

The Chief Executive  
County Councils in England  
District Councils in England  
London Borough Councils  
Greater London Authority  
Council of the Isles of Scilly  
The Town Clerk, City of London  
The Clerk  
Police Authorities in England  
Fire and Civil Defence Authorities  
Combined Fire Authorities

**FORMULA GRANT, 2008-09, 2009-10 and 2010-11**  
***Local Government Finance Act 1988, section 139A***  
**Data required from local authorities**

- 1. The Formula Grant for 2008-09, 2009-10 and 2010-11 is likely to be based on data available to central government on 1 October 2007, with a few exceptions. This letter gives statutory notice of data required from the authority by that date.**

**Background**

2. The basis on which the Department for Communities and Local Government proposes to distribute the Formula Grant (consisting of Revenue Support Grant and redistributed Non-Domestic Rates) for each year is specified in a local government finance report, which is laid before the House of Commons for its approval. Before making that report, the Secretary of State notifies the local authority associations of the general nature of the proposed basis of distribution of Formula Grant.
3. In July 2005, the Government announced the introduction of a multi-year settlement process in order to give more stability and certainty to local authorities. The first multi-year settlement covered 2006-07 and 2007-08.
4. It is the Department's intention to proceed with the three-year settlement process for 2008-09, 2009-10 and 2010-11. Ahead of this, we will be consulting on proposals to make some changes in the distribution of Formula Grant. Consultation on these proposals was announced on 17 July 2007. The closing date for responses is 10 October 2007.
5. The Secretary of State expects to notify the local authority associations and make an announcement in the House of Commons in late-November or early

December of the new formula and the proposed Formula Grant for 2008-09, 2009-10 and 2010-11. Notification marks the start of the period of consultation on the proposed Formula Grant settlement.

6. It is our intention that data will only be updated at the beginning of each three-year settlement cycle. The three-year settlement will be for 2008-09, 2009-10 and 2010-11 and, apart from population projections and taxbase projections, it is our intention that the data used in the indicators will be frozen for this period. The population and taxbase projections will relate to 2008, 2009 and 2010 for each respective settlement, and these will be based on projection data available at the beginning of the three-year cycle.
7. Prospective data that may be used in the formula for 2008-09, 2009-10 and 2010-11 are set out in Annex A. The data set out in Annex A include-
  - data that would be used if the current formulae were to be retained, and
  - new data that have been identified so far in proposals for the new formulae.
8. Please note that Annex A is as comprehensive as possible at this point in time. However, the consultation over the summer on the proposed changes to indicators and formulae may result in the use of data that are yet to be identified and therefore cannot be specified in Annex A at this time.
9. Ministers wish the settlement consultation to be based, so far as possible, on the data that will be used in calculating each authority's Formula Grant. To allow time for assembling and checking data, it is necessary to set a closing date for the making of changes to the data. The closing date is 1 October 2007, with a few exceptions.
10. Some indicators will be based on data supplied by local authorities. The forms on which authorities provide those data required by 1 October 2007 (or such other specified date) are listed in Annex B. The statutory notice below calls for those forms to be returned to the relevant Government department by that date.

### **Statutory Notice**

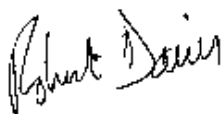
11. In accordance with section 139A of the Local Government Finance Act 1988 (as inserted by paragraph 68 of Schedule 5 to the Local Government and Housing Act 1989 and amended by paragraph 77 of Schedule 13 to the Local Government Finance Act 1992), the authority is hereby required, **if it has not already done so**, to supply in writing to the relevant departments the information listed in Annex B to this letter for authorities in its class. The information is to be supplied on or before 1 October 2007, or such other date is specified in Annex B.
12. You should be aware that, if an authority cannot supply the required information on or before 1 October 2007 (or such other specified date), the Secretary of State may, pursuant to section 139A(3) of the Local Government Finance Act 1988, assume the information required to be such as she sees fit.

### **Practical implications**

13. The authority may already have submitted the forms specified in Annex B. **There is no need to provide the same information a second time.** But you may wish to re-check this data. If any amendments are required, they must reach the relevant government department by 1 October 2007 (or such other specified date) if they are to be available for the calculation of each authority's Formula Grant.
14. Forms should be returned to the address specified for them; there **is no need to send further copies to this part of the Department for Communities and Local Government.** Where a Government department has set a date for the return of a form, that date remains relevant for purposes other than in relation to Formula Grant.
15. In accordance with previous practice, if the Secretary of State considers it appropriate to do so, she may rely on estimates based on information supplied to the relevant department at a date earlier than 1 October 2007.
16. We intend to send you the indicator values we propose to use in calculating the authority's Formula Grant later in the year, so that you can draw attention to any apparent errors before the final grant calculations are made. We will place the latest information on our website at:  
<http://www.local.communities.gov.uk/finance/0809/grant.htm>
17. If you have any enquiries **relating to particular forms or data** please contact the person who deals with those data. A list of these contacts is at Annex C. If you have any **general enquiries** arising from this letter, please contact Martin Dale, Jiten Champaneri, Tom Joss or Jo Joslin, at the above address or by telephone on 020 7944 4063, 4052, 4047 or 4048.

### **Electronic dissemination of Consultation documentation**

18. We intend to make Local Government Finance Settlement documentation available on our website. In order to inform authorities when information is available we need up to date contact addresses. For the hard copy, posted version of this letter only, I am enclosing a form setting out the contact details we hold for your authority. A blank version of the form (i.e. without each authority's details as we currently have them) can be found on our website. I would be grateful if you could check your contact details and send any amendments to us either via e-mail to [karen.sussex@communities.gsi.gov.uk](mailto:karen.sussex@communities.gsi.gov.uk) or in hard copy to Karen Sussex at the above address.



ROBERT DAVIES  
Deputy Director, Local Government Finance - Formula Grant Distribution