

Report to: Budget Panel

Date of Meeting: 27 September 2010

Report of: Head of Strategic Finance

Title: Government Grant-Options for Change

1. SUMMARY

- 1.1. The Department for Communities and Local Government (DCLG) has produced a 408 page consultation paper upon options to change the current methodology underpinning the RSG Formula Grant redistribution process. These options are in addition to any general reductions to Formula Grant which will be announced as part of the Government's Comprehensive Spending review to be announced on 20th October 2010.
- 1.2 This Paper to Budget Panel provides a summary of the effects of potential proposed changes and indicates comments Watford should make to the DCLG by the closing date of 6th October.

2. RECOMMENDATIONS

- 2.1 That Budget Panel considers the attached summary at Appendix 1 and endorses the draft responses detailed throughout the attached Paper.

Contact Officer:

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4 IMPLICATIONS

4.1 Financial

The Consultation Paper indicates the potential for significant losses of Formula Grant for Watford. These losses will be in addition to any general reductions arising out of the Governments Comprehensive Spending Review. The effect of significant losses of grant will put added pressure upon the Council to produce a sustainable budget in 2011/2012 and succeeding years.

4.2 Legal Issues (Monitoring Officer)

None

4.3. Potential Risks

Should adverse proposals be adopted by the DCLG then there will be a severe risk that existing levels of council services will need to be reduced.

Background papers:

Consultation Paper from the Department of Communities and Local Government produced on 28th July (with a supplemental paper on 20th August) and entitled "Local Government Finance Formula Grant Distribution –a consultation paper"

If you wish to inspect or take copies of background papers please contact the officer named on the front page of the report.