

**TITLE OF REPORT: CORPORATE BUSINESS PLANNING – 2011-2012 BUDGET
SETTING: COVERING NOTE**

REPORT OF THE HEAD OF FINANCE, PERFORMANCE AND ASSET MANAGEMENT

Introduction

The attached efficiency proposals were presented in the draft budget report to Cabinet on the 7th December 2010. Further work is underway to refine the estimated savings achievable from these proposals. Following the announcement of the provisional finance settlement it is clear that further savings will be required to balance the budget for 2011/12. The detail of how this will be done is currently being discussed and will be presented in the Budget report to Cabinet on the 25th January.

Provisional Finance Settlement 2011/12 and 2012/13

The draft budget presented to Cabinet on the 7th December assumed a reduction of 14.2% or £1.146million in government funding in 2011/12. The actual cash reduction announced in the provisional settlement on the 13th December was 16.8% or £1.283million. As a result additional savings of £137k are required to balance the budget for 2011/12.

The estimates also assumed a reduction of 9.3% or £0.644million in government funding in 2012/13. The actual cash reduction in the provisional settlement was 13.4% or £0.793million on the lower 2011/12 provisional settlement of £5.910million. As a result additional savings of £286k are required to balance the budget for 2012/13.

This is illustrated in the following table:

| | Assumption in Draft Budget | Provisional Settlement | Reduction in Cash Funding | Reduction in 'Relative Spending Power' |
|--------------------------------|---|-----------------------------------|--|---|
| | £'000 | £'000 | | |
| Adjusted 2010/11 funding* | 7,193 | 7,100 | | |
| 2011/12 funding | 6,047 | 5,910 | -16.8% | -5.2% |
| 2012/13 funding | 5,403 | 5,117 | -13.4% | -4.6% |
| Savings Required in 2011/12 | 1,800 | 1,937 | | |
| Savings Required in 2012/13 | 1,800 | 2,086 | | |

* Adjusted for transfer of concessionary fares to HCC

The reduction in 'relative spending power' for 2011/12 was announced as 5.2%. The calculation for 'relative spending power' for the District includes the Parish Precepts and special grants such as the Benefits Administration grant, Homelessness grant and Council Tax Freeze grant. In cash terms the reduction in Government funding via Revenue Support Grant and Re-distributed Business Rates is 16.8%.

The provisional settlement is reflected in the attached revised general fund estimates, as presented at Appendices A, B and C.

Efficiency Proposals

Members were given opportunity to comment on the proposals at the November Budget Workshops.

Circulation of these proposals to the Area Committees is an important part of the consultation process for setting the budget. Comments from the Area committees will be incorporated into the budget report for the Cabinet meeting on the 25th January 2011.