



LATE REPORTS, URGENT BUSINESS and SUPPLEMENTARY INFORMATION

Cabinet

Tuesday, 9 November 2010

The following reports were received too late to be included on the main agenda for this meeting and were marked 'to follow'. They are now enclosed, as follows:

Agenda Item Number	Page	Title	Reason for Late Report	Officer Responsible For Late Report
11	1 - 6	REVIEW OF STATUTORY SERVICES	Report not available at time of publication	Chief Executive

Agenda Item Number	Page	Title	Reason for Late Report	Officer Responsible For Late Report
12	7 - 16	MEDIUM TERM STRATEGY: FINANCES AND RESOURCES	Report not available at time of publication	Deputy Chief Executive and Head of Financial Services

CABINET

**Statutory Services Review
09 November 2010**

Report of Chief Executive

PURPOSE OF REPORT				
To provide a position statement on the review of all statutory services.				
Key Decision	X	Non-Key Decision		Referral from Cabinet Member
Date Included in Forward Plan		October 2010		
This report is public				

RECOMMENDATIONS OF COUNCILLOR PETER ROBINSON

(1) That Cabinet note that the following service areas are operating at or close to the minimum statutory level:

- Licensing
- Bulky Waste Collection
- Waste Collection and Recycling
- Development Control
- Building Control
- Dealing with Stray Dogs
- Environmental Protection
- Food Safety
- Health and Safety
- Homelessness
- Housing Standards

however, it would be possible to provide each of these services in a different way and in doing so it might be possible to achieve some efficiencies.

(2) Cabinet are recommended to view all other statutory services as capable of being reduced whilst achieving the statutory provision. This, in effect, would put each of these service areas in the same position as discretionary services and capable of service reduction.

(3) Some statutory services that operate above the minimum level have a positive impact on safe and clean streets and I recommend that such services are prioritised above those that do not.

1.0 Introduction

- 1.1 The Corporate Plan 2011-13 identifies meeting our responsibilities for statutory services as a corporate priority and a key action as:

“To monitor and review all statutory services to provide assurance that minimum standards can be met and to quantify any services provided above minimum standards to enable a decision to be made as to whether or not this is a priority to continue in the future and that it provides value for money.”

- 1.2 Work has been undertaken to:

- (i) Identify, where possible, the minimum service level for each statutory activity of the city council
- (ii) To consider alternative ways of achieving that service level as an alternative to direct service provision

2.0 Report

- 2.1 **Governance Services** (which includes democratic, legal, licensing and human resources)

It is necessary to have in place the legal advice to ensure that the Council acts lawfully. This service could be provided in different ways and the level of service is not prescribed. The Council is required to support its members and ensure it employs people in accordance with legislation. How this is achieved is not set out in statute. Licensing operates on the basis of income and expenditure balancing, so there is no scope to make savings or increase income.

- 2.2 **Property Services**

As the council owns land and property and it lets some of that property, the council must comply with statutes as they affect the council in its capacity as landlord and/or tenant. This includes, for example, health and safety requiring appropriate levels of both management and the need to undertake repairs and maintenance. The council is also required to purchase, sell, lease and let property at market value which requires professional advice to authorise individual transactions.

All services could be provided in different ways and the council is currently reviewing its approach to facilities management and other property services in a report to the December meeting of cabinet.

- 2.3 **Environmental Services - General**

The council is required to provide boundary signs for which there is a budget of £1,500.

The Council is required to provide a Bulky Waste Service. The present arrangements were developed five years ago and as the method of provision is successful the service is extending into other Council areas. This may provide extra income.

The council has a statutory duty to repair, maintain and provide street nameplates. The budget is £12,600 and is almost at the minimum level.

Tree maintenance is a safety requirement, but this is based on the number of trees on land owned by the Council. The Council has recently agreed a new policy in respect of tree management with the intention of managing its trees as efficiently as possible.

2.4 **Refuse Collection and Street Cleansing**

It is a statutory requirement to provide a Trade Refuse Collection Service. This is based on demand and the ability of the Council to provide the service at a competitive price.

Waste collection and recycling are statutory services. New arrangements are being brought into place which will continue to meet statutory requirements but at a reduced cost.

The provision of street cleansing is statutory, but only at the most basic level. The budget is £1.65m which provides for a mixture of planned and reactive services. It would be possible to provide a minimal service and still meet statutory requirements.

2.5 **Planning Services – Development Control**

Development Control is a statutory function. The level of service provided is driven by the number and complexity of planning applications received. Planning applications bring in fee income but not to a level that offsets the service.

2.6 **Planning Services - Building Control**

The service is statutory, but is provided in competition with the private sector providers. Until recently geographical distances have meant that larger private sector operators have not acted in competition to the city council. New local companies have set up and now handle more of the local activity. This has meant that the council has been able to down-size its operation and is currently operating at a much smaller level with no capacity to undertake more market share.

2.7 **Planning Services - Local Development Framework**

Currently operating above the minimum to position the district in terms of economic development, for example the Morecambe Area Action Plan, Lancaster Square Routes.

2.8 **Area of Outstanding Natural Beauty (Arnside and Silverdale)**

Service levels are at a minimum

2.9 **Coastal and Flood Defence**

Operating above the statutory minimum at present.

2.10 **Community Safety**

The only statutory requirements are that the city council is required to take account of Community Safety in all aspects of its work and to work in partnership with other specified agencies. There is a requirement for Overview and Scrutiny to meet annually on community safety issues.

2.11 Children and Young People

The city council has a duty, along with other specified agencies, to cooperate to improve the wellbeing of children and young people. Each of the specified agencies has a duty to promote the welfare of children through the Children's Trust and implementation of the Every Child Matters Strategy. The city council is not required to provide any services to meet this statutory responsibility. Where the city council does provide services to children, however, there is a requirement to meet child protection legislation.

2.12 Cemeteries

The city council is not required to provide open cemeteries, but having decided to do so there are statutory duties that come with that decision. It is considered that provision is at a minimum to achieve a good standard. We previously maintained to a lower standard.

There is a statutory duty for closed cemeteries including upkeep and headstone safety, but discretion as to the level of overall maintenance.

2.13 Emergency Planning

This is a service provided to a good standard and could be reduced whilst meeting statutory responsibilities. This would be best achieved through a shared service arrangement.

2.14 Dog Wardens

There is a statutory duty for dealing with stray dogs, but dealing with dog fouling is discretionary. Currently 0.4 of a whole time equivalent (wte) post is spent on dog fouling. The stray dog work is at the minimum statutory level.

2.15 Pest Control

Only a proportion of this service, relating to rats, mice and bed bugs, is statutory. So overall the service operates above the minimum level.

2.16 Environmental Protection

The only part of the service not statutory is in relation to the radiation monitoring budget. The statutory part of the service is operating at the minimum. There may be options to reduce costs through shared services.

2.17 Food Safety

We are at the minimum level to meet the nationally set standards for inspections.

2.18 Health and Safety

The service is at the minimum level to provide statutory services other than one or two minor elements such as Home Safety Quiz which are discretionary.

2.19 Homelessness

At the minimum level. However, preventative services which are contracted out are not statutory.

2.20 Home Improvements

The only part of the service which is statutory is the provision of disabled facilities grants and there is discretion as to the level of budget provision.

2.21 Housing Standards

Some investment is required to ensure minimum standards are met.

2.22 Financial Services

Each of the core functions is required as a result of legislation, but the level of each function is also dependent on the range of services the council decides to provide, including the extent to which external funding and partnerships are in place. Depending on how Council service provision and its policies change in future, all areas have the potential to be reduced to some degree (and/or provided through shared services).

3.0 Details of Consultation

3.1 Cabinet members and service heads were consulted in the process of producing this report.

4.0 Officer Preferred Option (and comments)

4.1 To accept the categorisation of statutory service levels.

4.2 Review those statutory services provided above the minimum alongside discretionary services when determining priorities and non priorities to achieve budget savings of approximately 30% over the next four years.

<p>RELATIONSHIP TO POLICY FRAMEWORK</p> <p>The Corporate Plan identifies meeting our responsibilities for statutory services as a corporate priority.</p>
<p>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)</p> <p>At this stage there is no direct impact arising from this report.</p>
<p>LEGAL IMPLICATIONS</p> <p>There are no legal implications directly arising from this report.</p>
<p>FINANCIAL IMPLICATIONS</p> <p>There are no quantifiable financial implications at this time.</p>
<p>OTHER RESOURCE IMPLICATIONS</p> <p>Human Resources: At this stage there are no implications arising from this report</p> <p>Information Services: At this stage there are no implications arising from this report</p>

Property:

The affect on property services is covered in the report

Open Spaces:

Some of the services referred to in the report have a very direct impact on management and maintenance of open space/land for which the Council has responsibility. There is a direct relationship between service levels and the standard of management and maintenance provided

SECTION 151 OFFICER'S COMMENTS

Determining whether a service is provided at the minimum level may be different to determining whether that minimum level is being delivered at lowest cost. This will also be tested to a degree through the production of the draft budgets and through comparison of those budgets with previous years' outturns.

The position of any trading accounts relating to these functions will also be reviewed as part of the budget.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

Corporate Plan 2011-13

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Ref: CE/SML/creports/cabinet/01

CABINET

**Medium Term Strategy: Finances and Resources
09 November 2010**

**Report of the Deputy Chief Executive and Head of
Financial Services**

PURPOSE OF REPORT

To provide an interim update on the Council’s strategic planning for finances and resources in context of the recent Government Comprehensive Spending Review (CSR) and to seek:

- approval of Cabinet’s future aims for Council Tax, for referral on to Council
- any early indications of areas in which Cabinet is minded to propose savings, to inform planning.

Key Decision



Non-Key Decision

Referral from Cabinet Member

Date Included in Forward Plan

August 2010

This report is public.

RECOMMENDATIONS OF COUNCILLOR LANGHORN

1. That Cabinet notes the broad outcome of Government’s Comprehensive Spending Review and the indicative savings required in order to balance future years’ budgets.
2. That Cabinet recommends a Council Tax freeze for 2011/12 and target increases of between 0 – 2% for future years’ at this stage, for referral on to Council.
3. That in view of the substantial savings needed in future years, Cabinet be requested to identify principles and /or any specific services or functions in which they are minded to make savings, in order that arrangements can be developed at this early stage to manage the staffing and other resource implications of service reductions or withdrawals.

1 Background

- 1.1 In planning for the future, the Council needs to be clear about what finances and other resources it will have to both shape and deliver against corporate priorities, and how best to manage such resources.

- 1.2 This is reflected in the Council's strategic planning framework. Whilst 'use of resources' is not now assessed separately by the Audit Commission, effective planning and use of finance and other resources is crucial. Affordability has always been a difficult challenge, but now it is even more so.
- 1.3 In broad terms resources may be considered as 'people, pounds (£) and property' and this report provides an update on the key related strategies, which will continue to be reviewed and updated as the Budget develops. As a result of the CSR, however, the focus at this stage is very much on finance.

2 Financial Planning

- 2.1 At the August meeting Cabinet considered an interim report on the Council's financial prospects underpinning its Medium Term Financial Strategy (MTFS). At that time, Members chose not to amend council tax and other targets, as Government's outline spending plans were not known and there was considerable uncertainty.
- 2.2 Whilst it is still the case that there is no information available specific to individual authorities, the CSR has provided a useful insight into Government's spending plans and this report builds on that information, particularly with regard to council tax and levels of general government support, known as formula grant. **Appendix A** sets out some of the key points arising and further information is available through www.lga.gov.uk and www.communities.gov.uk.
- 2.3 This update does not attempt, however, to give an in-depth update on the Council's finances. The aims at this stage are :
 - to ensure an appreciation of the scale of financial challenges that the Council is likely to face, in order that it can formulate how best to tackle those challenges;
 - more specifically, to determine Cabinet's proposals regarding Council Tax targets for 2011/12, and gain an early indication of possible targets (or a range) for subsequent years, in order to inform financial planning; and
 - to gain any early indications of areas in which Cabinet will propose savings, to help with planning and management.
- 2.4 This report does not cover any specific issues in relation to housing and the Housing Revenue Account. Whilst it is clear the Government intends on reforming the current housing finance system, it is not yet known what that may mean for the City Council and its tenants.
- 2.5 **Government Funding Prospects**
 - 2.5.1 The key messages arising from the CSR so far are:
 - Over the next four years major reductions will be made in Government funding. Typically headline figures refer to real terms total cuts of around 28% or around 7% a year, but the reductions are scheduled to be front

loaded for local authorities and the different tiers and types of authority will be affected differently. For the City Council, the best estimate would seem that its formula grant may reduce by 29% in cash terms over the next four years.

- Most ring-fenced funding streams will be incorporated into general formula grant.
- Whilst some new funding opportunities will arise, such as through the Regional Growth Fund, in the main these are considered likely to replace other existing sources of funding, albeit indirectly and at a lower level.

2.6 Council Tax

- 2.6.1 One aspect that is now much clearer following the CSR is Government's intention to compensate authorities should they approve a council tax freeze for 2011/12.
- 2.6.2 Under the proposals, Councils would receive additional grant funding equivalent to 2.5% of their council tax revenues, based on the current year's tax rate. By agreeing to a freeze, tax income would be foregone for all future years' budgets, though it is understood that compensating grant income would be receivable in each year to 2014/15. Thereafter, it is reasonable to assume no further compensation would be payable but by then other factors may well have come into play regarding council tax, e.g. linked to outline plans for localising council tax benefit.
- 2.6.3 It is also understood that no further compensation would be receivable should councils choose to maintain the freeze beyond 2011/12.
- 2.6.4 If the City Council wishes to benefit from this proposal, its Band D tax rate must be no more than £192.25 for 2011/12, excluding parish precepts. The Council would then receive approximately £209K additional grant per year for the next four years, to compensate for the council tax income foregone.

2.7 Indicative Savings Targets

- 2.7.1 Taking account of the above information, the Council's savings targets have been updated but it cannot be over-emphasised that these are indicative only, based on headline information and they could change radically. It is expected that Government will not announce the provisional Local Government Settlement until early December; it is only then that there will be any information available specific to individual authorities. By then the first full draft of the Council's budgets will also have been produced and therefore a much more accurate position should be available for the December Cabinet meeting.
- 2.7.2 Nonetheless, even given the uncertainties, it is considered that the Government's proposals now provide sufficient information to inform Cabinet's consideration of council tax targets for 2011/12. **Appendix B** sets out the indicative savings requirements for various council tax and government support scenarios.

- 2.7.3 Two scenarios are included for government support; at this point the more likely position is expected to be closer to a 14% reduction in 2011/12. This is because from the figures included in the CSR it is apparent that that savings for local authorities such as the City Council are frontloaded, although attempts are being made to seek some further clarification from Government.
- 2.7.4 In the past, Government has used a system to limit how much an individual authority may lose in grant from one year to the next, but even assuming that such arrangements apply for next year, it is difficult to see from the CSR how any such arrangements could have a material impact. It is also possible that actual grant reductions could be even higher.
- 2.7.5 As examples for 2011/12 therefore:
- a. Based on a 7.25% reduction in Government support and a 0% increase in council tax, indicative savings of £1.3M would be needed.
 - b. Assuming a 14% reduction in government support and 0% tax increase, the indicative savings target is around £2.4M.
 - c. If the Council ran the risk of retaining its tax increase at 3.75% and faced possible veto through the proposed local referendum arrangements, next year's savings target would still be £2.3M if a 14% reduction in government support was experienced. One reason why the difference is so comparatively small is that the Council and its residents would not benefit from the tax freeze compensation grant.
- 2.7.6 The scale of the reductions in government support put decisions regarding future council tax increases in a different context. Previously, decisions regarding council tax increases have had a significant effect on the amount of savings needed. In future, however, with a 1% increase in tax amounting to around £84K, proportionately the savings targets are now far less sensitive to tax rate changes.
- 2.7.7 Given this new context, Cabinet is requested also to indicate its preferences regarding council tax targets for 2012/13 and beyond. This could be expressed as a single target increase, e.g. 2%, or a range, e.g. 0 to 2%. Various examples and their impact on indicative savings targets are also set out at Appendix B. This clearly shows the expectation that further substantial savings will be needed after next year too.
- 2.7.8 Any recommendations would be referred on to Council and form the initial basis for the budget and planning exercise. **As usual, there will still be the opportunity to make changes to Council Tax targets later in the budget exercise. This is particularly so for years 2012/13 and beyond.**

2.8 Indicative Areas for Saving

- 2.8.1 As reflected in other items elsewhere on the agenda and in the Forward Plan, there is work underway to identify savings proposals in support of balancing the Budget. Furthermore:
- Arrangements are in place to ensure that where possible, any recruitment is made on a fixed term basis to help manage the staffing position.

- The draft revenue budget and capital programmes are currently being produced, based primarily on existing levels of service and known commitments.
- The first stage of public consultation on the Council's priorities has recently been completed.
- Arrangements are in place for budget challenge workshops to be held with Members, with external facilitation and support.

2.8.2 Given the increased need to make savings, Cabinet is requested to indicate whether at this early stage there are any service areas or functions in which Members are clearly minded to propose savings, in order to help with planning. Whilst this is difficult, the reality is that the Council cannot expect to continue to deliver the same range and standard of services that it currently provides.

3 Property and Human Resources (HR) Management

3.1 The ways in which the Council manages its people and property clearly contribute to the delivery of its priorities and achievement of its financial objectives. Likewise though, the way that the Council responds to its financial challenges will have a direct bearing on its property and HR needs.

3.2 These aspects of the Council's strategic planning are also being reviewed and updated to support and reflect the direction of the Council in moving forward. As an example, the development of shared services poses issues and opportunities for both property and HR and the Council's planning and management framework needs to reflect these links.

4 Details of Consultation

4.1 As mentioned earlier, the first stage of consultation on priorities has recently been completed in line with the community engagement and consultation plan approved back in August, and the outcome will be fed into this Cabinet meeting.

4.2 The Council's updated financial prospects need to inform the context and content of any further consultation, to help manage expectations regarding the range and level of services that the Council will be able to afford in future.

4.3 Cabinet will be aware that communications have been received from various other stakeholders affected by the CSR and no doubt this will continue. As reported in August, the Council's spending plans will be affected both directly and indirectly by Government changes, through involvement with various partners. This will impact on the Council's ability to take forward or contribute financially to various initiatives and services.

5 Options and Options Analysis (including risk assessment)

5.1 Council Tax Targets:

5.1.1 For 2011/12 it is considered likely that there is a relatively narrow band of options available to the Council regarding tax increases, from say 0% to

2.5%, assuming that it wishes to avoid any form of challenge. From the earlier consultation exercise on whether to introduce local referendum arrangements that could veto 'excessive' tax increases, it is clear that in one way or another, Government is prepared to tackle authorities that retain plans for higher tax rises.

- 5.1.2 That said, the outcome of that consultation is not yet known and therefore Government's firm views on what level of increase may be deemed acceptable are not yet known.
- 5.1.3 There is a clear financial benefit in recommending a Council tax freeze; there is also a clear disincentive to increase council tax anywhere between just above 0% up to 2.5%.
- 5.1.4 The main risks attached to any option relate to the ability of the Council to take decisions on matching service levels with the money available to fund them. Furthermore there is a real risk that actual savings targets prove to be substantially different from those indicated. To help counter this to a degree, there will be further opportunities to review target increases during the forthcoming budget as more accurate information becomes available.
- 5.1.5 In terms of options, the impact on Council Tax payers is key and this is particularly so regarding the council tax freeze proposals. There will be reputational, operational and financial risks, opportunities and trade-offs attached to whichever option Cabinet chooses.

6 **Officer Preferred Option and Comments**

- 6.1 The decision regarding council tax targets is clearly a matter for Members but that said, both the Chief Executive and the s151 Officer consider it advisable for the Council to take advantage of Government's proposals and aim for a Council Tax freeze for 2011/12, subject to no other conditions or changes arising in connection with the proposed scheme.
- 6.2 Regarding 2012/13 and beyond, both the Chief Executive and the s151 Officer would advise against planning for a general Council Tax increase outside of a range of say 0 to 2.5% at this time. In due course more information will become available to inform such target setting. It may well be the case that from 2013/14 specific changes to the council tax benefit scheme are to be financed through additional flexibilities on council tax and these would need to be considered at the appropriate time.
- 6.3 Whatever Council Tax targets are in place, Members need to have supporting plans in place to achieve a balanced budget.

7 **Conclusion**

- 7.1 It is expected that the CSR will result in the Council needing to make significantly more savings than was previously forecast and whilst the exact implications are not known, this scenario is similar to that being faced by other local authorities nationwide. It is reiterated that the Council cannot expect to continue to deliver the same range and standard of services that it currently provides.

- 7.2 There is, however, some clarity on certain aspects of Council tax and this helps to a degree with planning.
- 7.3 Whilst it expected to be early December before reasonably accurate budget forecasts can be produced, in the interim the Council is advised to focus on how to tackle the financial challenges ahead, including reviewing its priorities and key strategies and objectives, to fit with what will be affordable.

RELATIONSHIP TO POLICY FRAMEWORK The MTFS is part of the current policy framework. It should represent, in financial terms, what the Council is aiming to do (and what is affordable to do) through the rest of the policy framework.	
CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing) There is no direct, quantifiable impact arising at this stage, although the MTFS sets out the level of funding expected for the delivery of council services. As such, it will have a direct bearing on the level and impact of services provided in future.	
LEGAL IMPLICATIONS There are no direct legal implications arising at this time.	
FINANCIAL IMPLICATIONS As set out in the report.	
OTHER RESOURCE IMPLICATIONS (All other, property, HR etc) As referred to in the report; there are no other direct implications arising at this time.	
SECTION 151 OFFICER'S COMMENTS The s151 Officer has produced this report.	
MONITORING OFFICER'S COMMENTS The Monitoring Officer has been consulted and has no further comments.	
BACKGROUND PAPERS Spending Review 2010	Contact Officer: Nadine Muschamp Telephone: 01524 582117 E-mail: nmuschamp@lancaster.gov.uk Ref:

SPENDING REVIEW 2010

Headline Changes

The following key points have been extracted from the Government's Spending Review 2010, but they are by no means exhaustive.

REVENUE

- The Spending Review settlement indicates that general funding to councils (provided through formula grant) will fall from £28BN in 2010/11 to £21.9BN in 2014/15. This represents a reduction of £6.1BN or 22%. It allows for extra funding going into areas such as social services. Reductions to local authorities including district councils are front-loaded. Fire authority reductions are expected to be greater from 2013/14 onwards.
- There will be devolution of financial control to councils, by removing ringfencing from revenue grants and transferring many into formula grant. It is understood that Benefits Administration and Preventing Homelessness Grants will continue as separate grants, but they will not be ring-fenced.
- There will be additional funding in all four years of the Spending Review to enable local authorities to freeze their council tax in 2011/12.
- The Government will reduce spending on Council Tax Benefit by 10 per cent and localise it from 2013/14. In addition, the Government will consider providing greater flexibilities to local authorities to manage pressures on council tax from the same date.
- The Government acknowledges that many local authorities will have to restructure their workforce to live within this settlement, therefore it will make available £200 million of capitalisation in 2011-12, to help support local authorities that undertake organisational restructuring.

CAPITAL

- Prudential borrowing will be retained, however the Government forecasts that total capital expenditure by local authorities will fall by 30 per cent by 2014/15.
- Interest rates on Public Works Loan Board (PWLB) loans have been increased to 1 per cent above UK government gilts, on the basis that this will better reflect the availability of capital funding.
- The amount of (council) self-financed capital expenditure is forecast to fall by 17 per cent over the four years.
- Capital funding from all departments to councils will fall by around 45 per cent over the Spending Review period. The Government will prioritise capital investment on areas of greatest economic value, such as high value local transport. Further detail on Tax Increment Financing and the future incentives and planning powers open to local authorities to support growth will be provided in a White Paper on local growth later this year.

HOUSING

- The council housing finance system will be reformed with the aim that local authorities have greater control over their own finances, and can reinvest to meet local housing need.
- Disabled Facilities Grants will rise by inflation annually, also reform of the council housing finance system will build in resources needed to carry out future disabled housing adaptations required in council housing stock.
- Social landlords will be able to offer a growing proportion of new social tenants new intermediate rental contracts that are more flexible, at rent levels between current market and social rents. The terms of existing social tenancies will not be affected by these proposals.
- Further details of the Government's new affordable housing programme and associated reform programme will also be published in November. This should include details of the New Homes Bonus.

Indicative Savings Needed for Various Council Tax & Government Support Scenarios

The tables below show very broad estimates of indicative savings required for various levels of Council Tax increases combined with various assumed reductions in Government support. For comparison, the current approved MTFS assumptions are based on a year on year 3.75% increase in Council Tax and a year on year reduction of 3% in Government support.

The tables below show a range of possible savings requirements based on:

An annual reduction in formula grant of 7.25% (i.e. an estimated total cash reduction of 29% in relevant Formula Grant, but equalised over 4 years).

Annual indicative reductions in formula grant of 14% for 2011/12 and 9% for 2012/13, based on interpretation of information contained in the Spending Review for those years. For completeness, reductions of 2% and 7% are indicated for 2013/14 and 2014/15 respectively.

Regarding net spending / budget forecasts, for simplicity the projections used in the August Cabinet report have been used. These were predominantly based on Quarter 1 monitoring and Member approvals to August. Clearly these will change further.

The August budget projections also made assumptions on the outcome of consultation regarding formula grant distribution (e.g. regarding concessionary travel). These are also likely to change and again this could be significant.

Allowance has now been made for £209K additional Government grant as per the Council Tax freeze proposals (but relating to a freeze in 2011/12 only).

It must be appreciated that the information below is only indicative and could change radically. It will be early December before any reasonably accurate picture can be presented on how the Spending Review will affect the City Council's Revenue Budget.

		2011/12			
<i>Council Tax Increase for 2011/12</i> ⇨		0.00%	2.50%	2.75%	3.75%
<i>Indicative Changes in Government Support</i>		£000's	£000's	£000's	£000's
Current Assumption per Approved MTFS	-3%	577	577	556	473
Annualised Average of Spending Review Reductions	-7.25%	1,273	1,273	1,252	1,169
Year Specific Reduction per Spending Review	-14%	2,379	2,379	2,358	2,274

Note : the savings targets at 2.5% and 0.0% are the same, as this allows for the additional grant funding provided by the Government as part of the Council Tax freeze proposals.

		2012/13			
<i>Council Tax Increase for 2012/13</i> ⇨		0.00%	1.00%	2.00%	2.50%
<i>Indicative Changes in Government Support</i>		£000's	£000's	£000's	£000's
Current Assumption per Approved MTFS	-3%	1,506	1,422	1,339	1,297
Annualised Average of Spending Review Reductions	-7.25%	2,827	2,743	2,659	2,618
Year Specific Reduction indicated per Spending Review	-9%	4,098	4,015	3,931	3,889

Note : For simplicity, the above table assumes a Council Tax increase of 0% in 2011/12.