

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.