

Report to: The Executive

Date: 9th January 2012

Report of: Director of Corporate Resources

Report No:

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Report Title: **Budget 2012/13 – Revenue Support Grant Settlement**

Non -Confidential: This report does **not** contain information which warrants its consideration in the absence of the press or members of the public

Purpose: To outline the impact of the Revenue Support Grant Settlement and to update the budget for 2012/13

Recommendations: That the Executive note 2012/13 budget position following the Revenue Support Grant Settlement

1. INTRODUCTION

Members will recall that at their meeting on the 14th November 2011 a report updating the overall budget position was presented to the Executive.

That report outlined the additional demand pressures in Children's and Adult Services and the increasing costs of Waste Disposal, which in total had added £3m to the original forecast budget for 2012/13.

The report also set out the Government's proposals for a Council Tax freeze in 2012/13. Under this scheme if the Council is to set a zero Council Tax increase in 2012/13 then it will receive a grant from the Government equivalent to a 2.5% increase in Council Tax. However, this grant is for one year only and therefore the Council would have to make up the loss of this grant in 2013/14.

The Executive approved the following:-

- Whilst recognising that the Council will need to find £4m in additional savings in 2013/14, that officers be asked to prepare the 2012/13 budget on the basis that Council Tax for the Council is set at a zero increase.
- That approval be given to the allocation of an additional £200,000 to Area Fora on the basis of £10,000 per Ward, funded from the additional Airport Dividend.
- That in order to continue to assist families in the current economic climate by providing affordable meals for children in primary schools and to sustain the current high levels of take up of school meals, it is proposed to maintain the current £1.25 charge for the Winter/ Spring Term 2012 at a cost of £100,000 funded from the Airport Dividend.
- That any further use of the Airport Dividend be reconsidered in January 2012 in the light of the updated position for 2011/12 and the draft budget for 2012/13.

This report updates the overall budget position for 2012/13 and reflects the Revenue Support Grant Draft Settlement which has recently been announced by the Government.

2. REVENUE SUPPORT GRANT SETTLEMENT

The Revenue Support Grant Settlement was issued on the 8th December 2011. This confirmed the figures announced by the Government 12 months ago in that the Council will receive £117.2m, which includes both Revenue Support Grant and National Non Domestic Rates, plus £2.52m in respect of the Council Tax freeze compensation for 2011/12.

The information provided by DCLG breaks down the grant as follows:-

	£000
Council Tax Freeze Grant	2,526
Negative Grant	-648
Share of National Business Rates	117,478

Total	119,756

As can be seen, the Council has not received any Revenue Support Grant and in fact is now making a contribution back to Central Government out of our share of National Business Rates. In addition, the Council will receive a further Council Tax Freeze Grant for 2012/13 of £2.526m, which will be for one year only.

3. **EXPENDITURE FORECAST 2012/13**

The expenditure forecast was updated in June 2011 and more detailed work has been undertaken on the budget. The overall budget for 2012/13 is as set out below:-

	Budget 2012/13 £000s
Previous Year's Budget	441,702
Increases:-	
Schools DSG	3,857
Changes to DSG	-531
Non School Services	
Inflation	2,846
Capital Financing	800
WDA / PTA Precepts	3,157
Other Corporate Costs	300
Pensions	826
Service Growth (Adults/Children's)	2,000
School Meals	600
Reduced Health Contribution	149
Savings Required	-18,143
One-off use of Balances	-1,500

Budget Requirement	436,063

Resources	
Direct Schools Grant	210,426
RSG/NNDR	119,756
LPSA Reward	1,000
Council Tax Contribution – 0% increase	102,355
CT Freeze Grant 2012/13 (one-off)	2,526

Total Resources	436,063

Demand Growth

There are 3 areas where demand for service has resulted in the need to build additional resources into the forecast. In Adult Services the increased number of clients has put significant pressure on the budget in the current year and the numbers are growing. £1.5m has therefore been built into the forecast. In Children's Services the number of Looked After Children has increased over the last 12 months. Whilst some economies have been made by placing more children locally with foster parents

or through adoption, there is an increased demand amounting to £0.5m. Additional resources have also been built in to the Waste Disposal Levy following a review of the allocation of precept charges across Greater Manchester. Because of reductions in other Authorities' waste tonnages, the cost to Bolton has increased until such time as we are able to put in place additional measures to further reduce our tonnages.

School Meals

The budget includes an additional £600,000 which will enable the school meals charge to be set at £1.50 per day in the future. At their meeting on the 14th November 2011, the Executive agreed a one-off additional contribution in order to maintain the current £1.25 charge per day for the Winter/Spring Term. Any extension of the £1.25 charge in 2012/13 will require additional resources to be allocated.

Transport Levy

Discussions are still taking place at an AGMA level, although a range of options are being explored. It is anticipated that the maximum increase in the levy will be 4% which is a 3% increase to fund the Greater Manchester Transport capital investment programme and a 1% increase in the base budget. This has been reflected in the above figures and any changes will be reported in February 2012.

4. SAVINGS OPTIONS 2012/13

The Executive will recall that as part of the 2011/12 budget an overall budget framework was agreed for 2012/13 which gave a savings target to each Service. Options to meet these targets were agreed in February and June 2011. The savings can be summarised as follows:-

	Savings 2012/13 £000
Adults	4,625
Children's	5,561
Environment	675
Development & Regeneration	1,269
Central Departments	2,648
Leisure	500
Financing Costs	2,065
Senior Management Changes	800

Total	18,143

In addition, it was agreed in November 2011 that £1.5m of earmarked reserves will be used to balance the budget for 2012/13. This one-off use of money will not be able to be repeated in 2013/14 and therefore will be incorporated in any future savings target for that year. In addition, it was also agreed that the remaining £0.5m in the earmarked reserve would be retained to meet any higher than planned for inflation during 2012/13.

5. 2011/12

In November it was reported that we had received the Airport Dividend which provided additional resources of £725,000 above the budget provision. Agreement was given to allocate £300,000 of this towards Area Forums and to maintain the school meals charge at £1.25 for the Winter/Spring Term. It was agreed that the use of the remaining

resources of £425,000 would be considered in January 2012.

Some initial discussions have taken place on the potential to take advantage of a significant range of events, the opening of Bolton One and the hosting of the London Olympic Games by arranging a wide range of sporting and other events during 2012 under the umbrella of "Bolton 2012 - A Year of Sport". In order to support these events and to ensure that they are effectively publicised and achieve the maximum involvement of organisations and people across the Borough, it is suggested that a budget of upto £250,000 be provided from these resources.

This would leave a balance of £175,000 which it is suggested is reconsidered in February 2012 once we know the finalised budgets from the Precepting Bodies.

6. STAFFING IMPACT

The savings identified by Services have covered the 2 year period 2011/12 and 2012/13. In total, savings of £60m have been delivered. It is not possible to identify staff changes which only relate to 2012/13 and therefore the staffing impact relates to the 2 year period. There has been a total reduction in the numbers of posts of 833. So far these have been delivered through voluntary means but at this point in time there are 31 staff who are currently looking for redeployment opportunities.

7. PROCESS

Following receipt of the Police, Fire and Parish Precepts and finalised budgets from Waste Disposal, Transport and AGMA, a further Budget report will be submitted to the Executive on the 13th February 2012 and then to Council on the 22nd February 2012.