



Cabinet
Tuesday, 20 December 2011

ADDENDA

7. Business Strategy and Service & Resource Planning Report for 2012/13 - 2016/17 - December 2011 (Pages 1 - 6)

Attached is a supplementary report and annex with the following additional recommendation:

Cabinet is RECOMMENDED to:

- (a) Note the implications set out in the addenda in forming their budget proposals in January 2012;**

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Division(s):N/A

CABINET – 20 DECEMBER 2011

ADDENDA

BUSINESS STRATEGY AND SERVICE & RESOURCE PLANNING 2012/13 – 2016/17

Report by Assistant Chief Executive & Chief Finance Officer

Introduction

1. As set out in the main report, the draft Local Government Finance Settlement was expected in early December. A consultation on 'The Revenue Support Grant for 2012/13 and related matters' was published on 8 December 2011 by Communities and Local Government (CLG). This addenda sets out the implications of the draft settlement and associated announcements.

Formula Grant

2. 2012/13 provisional Formula Grant allocations are set out in the consultation. Formula Grant figures for 2012/13 are unchanged from those announced in January 2011, with the exception that Formula Grant now includes the second allocation of 2011/12 Council Tax Freeze Grant. The Freeze Grant is the second instalment (of four) for authorities who froze their 2011/12 basic council tax at 2010/11 levels. Formula Grant for Oxfordshire in 2012/13 is therefore £108.245m (a reduction of 10.4% from 2011/12) plus £7.067m for Council Tax Freeze Grant, a total of £115.312m. In future years it may be that the Freeze Grant will be subject to reductions in line with reduced Formula Grant allocations (or similar arrangements built into business rate re-localisation).

Academies - Local Authority LACSEG¹

3. There has been no further claw back of funding for Academies in 2011/12 or 2012/13 as was expected. However, a Department for Education (DfE) consultation launched on 8 December 2011 will determine the arrangements to estimate Local Authority LACSEG costs and the arrangements where costs differ from the top slice from the 2011/12 and 2012/13 Formula Grant.
4. CLG intend to make a calculation of the Local Authority LACSEG cost for 2012/13 in each authority towards the end of the 2012/13 financial year. This is a change from the current methodology which removes funding on a pro-rata basis using shares of 'Central Education functions Relative Needs' and early

¹ Local Authority Central Services Equivalent Grant

estimates of Academies converting nationally. CLG are also reducing the proportion of spend in Local Authorities used to calculate the LACSEG deduction, recognising that a higher proportion of costs needs to be retained in the Local Authority.

5. Where the costs of LACSEG estimated by the DfE are less than the amounts removed from Formula Grant, CLG will refund the difference through an unringfenced specific grant. Where costs are above the amounts removed, no additional funding will be recovered from Local Authorities.
6. For 2011/12 there will be no change the current top slice, therefore no change to Formula Grant. CLG recognise that at this stage in the financial year any change would cause unwelcome turmoil and instability to Local Authority budgets.
7. A permanent solution from 2013/14 is being sought as part of the Local Government Resource Review. CLG will explore ways of removing funding from the Local Authority and transferring it to the DfE. The DfE would then administer a grant to Local Authorities and Academies proportionate to the number of pupils for which they are responsible according to a national rate. A consultation will take place during 2012.

Other Grants

8. A number of specific grants have also been confirmed. There are some minor changes to a few grants as set out in Annex 1.
9. In relation to the Early Intervention Grant (EIG), this has been increased following the Chancellor of the Exchequer's announcement in the Autumn Statement that early education entitlement for two year olds will be expanded to cover around 260,000 children by 2014. Oxfordshire's allocation is £0.800m.
10. A new grant of £0.013m has been announced for Deprivation of Liberty Safeguards (DOLS). The funding is for local authorities to work with PCTs and hospital trusts to prepare for this new duty. Subject to the passage of the Health and Social Care Bill, local authorities will have a new duty to make assessments and authorisations of DOLS in hospitals from April 2013.

Capital

11. The capital grant allocations for transport have been confirmed for 2012/13 at £13.174m for maintenance and £4.455m for integrated transport. This is unchanged from the announcement in January 2011.
12. The Department of Health have also confirmed a capital grant for 2012/13 of £1.198m.
13. Although an allocation has not been announced for 2012/13, CLG has confirmed that the Fire Capital Grant for 2012/13 will be allocated on the same

basis as 2011/12, when the Council received £1.086m. The Council can expect a similar amount for 2012/13.

14. Following a review of the Education capital grant system by the DfE, no funding allocations have been announced for 2012/13. Allocations are expected in the final Local Government Finance settlement in early 2012.

RECOMMENDATION

15. The Cabinet is RECOMMENDED to:

- (a) **Note the implications set out in the addenda in forming their budget proposals in January 2012;**

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Assistant Chief Executive & Chief Finance Officer

Background papers: Nil

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Specific Grants 2012/13 - Comparison of provisional allocations and confirmed allocations

	2011/12 Allocation £'000	2012/13 Provisional Allocation £'000	2012/13 Confirmed Allocation £'000	Difference to MTFP £'000	Difference to Directorates £'000	Comments
Early Intervention Grant	21,423	22,740	22,647	-93		
New funding for disadvantaged 2 year olds	0	0	800		800	Part of Early Intervention grant
Learning Disabilities & Health Reform Grant	19,224	19,680	19,693		13	New grant for DOLS
Fire Revenue Grant	183	254	250		-4	
Community Safety Fund	567	289	289	0		Awaiting confirmation of allocation
Lead Flood Authority	158	325	325		0	
Extended Rights to Free Travel	630	782	782	0		
Council Tax Freeze Grant (for 2011/12)	7,067	7,067	0	-7,067		Added to Formula Grant
	49,252	51,137	44,785	-7,160	808	

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