

REPORT TO RESOURCES PDG

REPORT OF: HEAD OF FINANCE

REPORT NO: HOF221

DATE: 17TH JANUARY 2013

TITLE:	PROVISIONAL GRANT SETTLEMENT 2013/14	
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	N/A	
PORTFOLIO HOLDER: NAME AND DESIGNATION:	Cllr Mike Taylor Well Run Council Portfolio Holder	
CONTACT OFFICER:	Richard Wyles – Head of Finance Tel: 01476 406210 Email: r.wyles@southkesteven.gov.uk	
INITIAL IMPACT ANALYSIS: Equality and Diversity	Carried out and Referred to in paragraph (7) below N/A	Full impact assessment Required:
FREEDOM OF INFORMATION ACT:	This report is publicly available via the Your Council and Democracy link on the Council's website: www.southkesteven.gov.uk	
BACKGROUND PAPERS		

1. RECOMMENDATION

Members are asked to note the contents of this report and the provisional settlement for 2013/14.

2. PURPOSE OF THE REPORT

This report is intended to provide members with an update of the provisional financial settlement announcements for 2013/14.

3. DETAILS OF REPORT

3.1 Confirmation of the provisional settlement for 2013/14 was issued by DCLG on the 19th December 2012 and has been confirmed as £8.024m. In future DCLG will include previously separately awarded grants in the overall settlement figure without individually identifying them which will create difficulties in determining the individual allocations that have been awarded. Those specific grants detailed in the 2013/14 announcement that are applicable to the Council are; the Council Tax Freeze grant agreed in 2011/12 for 4 years (£157k), homelessness grant of £106k and Council Support grant of £757k (this being the District element of the Council Tax Support Scheme).

3.2 Resources PDG will be aware that 2013/14 is the first year of the significant shift in how local government is financed following the introduction of the business rate retention scheme. The new funding allocation is a split between locally raised business rates which are retained and revenue support grant.

3.3 Table 1 below details the new funding split and compares this to the amount the Council received in 2012/13.

Table 1.

	Formula Grant Funding 2011/12	Formula Grant Funding 2012/13	Provisional settlement for 2013/14	Proposed settlement 2014/15*
Revenue Support Grant	£1.972M	£143K	£4.206M	Not yet provided
Redistributed business rates	£6.378M	£7.226M	£2.798M	Not yet provided
Total Formula Grant	£8.350M	£7.369M	£7.004M	£6.992M
Specific grants:				
• Council Tax	£157K	£316K (2yrs)	£157K	Specific grants rolled into the
• Homelessness	£106K	£106K	£106K	
• Council Tax	N/A	NA	£757K	

Support				above
Total (inc grants)	£8.401M	£7.791M	£8.024M	£6.992M
<u>For comparative purposes only</u>		(0)	(£757K)	N/A
Readjusted for council tax support scheme And one off council tax grant		(£157K)		
Re-stated grant	£8.410M	£7.634M	£7.267M	£6.992M
% Change		(9%)	(5%)	(4%)

*based on indicative information provided by the Council's financial advisors

3.4 In comparative terms the decrease between 2012/13 and 2013/14 is £367k or 5% and a similar sized reduction is anticipated for the following financial year. These reductions have already been modelled and budget reduction and efficiency measures have already been introduced in order to meet the grant reductions. This work has placed the Council in a position to protect front line services and continue it's investment in the delivery of its priorities.

3.5 Looking ahead it is anticipated that further year on year reductions will be introduced to the revenue support grant element of the allocation. This will put increasing pressure on the Council and as such the Council will refresh it's Medium Term Financial Strategy in the coming months in order that it can respond to the changing financial climate appropriately.

4. OTHER OPTIONS CONSIDERED

N/a

5. RESOURCE IMPLICATIONS

These are detailed in the report

6. RISK AND MITIGATION

Risk has been considered as part of this report and any specific high risks are included in the table below:

Category Risk	Action / Controls
Financial Risk	Update and implementation of medium term financial strategy

7. ISSUES ARISING FROM IMPACT ANALYSIS

N/a

8. CRIME AND DISORDER IMPLICATIONS

N/a

9. COMMENTS OF FINANCIAL SERVICES

Financial comments are included in the report.

10. COMMENTS OF LEGAL AND DEMOCRATIC SERVICES

As part of good governance it is important members are kept updated in respect of the financial position of the Council and specifically around the levels of grant funding from Government in light of the changes in their funding approach.

11. COMMENTS OF OTHER RELEVANT SERVICES

N/a

12. APPENDICES: None