



Report of the Director of Resources

Corporate Governance and Audit Committee

Date: 15th November 2010

Subject: Government Spending Review

Electoral Wards Affected:

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

1.0 Purpose Of This Report

1.1 The report provides information on the implications of the Government's spending review which was announced on 20th October 2010.

2.0 Background Information

2.1 Appendix 1 and 2 to the report was presented to the Executive Board on 3rd November 2010.

3.0 Main Issues

3.1 The headline to most impact local Government is for funding to be reduced by 26% in real terms over 4 years. This compares to average savings for government departmental budgets of 19%.

3.2 The proposals also included a significant reduction in the number of ring fenced grants with around £4billion a year to be rolled into (general) Formula Grant.

3.3 Furthermore funding will be provided for Council Taxes to be frozen for 2010/11 and funding for schools is to be increased in real terms by 0.1% per year.

3.4 As expected the Spending Review presents a significant financial challenge to the Council and the report attached at Appendix 1 makes proposals for the setting of the Council's budget for 2011/12 including commencing a process of consultation.

4.0 Implications For Council Policy And Governance

- 4.1 The spending review will undoubtedly have impacts upon how the Council delivers against the wide range of organisational objectives and statutory obligations it has.
- 4.2 A challenge for the Corporate Governance and Audit Committee is to understand, and help determine, the extent of the systems and processes (the governance control environment) which are necessary, and proportionate, to support and manage the risks associated with the delivery of those objectives and obligations.

5.0 Legal And Resource Implications

- 5.1 There are significant resource implications for the Council in terms of its ability to maintain all the services it currently provides. The grant settlements for local authorities will not be known until late November, but a simple extrapolation of the national figures suggests a grant reduction for the Council of over £150 million by 2014/15 of which around £52 million could have an impact in 2011/12.

6.0 Conclusions

- 6.1 The spending review presents a significant financial challenge to the Council and the report attached at appendix 1 makes proposals for the setting of the Council's budget in 2011/12.

7.0 Recommendations

- 7.1 To note the details, contained in Appendix 1 and Appendix 2.

Background Documents Used

Government Spending Review – Executive Board Report – 3rd November 2010.