

BUDGET 2012/13

Report of the County Treasurer

Please note that the following recommendations are subject to consideration and determination by the Cabinet (and confirmation under the provisions of the Council's Constitution) before taking effect.

Recommendations:

It is recommended that:-

- (i) the Council's provisional grant allocation is noted;
- (ii) the revenue spending targets for 2012/13 as set out in paragraph 3.3 are approved,
- (iii) Members agree that the Capital Programme is determined by Cabinet on 8 February 2012

1. Introduction

1.1. The Secretary of State for Communities and Local Government announced the provisional local government settlements for 2012/13 on 8 December. This announcement confirms the provisional announcement made at this time last year. The Comprehensive Spending Review (CSR) published in October 2011 outlined real terms cuts of 28% in local authority expenditure over the four years. This announcement is for the second year of this reduction programme.

1.2. During the summer local authorities were consulted on proposed changes to the way in which funding for academy schools should be withdrawn. The provisional settlement does not change either the basis on which funding is top sliced from formula grant or the amount. Further consultation is planned which will result in changes to grant levels for 2013/14.

2. Impact of the Provisional Settlement

2.1. In terms of the County Council the provisional settlement provides for £171.281 millions in 2012/13. The figure is unchanged from previous notifications and represents a reduction of £14.606 millions (7.9%) when compared with formula grant for 2011/12. In addition a further sum of £8,102 millions for 2011/12 Council Tax Freeze Grant will be paid as formula grant. In total, provisional formula grant for 2012/13 totals £179.384 millions. A provisional announcement for the equivalent of future years grant levels has not been made.

2.2. In addition to formula grant the County Council receives a number of specific grants. At the time of compiling this report the following grant notifications have been received:

Grant	£000
Early Intervention	25,321
Learning Disability and Health Reform	9,649
New Homes Bonus	1,574
Local Service Support Grant	1,657
Council Tax 2011/12 (for the CSR period)	Included in formula grant
Council Tax 2012/13 (for one year only and dependent on no increase)	To be determined

2.3. Further detail will be forthcoming as Departmental announcements are made.

3. Implications for Budget-setting

3.1. In setting the budget for 2012/13, Members will be aware of the Government's desire to see council tax frozen. In the event that councils agree to freeze council tax and receive government support, a sum equal to a 2.5% rise in council tax will be provided. Regulations setting out the level at which a local referendum will be needed should council tax rise have yet to be published in detail, although the Government has indicated that a 3.5% rise is likely to be the trigger for local referenda.

3.2. Members will also be aware of the economic background to preparing next year's budget. In such difficult times it is vital that the County Council does all it can to protect front line services particularly for the most vulnerable members of the community. In arriving at targets, attention has been paid to these issues.

3.3. The proposed Directorate targets are set out in the following table:

2011/12 Adjusted Budget £000		2012/13 Target Budget £000	Change %
281,755	People	286,300	+1.6
115,563	Place	113,655	-1.7
46,692	Corporate Services	40,410	-13.5

The target budgets reflect the revised structure of the Council. Comparative figures have been prepared on a like for like basis.

3.4. Although details of the provisional grant allocation for 2012/13 have now been received, the final budget figure for 2012/13 cannot yet be established. The Final grant settlement figure will not be known until at least mid-January and the collectable tax base and the size of council tax collection fund surpluses or deficits have yet to be determined. All of this information should be available towards the end of January.

3.5. Most of this report deals with revenue spending. Capital spending plans will also need to be determined and a full report will be brought to the Cabinet on 8 February 2012.

Mary Davis
County Treasurer

Electoral Divisions: All

Local Government Act 1972

Background Papers

Department for Communities and Local Government LG Finance Settlement 2012/13

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