

WAVERLEY BOROUGH COUNCIL

EXECUTIVE
2 NOVEMBER 2010

Title:

COMPREHENSIVE SPENDING REVIEW

[Portfolio Holder: Councillor Mike Band]
[Wards Affected: ALL]

Summary and purpose:

This report provides an update on the main highlights from the Comprehensive Spending Review and how they may affect the Council's budget.

How this report relates to the Council's Corporate Priorities:

The Council could not deliver the Corporate Priorities without a robust budget setting process in place.

Equality and Diversity Implications:

There are no direct equality and diversity implications as a result of the recommendations of this report.

Resource/Value for Money implications:

All decisions made with regard to the Budget will impact on Waverley's resources

Legal implications:

There are no direct legal implications as a result of the recommendations of this report.

Introduction

1. The Comprehensive Spending Review on 20th October announced the Government's spending plans for the next four years, primarily focused on an £81bn deficit reduction plan. The measures affecting local government were targeted at a high level and do little to help with detailed budget building at this stage.
2. The main themes affecting the Council are:

General Fund

a) There will be an average real terms grant reduction across all authorities of:

2011/12	-	-7.25%
2012/13	-	-7.25%
2013/14	-	-7.25%
2014/15	-	-7.25%

- b) A council tax freeze grant of 2.5% will be available in 2011/12 for Councils that do not increase council tax. This is worth approximately £210,000 to Waverley. Guidance suggests that the benefit of this grant will last for the four year spending review period. There is no mention of council tax freezes for future years.
- c) Many grants will no longer be ring fenced (mainly benefiting upper tier authorities), leaving authorities to determine where to spend the money locally.
- d) A limited number of specific grants will remain, including those which Waverley currently receives, for housing and council tax benefit administration and homelessness.
- e) A new homes bonus, sharing council tax for up to 6 years, will be introduced to reward communities that build new houses.
- f) Borrowing costs will increase by 0.9%, arising from the Government's decision to raise Public Works Loans Board rates by 1% above the cost of their borrowing, impacting on the Council's leisure schemes and the housing debt transfer likely for 2012.

Housing Revenue Account

- a) The Government still intends to implement the Self Financing proposals for Housing Revenue Accounts, probably from 1st April 2012.
- b) An additional Decent Homes grant of £2bn will be available nationally.
- c) £4.5 bn will be available for new affordable homes funded by intermediate rents.
- d) Supporting people grant will be retained, but no longer ring fenced. Grant allocations to districts and boroughs will be more dependant upon local decisions at Surrey County Council who receive the grant funding in the first instance.

Budget Timetable

3. Whilst the CSR provides a useful indication of where local government funding will be going over the next four years, the specific detail for Waverley's finances is not expected before December 2010. Faced with this delay, it is essential that Members and Officers continue working to the agreed Budget timetable.

- The Finance Seminar was held on 22nd September 2010.

- Budget paper to Overview & Scrutiny outlining overall position with growth pressures and opportunities for savings.

Community 8th November 2010
 ELOS 9th November 2010
 Corporate 15th November 2010

- Budget paper to Executive on 30th November 2010.
- Presentation to Executive Briefing on 'Star Chamber' findings Mid December.
- Budget update to Executive January 2011.
- Overview & Scrutiny Committees detailed Budget consideration preceded by meetings of the performance sub-committees.

Community 14th January 2011
 ELOS 15th January 2011
 Corporate 21st January 2011

- February 5th Executive recommends council tax and council house rents.
- February 19th – Council agrees Budget.

Projected Shortfall

4. The Finance Seminar held on 22nd September analysed carefully the factors likely to influence the 2011/12 Budget and despite the initial indications in the CSR there is little reason to amend the overall position which was based on a mid-case, assuming government grant savings of 10%. Clearly, an average reduction to grant from the CSR of -7.25% could range from say, -5% to -10%, and given the usual poor grant settlements for Surrey Authorities it would be prudent to continue to assume the -10% loss until the local government finance settlement is announced. Based on this assumption, key cost pressures and the introduction of the council tax freeze grant, the following updated savings will be required:-

	2011/12	2012/13	2013/14	2014/15
	£'000	£'000	£'000	£'000
Inflation	-300	-600	-900	-1,200
Loss of Government Grant	-700	-1,400	-2,100	-2,800
Triennial Pensions Revaluation	-500	-500	-500	-500
Other Budget Changes	-300	-230	-130	-30
Council tax freeze grant	+210	+210	+210	+210
Cumulative Savings Required	-1,590	-2,510	-3,420	-4,320

Potential Savings

5. Various measures are in place to deliver the required level of savings including:
- Foresight Savings including senior management restructure
 - Star Chamber examination of services and budgets
 - Members challenge throughout the Overview & Scrutiny committee process where they have been invited to advise the Executive of:
 - a) areas within the committee's remit where discretionary spending can be reduced, and;
 - b) identify high priority services where expenditure should only be reduced as a last resort
 - Invest to save opportunities
 - Reduce grants to voluntary organisations/compensatory grants etc. (by 10% overall)

Recommendation

The Executive is asked to note the highlights from the Comprehensive Spending Review and endorse the approach being taken to identify savings as part of the 2011/12 Budget process.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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