900</b>	<b>24,900</b>	<b>840</b>	<b>840</b>	<b>3.5%</b>	<b>3.5%</b>	<b>25,730</b>	<b>25,730</b>	<b>836</b>	<b>3.4%</b>
minus	PFI	677	677	853	853					1,069	1,069		
equals	<b>NET AEF (excl PFI)</b>	<b>23,409</b>	<b>23,383</b>	<b>24,047</b>	<b>24,047</b>	<b>664</b>	<b>664</b>	<b>2.8%</b>	<b>2.8%</b>	<b>24,661</b>	<b>24,661</b>	<b>620</b>	<b>2.6%</b>
minus	NNDR Distributable Amount	20,500	20,500	19,500	19,500								
equals	<b>TOTAL RSG</b>	<b>2,909</b>	<b>2,883</b>	<b>4,547</b>	<b>4,547</b>								
minus	RSG for specified bodies	56	45	46	46					39	39		
equals	<b>TOTAL RSG FOR RECEIVING AU-THORITIES*</b>	<b>2,854</b>	<b>2,838</b>	<b>4,501</b>	<b>4,501</b>	<b>1,663</b>	<b>1,663</b>			<b>24,622</b>	<b>24,622</b>	<b>627</b>	<b>2.6%</b>
add back	NNDR Distributable Amount	20,500	20,500	19,500	19,500	-1,000	-1,000						
plus	<b>Police Grant (incl. Met. Special Pay-ment)</b>	<b>4,136</b>	<b>4,136</b>	<b>4,253</b>	<b>4,253</b>	<b>117</b>	<b>117</b>	<b>2.8%</b>	<b>2.8%</b>	<b>4,374</b>	<b>4,374</b>	<b>120</b>	<b>2.8%</b>
equals	<b>FORMULA GRANT</b>	<b>27,490</b>	<b>27,474</b>	<b>28,254</b>	<b>28,254</b>	<b>780</b>	<b>780</b>	<b>2.8%</b>	<b>2.8%</b>	<b>28,996</b>	<b>28,996</b>	<b>748</b>	<b>2.6%</b>

Notes: \* for 2010/11 the split between RSG and NNDR is not available

## Annex 2: Change in Formula Grant by Area

Local Authority	2008/09		2009/10		2009/10		2010/11		Change	
	Adjusted Formula Grant £m	Change £m	Adjusted Formula Grant £m	Change £m	Adjusted Formula Grant £m	Change £m	Adjusted Formula Grant £m	Change £m	Adjusted Formula Grant £m	%
England	27,474.0	780.1	28,254.0	780.1	28,248.0	747.5	28,995.5	747.5	2.6%	
London area	6,219.4	130.9	6,350.4	130.9	6,349.4	125.9	6,475.4	125.9	2.0%	
Metropolitan areas	7,769.6	223.5	7,993.1	223.5	7,991.8	204.8	8,196.6	204.8	2.6%	
Shire areas	13,482.8	425.6	13,908.4	425.6	13,904.6	416.7	14,321.3	416.7	3.0%	
Isles of Scilly	2.2	0.1	2.2	0.1	2.2	0.1	2.3	0.1	2.8%	
Inner London boroughs incl. City	2,160.5	38.7	2,199.2	38.7	2,198.9	35.7	2,234.6	35.7	1.6%	
Outer London boroughs	1,871.8	42.8	1,914.6	42.8	1,914.0	39.5	1,953.5	39.5	2.1%	
London boroughs	4,032.4	81.4	4,113.8	81.4	4,112.8	75.2	4,188.0	75.2	1.8%	
GLA - all functions	2,187.0	49.5	2,236.6	49.5	2,236.6	50.7	2,287.3	50.7	2.3%	
Metropolitan districts	5,500.4	158.9	5,659.3	158.9	5,658.0	139.3	5,797.3	139.3	2.5%	
Metropolitan fire authorities	323.8	4.3	328.1	4.3	328.1	4.2	332.3	4.2	1.3%	
Metropolitan police authorities	1,945.4	60.3	2,005.7	60.3	2,005.7	61.3	2,067.1	61.3	3.1%	
Shire unitaries with fire	374.6	15.5	390.2	15.5	390.0	15.3	405.3	15.3	3.9%	
Shire unitaries without fire	3,793.1	126.3	3,919.4	126.3	3,918.2	116.0	4,034.1	116.0	3.0%	
Shire counties with fire	1,500.5	59.3	1,559.8	59.3	1,558.8	56.6	1,615.4	56.6	3.6%	
Shire counties without fire	2,187.0	95.6	2,282.6	95.6	2,281.2	96.3	2,377.5	96.3	4.2%	
Shire districts	1,609.9	22.1	1,632.1	22.1	1,632.1	22.3	1,654.3	22.3	1.4%	
Combined fire authorities	446.4	9.0	455.4	9.0	455.4	9.3	464.7	9.3	2.0%	
Shire police authorities	3,571.3	97.6	3,669.0	97.6	3,669.0	101.0	3,770.0	101.0	2.8%	
South West GOR	2,062.3	69.2	2,131.5	69.2	2,130.9	69.3	2,200.2	69.3	3.3%	
South East GOR	2,986.4	66.6	3,053.0	66.6	3,052.1	66.5	3,118.6	66.5	2.2%	
London GOR	6,219.4	130.9	6,350.4	130.9	6,349.4	125.9	6,475.4	125.9	2.0%	
Eastern GOR	2,255.4	67.6	2,322.9	67.6	2,322.3	68.3	2,390.6	68.3	2.9%	
East Midlands GOR	2,027.5	79.4	2,107.0	79.4	2,106.4	74.8	2,181.2	74.8	3.6%	
West Midlands GOR	3,044.4	100.5	3,144.9	100.5	3,144.3	94.4	3,238.7	94.4	3.0%	
Yorkshire and Humber GOR	2,917.7	94.6	3,012.3	94.6	3,011.7	88.7	3,100.4	88.7	2.9%	
North East GOR	1,728.1	44.5	1,772.6	44.5	1,772.3	41.1	1,813.3	41.1	2.3%	
North West GOR	4,232.6	126.9	4,359.5	126.9	4,358.7	118.4	4,477.1	118.4	2.7%	

## Annex 3: Grant Allocations for London Boroughs

Local Authority	2008/09 adjusted			2009/10 For-			2009/10 adjusted			2010/11			
	Formula Grant (£m)	Formula Grant (£m)	Change (£m)	Formula Grant (£m)	Formula Grant (£m)	Change (£m)	Formula Grant (£m)	Formula Grant (£m)	Change (£m)	Formula Grant (£m)	Formula Grant (£m)	Change (£m)	Floor or Scaled
City of London	101.3	103.1	1.8	103.1	103.1	1.75%	103.1	104.7	1.5	104.7	1.5	1.5%	floor
Camden	160.4	163.4	3.0	163.4	163.4	1.86%	163.4	167.3	3.9	167.3	3.9	2.4%	scaled
Greenwich	159.6	163.1	3.5	163.1	163.0	2.18%	163.0	166.8	3.7	166.8	3.7	2.3%	scaled
Hackney	213.0	216.8	3.7	216.8	216.7	1.75%	216.7	220.0	3.3	220.0	3.3	1.5%	floor
Hammersmith and Fulham	117.1	119.2	2.0	119.2	119.1	1.75%	119.1	120.9	1.8	120.9	1.8	1.5%	floor
Islington	155.2	157.9	2.7	157.9	157.9	1.75%	157.9	160.2	2.4	160.2	2.4	1.5%	floor
Kensington and Chelsea	102.6	104.4	1.8	104.4	104.4	1.75%	104.4	106.0	1.6	106.0	1.6	1.5%	floor
Lambeth	207.2	210.8	3.6	210.8	210.8	1.75%	210.8	213.9	3.2	213.9	3.2	1.5%	floor
Lewisham	174.5	177.6	3.1	177.6	177.6	1.75%	177.6	180.2	2.7	180.2	2.7	1.5%	floor
Southwark	223.4	227.4	3.9	227.4	227.3	1.75%	227.3	230.7	3.4	230.7	3.4	1.5%	floor
Tower Hamlets	224.9	228.8	3.9	228.8	228.8	1.75%	228.8	232.2	3.4	232.2	3.4	1.5%	floor
Wandsworth	145.5	148.0	2.5	148.0	148.0	1.75%	148.0	150.2	2.2	150.2	2.2	1.5%	floor
Westminster	175.7	178.8	3.1	178.8	178.8	1.75%	178.8	181.5	2.7	181.5	2.7	1.5%	floor
Barking and Dagenham	95.3	99.2	3.9	99.2	99.2	4.04%	99.2	102.8	3.6	102.8	3.6	3.6%	scaled
Barnet	90.0	91.9	2.0	91.9	91.9	2.21%	91.9	94.6	2.6	94.6	2.6	2.9%	scaled
Bexley	63.5	64.6	1.1	64.6	64.6	1.75%	64.6	65.6	1.0	65.6	1.0	1.5%	floor
Brent	159.3	162.1	2.8	162.1	162.1	1.75%	162.1	164.5	2.4	164.5	2.4	1.5%	floor
Bromley	63.1	64.2	1.1	64.2	64.2	1.75%	64.2	65.1	1.0	65.1	1.0	1.5%	floor
Croydon	114.8	116.8	2.0	116.8	116.8	1.75%	116.8	118.5	1.8	118.5	1.8	1.5%	floor
Ealing	139.9	142.3	2.4	142.3	142.3	1.75%	142.3	144.4	2.1	144.4	2.1	1.5%	floor
Enfield	114.4	118.3	3.9	118.3	118.3	3.43%	118.3	121.9	3.6	121.9	3.6	3.1%	scaled
Haringey	140.1	142.5	2.5	142.5	142.5	1.75%	142.5	144.6	2.1	144.6	2.1	1.5%	floor
Harrow	65.6	66.8	1.1	66.8	66.8	1.75%	66.8	67.8	1.0	67.8	1.0	1.5%	floor
Havering	53.6	54.5	0.9	54.5	54.5	1.75%	54.5	55.3	0.8	55.3	0.8	1.5%	floor
Hillingdon	81.2	82.8	1.6	82.8	82.7	1.96%	82.7	84.4	1.7	84.4	1.7	2.0%	scaled
Hounslow	88.6	90.1	1.6	90.1	90.1	1.75%	90.1	91.4	1.4	91.4	1.4	1.5%	floor
Kingston upon Thames	36.0	36.7	0.6	36.7	36.7	1.75%	36.7	37.2	0.5	37.2	0.5	1.5%	floor
Merton	65.6	66.8	1.1	66.8	66.7	1.75%	66.7	67.7	1.0	67.7	1.0	1.5%	floor
Newham	210.9	217.9	7.0	217.9	217.8	3.33%	217.8	224.0	6.1	224.0	6.1	2.8%	scaled
Redbridge	91.5	94.8	3.4	94.8	94.8	3.70%	94.8	98.0	3.2	98.0	3.2	3.4%	scaled
Richmond upon Thames	27.1	27.6	0.5	27.6	27.6	1.75%	27.6	28.0	0.4	28.0	0.4	1.5%	floor
Sutton	52.8	53.7	0.9	53.7	53.7	1.75%	53.7	54.5	0.8	54.5	0.8	1.5%	floor
Waltham Forest	118.5	120.8	2.3	120.8	120.7	1.92%	120.7	123.0	2.2	123.0	2.2	1.8%	scaled
GLA - police	1,930.0	1,978.3	48.3	1,978.3	1,978.3	2.50%	1,978.3	2,027.7	49.5	2,027.7	49.5	2.5%	floor
GLA - fire	257.0	258.3	1.3	258.3	258.3	0.50%	258.3	259.6	1.3	259.6	1.3	0.5%	floor
GLA - all functions	2,187.0	2,236.6	49.5	2,236.6	2,236.6	2.27%	2,236.6	2,287.3	50.7	2,287.3	50.7	2.3%	floor

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