

# Cabinet

Local Government Finance Settlement  
2011/12 and 2012/13

22 December 2010

Presentation by County Treasurer

1

## Contents

- Provisional local government finance settlement 2011/12 and 2012/13
- Grant floors
- Council tax freeze grant
- "Revenue spending power"
- Specific grants
- Schools
- Capital
- Response to settlement

2

## National settlement 2011/12

	2010/11 adjusted	2011/12	Change	Change
	£m	£m	£m	%
Revenue support grant	6,780	5,863	-917	-13.5%
Business rates	21,500	19,000	-2,500	-11.6%
Police grant	4,373	4,546	+173	+4.0%
Total - formula grant	32,653	29,409	-3,244	-9.9%

3

## National settlement 2012/13

	2011/12 adjusted	2012/13	Change	Change
	£m	£m	£m	%
RSG & business rates	24,729	22,914	-1,815	-7.3%
Police grant	4,546	4,224	-322	-7.1%
Total - formula grant	29,275	27,138	-2,137	-7.3%

4

## Hampshire County Council 2011/12

	2010/11 adjusted	2011/12	Change	Change
	£m	£m	£m	%
Revenue support grant	87.9	43.7	-44.2	-50.3%
Business rates	128.2	141.5	+13.3	+10.4%
Total - formula grant	216.1	185.2	-30.9	-14.3%

5

## Hampshire County Council 2012/13

	2011/12 adjusted	2012/13	Change	Change
	£m	£m	£m	%
Revenue support grant	41.2	#	#	#
Business rates	141.5	#	#	#
Total - formula grant	182.7	163.7	-19.0	-10.4%

# no split provided by the Government

6

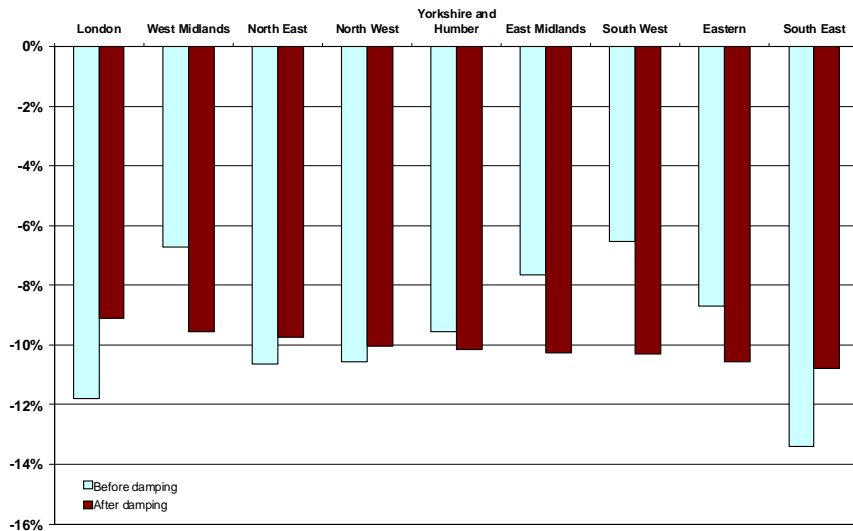
## Hampshire – adjustments to 2010/11

	£m	£m
Formula grant 2010/11		146.8
Transferred grants	+59.2	
Concessionary fares	+13.5	
Academies	-3.2 #	
South Downs National Park	-0.2	
		<u>69.3</u>
Adjusted formula grant 2010/11		<u>216.1</u>

# a further reduction of £2.5m in 2012/13

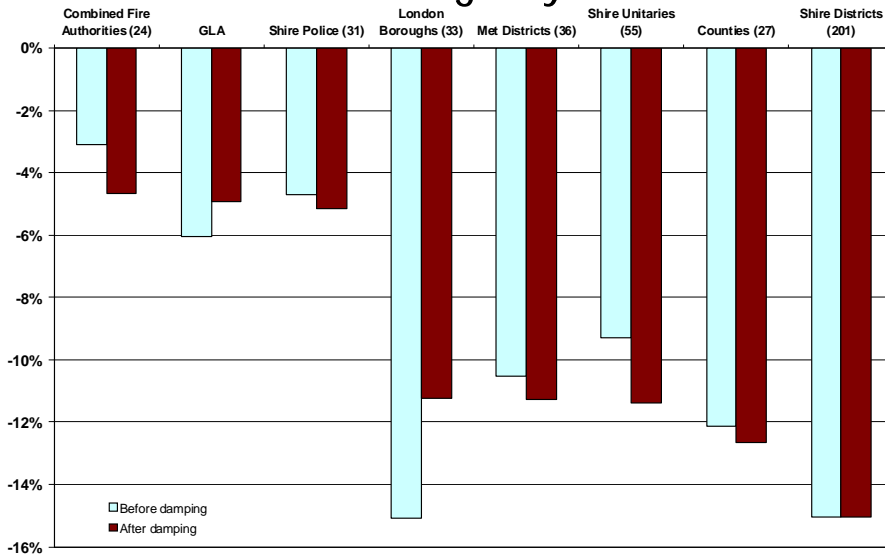
7

## Formula Grant change by region 2011/12

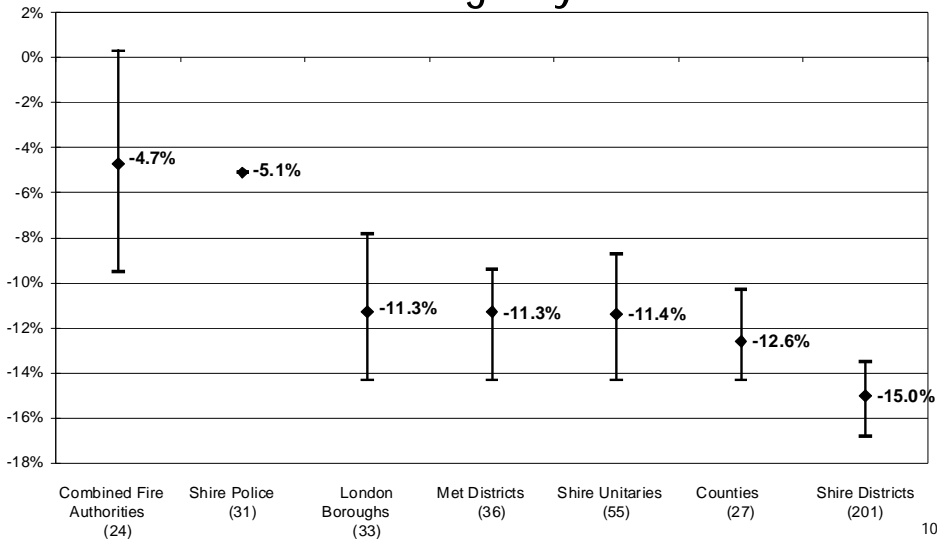


8

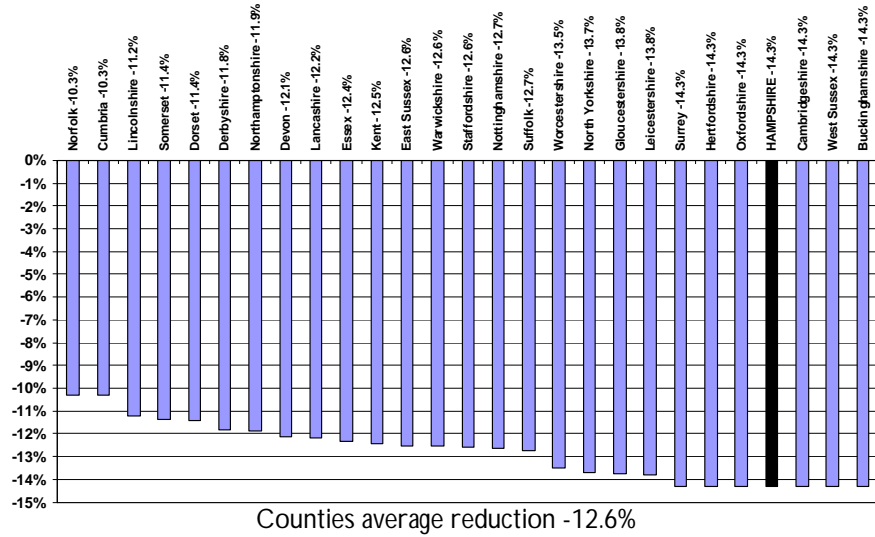
## Formula Grant change by class 2011/12



## Formula Grant change by class 2011/12

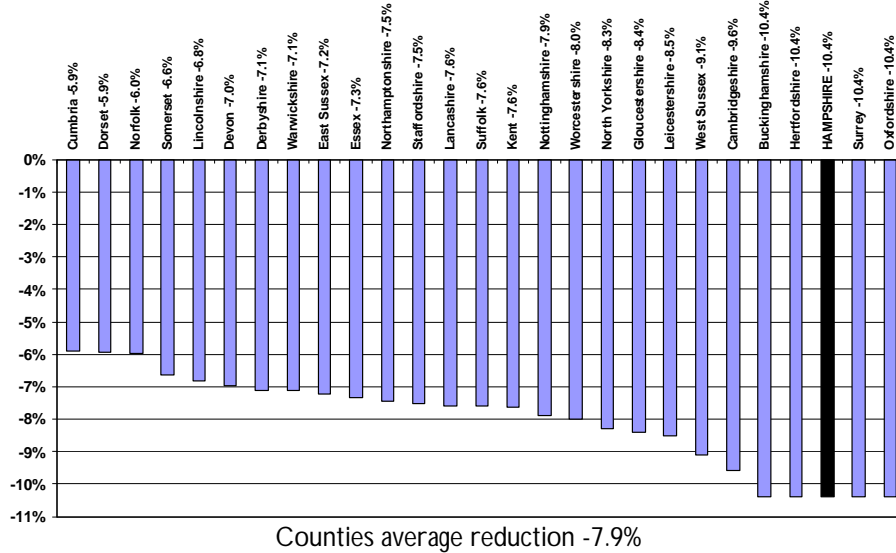


## County Councils Formula Grant reductions 2011/12



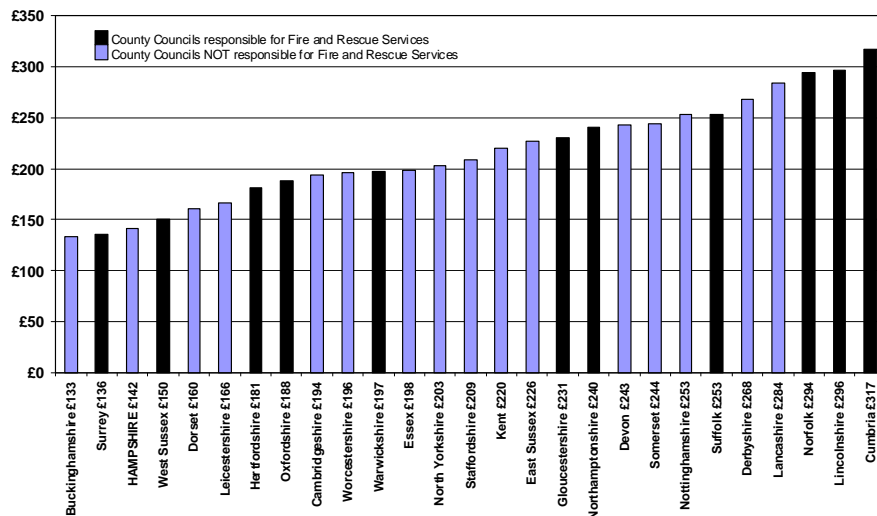
11

## County Councils Formula Grant reductions 2012/13



12

## County Councils Formula Grant per head 2011/12



Averages per head: counties with fire services £218; without fire services £211; all counties £214

13

## Grant floors – education and social services authorities

	2011/12	2012/13
Band 1- authorities most dependent on formula grant	-11.3%	-7.4%
Band 2 -	-12.3%	-8.4%
Band 3 -	-13.3%	-9.4%
Band 4 - authorities least dependent on formula grant	-14.3%	-10.4%

Hampshire County Council is in Band 4

14

## Grant floors – police and fire authorities

	2011/12	2012/13
<b>Police authorities</b>	-5.1%	-6.7%
All police authorities, including Hampshire receive this level of grant reduction		
<b>Fire authorities</b>	-9.5%	-3.4%
Hampshire Fire and Rescue Authority is above this floor, with a grant increase of 0.2% in 2011/12 and 2.6% in 2012/13		

15

## Grant floors – shire district councils

	2011/12	2012/13
Band 1- authorities most dependent on formula grant	-13.8%	-10.5%
Band 2 -	-14.8%	-11.5%
Band 3 -	-15.8%	-12.5%
Band 4 - authorities least dependent on formula grant	-16.8%	-13.5%

16

## Council tax freeze grant

- Grant equivalent to 2.5% of the net taxbase for 2011/12, subject to the Band D council tax for 2011/12 not being higher than 2010/11
- Estimated grant £13.2m in 2011/12, £3m above the income from originally planned council tax increase of 1.9%
- Grant payable for four years, so no compensating increase in council tax until 2015/16

17

## “Revenue spending power”

- Transitional grant is payable to authorities with reductions in revenue spending power of more than 8.9% per annum
- Payable to 37 authorities in 2011/12, and 12 authorities in 2012/13
- Not payable to Hampshire County Council, or any other county council

18

## “Revenue spending power”

Hampshire County Council	2011/12		2012/13	
	£m	%	£m	%
Revenue spending power 2011/12	-7.8	-0.9%	-16.1	-2.0%
Includes:				
Formula grant 2011/12	-30.9		-19.0	
Other grant losses / gains	-2.7		+3.3	
Council tax freeze grant	+13.2		-	
NHS funding for social care & health	+12.6		-0.4	
Revenue spending power	-7.8		-16.1	

19

## Specific grants reductions 2011/12

	£m
Net reductions identified by Government as reducing Revenue Spending Power	-2.7
Other reductions	
Discontinued Children’s Services grants	-5.5
Grants transferred to formula grant at below their 2010/11 level (Adult Servs & Transport)	-3.1
Total	-11.3
Grants on which decisions are still to be made	1.9

20

## Specific grants changes

Most existing grants have been either:	£m
• assimilated into formula grant	-59.1
• discontinued	-5.5
• amalgamated with Sure Start grants in the new Early Intervention grant	41.7
• new Learning Disability grant in place of previous NHS funding	41.0
• council tax freeze grant	13.2
• new grant towards Flood Management duties	0.2

21

## Concessionary fares

Included in formula grant 2011/12 - but not separately identifiable	£m
Adjustment to formula grant 2010/11	13.5
Formula grant reduced by 14.3% in 2011/12	-1.9
Assumed funding in 2011/12	11.6
Cost of minimum statutory scheme (excluding discretions of £0.8m for disabilities legislation)	12.5

22

## NHS grants

New grants to support joint working between social care and health	£m
2011/12	12.7
2012/13	12.2

Spending must benefit health and grants  
will be allocated by the Primary Care Trust  
on the basis of jointly agreed plans

23

## Schools – one year settlement only

- Funding streams simplified by integration of other schools grants into the Dedicated Schools Grant (DSG)
- Adjusted DSG at same level per pupil as in 2010/11 in cash, not real, terms:

Hampshire £4,648

Average for England £5,083

- Pupil premium in addition of £430  
for each deprived and looked after child  
£200 premium for children of service families  
Estimated at £8m for Hampshire

24

## Capital – 2011/12 onwards

Government allocations now 100% grant  
No supported borrowing allocations

	2010/11	2011/12	Change
	£m	£m	%
Total	92.4	74.3	-19.5%

25

## Capital

	2010/11	2011/12	Change
	£m	£m	%
Adult services	3.5	2.4	-31.4%
Children's services			
Devolved capital	12.3	4.1	-67.0%
Other	42.4	37.0	-12.5%
Children's - total	54.7	41.1	-24.8%
Environment	34.2	30.8	-9.9%
Total	92.4	74.3	-19.5%

26

## Response to consultation

- Deadlines
  - for written responses – 17 January 2011
- Possible issues
  - new Banding approach
  - concessionary fares
  - Service family funding definition & timing
  - grant adjustments for academies
  - NHS grant

27