



CABINET - 30TH OCTOBER 2012

SUBJECT: PROVISIONAL LOCAL GOVERNMENT SETTLEMENT 2013/14

REPORT BY: DEPUTY CHIEF EXECUTIVE

1. PURPOSE OF REPORT

1.1 This report informs Members of the Provisional Local Government Settlement announced on the 16th October 2012.

2. SUMMARY

2.1 The report gives information on the Provisional Settlement for revenue and capital funding for Caerphilly CBC for 2013/14, including indicative allocations where they have been announced.

3. LINKS TO STRATEGY

3.1 The budget setting process encompasses all the resources used by the Council to achieve its strategies.

4. THE REPORT

4.1 The Provisional Settlement for Local Government was announced on the 16th October 2012. The overall average increase in Aggregate Exchequer Finance (AEF) for all Local Authorities, including 'transfers in' of former grant funding is 8.7%. CCBC's overall increase is 7.9%.

4.2 The 'transfers in' of grant have been historically passported in full to service areas to ensure service delivery remains unaffected. The overall increase in AEF after adjusting for 'transfers in' is 1.22% for Wales and 1.19% for CCBC.

4.3 The largest transfer in, is in respect of council tax benefit (CTB), which has been previously fully funded by the Department for Works and Pension (DWP) via Central Government. There is still an ongoing debate relating to this fund in respect of whether it should be included in the Revenue Support Grant (RSG) or be treated as a specific grant. This could affect the amount CCBC receives, but it will make the process more transparent and flexible. This will not affect the overall quantum made available to Welsh Government (WG) by Central Government. As expected the provisional amount is £1m short of current CTB spend for 12/13 for CCBC. After factoring in a rise in council tax as per the current Medium Term Financial Plan (MTFP) as agreed February 2012, the shortfall increases to £1.3m and this is before taking into account any increase in demand.

4.4 The provisional settlement for CCBC for 13/14 (after taking out 'transfers in') shows an increase of £3,063k. The anticipated amount included in the MTFP based on WG's announcement last year was £3,483k, this is £420k less than expected. This has been created by a last minute top slice by WG of £10m across Wales for a WG collaboration pot. The top slice for CCBC is £630k.

- 4.5 This indicative allocation for 14/15 is an increase of £89k on the MTFP assumptions. After adjusting for the Local Government Borrowing Initiative (LGBI) for highways of £194k it is £105k lower than the original indicative announced last year. There is no indicative allocation for 2015/16. Current forecasts by the Institute of Fiscal Studies (IFS) are advising Authorities to prepare for a 0% uplift in RSG as a best case scenario i.e. no year on year cash increase.
- 4.6 The capital allocation for 13/14 is marginally better by £39k than expected.
- 4.7 Announcements on specific grant funding by WG will follow over the next 5 months.

5. EQUALITIES IMPLICATIONS

- 5.1 This report is for information purposes only, so the Council's full Equalities Impact Assessment process does not need to be applied.

6. FINANCIAL IMPLICATIONS

- 6.1 The provisional settlement for 13/14 is now over £400k lower than originally anticipated last year, this is primarily due to a top slice of over £600k by WG for a collaboration pot. If this top slice remains when the final settlement is announced on the 5th December more savings than anticipated will be required. In addition there will be an affect on revenue contributions to capital of at least £600k for 13/14 as a consequence of this top slice.
- 6.2 A revised MTFP will now be worked up in readiness for consultation with Members. This will have more challenging savings targets for the next 3 year period of the MTFP, that will affect both revenue and capital spend.
- 6.3 As in previous years information relating to specific grants has not been confirmed this could be concluded as late as February or even March 2013.

7. PERSONNEL IMPLICATIONS

- 7.1 There are no personnel implications.

8. CONSULTATIONS

- 8.1 There are no consultation responses which have not been reflected in this report.

9. RECOMMENDATIONS

- 9.1 It is recommended that Cabinet consider the report.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 To ensure that Cabinet Members are made aware of the provisional Local Government Settlement for 2013/14.

11. STATUTORY POWER

- 11.1 Local Government Act 1972.

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Background Papers:
Working Papers Budget 13/14. Contact Nicole Scammell