

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

16 MARCH 2011

SUBJECT:	FINAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2011/13
WARD/S AFFECTED:	ALL
REPORT OF:	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR JEFF GREEN
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1. The Final Local Government Finance Settlement for 2011/13 was announced on 31 January 2011 for debate in Parliament on 9 February 2011. This contained some minor changes to the Provisional Settlement that was announced on 13 December 2010 and reported to Cabinet on 13 January 2011.

2. RECOMMENDATION

- 2.1 That the Final Local Government Finance Settlement be noted.

3. REASONS FOR RECOMMENDATION

- 3.1. The Local Government Finance Settlement provides key funding for the budget.
- 3.2. This report was requested by the Committee.

4. BACKGROUND AND KEY ISSUES

- 4.1. The Provisional Local Government Finance Settlement was announced on 13 December 2010 and reported to Cabinet on 13 January 2011. Wirral was allocated £158.8 million of Formula Grant for 2011/12 and £144.8 million for 2012/13/
- 4.2. Following a consultation period, the Department for Communities and Local Government (DCLG) issued the Final Settlement for 2011/13 on 31 January 2011 in advance of the debate in Parliament on 9 February 2011.

- 4.3. In general terms, the Final Settlement confirmed the Formula Grant provisionally allocated to local authorities. The Wirral Formula Grant allocation has been reduced by £10,000 and an additional Specific Grant of £17,000 relating to Inshore Fisheries Conservation has been announced. For a number of other grants, announcements regarding individual allocations are still awaited, particularly from the Home Office. In overall terms there will be a 25% reduction in Home Office grant allocations in 2011/12.
- 4.4. The Final Settlement has increased the minimum guarantee to ensure that no local authority will receive a 'revenue spending power' reduction of more than 8.8% in either 2011/12 or 2012/13. This figure was 8.9% in the Provisional Settlement.
- 4.5. The 'spending power' includes the element for NHS support for health related care services. This allocation has been paid to the health sector but should then be transferred to the Council. The sum of £4.928 million in 2011/12 is to be spent on jointly agreed initiatives to support Adult Social Care where there is a health benefit.

5. **RELEVANT RISKS**

- 5.1. There are none resulting directly from this report.

6.0. **OTHER OPTIONS CONSIDERED**

- 6.1. There are none to be considered in respect of this report.

7. **CONSULTATION**

- 7.1. The Final Local Government Finance Settlement was announced following a consultation period administered by the DCLG which closed on 17 January 2011.

8. **IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

- 8.1. There are no direct implications for these groups from this report.

9.0. **RESOURCE IMPLICATIONS**

FINANCIAL

- 9.1. The Final Settlement has resulted in a decrease of £10,000 in the Formula Grant and an additional Specific Grant has been announced which provides £17,000 of funding relating to Inshore Fisheries Conservation.

9.2. Wirral will receive the following Formula Grant Allocated over components:-

Components	2011/12	2012/13
	£ million	£ million
Formula Grant		
Relative Needs	130.8	120.3
Relative Resources	- 31.1	- 28.7
Central Allocation	42.5	37.7
Floor Damping	3.0	2.0
Grants Rolled in	13.6	13.5
Total Formula Grant	158.8	144.8

9.3. A Council Tax freeze grant equivalent to the revenue generated by 2.5% Council Tax increase will be available to local authorities who do not increase their basic level of Council Tax. The Government also announced that for local authorities who do increase their Council Tax then it is prepared to take action against excessive increases.

9.4. On 10 February 2011 the Government announced that it will take action against excessive Council Tax increases in 2011-12. An increase will be considered to be excessive if the 2011-12 budget requirement is greater than 92.5% of the 2010-11 budget requirement and the Band D Council Tax increase is greater than 3.5%.

9.5. Dedicated Schools Grant is based upon pupil numbers. It also includes a number of grants totalling £34 million previously paid as specific grants or which formed part of the Area Based Grant.

Dedicated Schools Grant	2010/11	2011/12
	£ million	£ million
Estimated on pupil numbers	194.0	229.4

9.6. The use of the Spending Power allocation for health related care services is subject to agreement between the Council and the PCT.

Spending Power	2010/11	2012/13
	£ million	£ million
Health related care services	4.9	4.7

STAFFING

9.7. There are no direct staffing implications arising from this report.

10.0 LEGAL IMPLICATIONS

10.1. There are none arising directly from this report.

11.0 EQUALITIES IMPLICATIONS

11.1. There are none arising directly from this report.

11.2. Equality Impact Assessment (EIA) is not required for this report.

12.0 CARBON REDUCTION IMPLICATIONS

12.1. There are none arising directly from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1. There are none arising directly from this report.

FNCE/41/11

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APPENDICES - None.

REFERENCE MATERIAL

None

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet – Provisional Local Government Finance Settlement 2011/13	13 January 2011