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To: Adult Social Care and Public Health Policy Overview and Scrutiny Committee – 10 January 2012

Subject: **BUDGET 2012/13 AND MEDIUM TERM FINANCIAL PLAN 2012/15**

Classification: Unrestricted

Summary: The purpose of this report is to consult the Committee on the budget proposals for the Adult Social Care and Public Health Portfolio(s), with reference to the draft KCC budget launched on 20 December 2011.

Members are invited to comment on the key issues on the proposed budget changes for the services provided by the Families and Social Care Directorate.

Introduction

1. (1) The Chancellor of the Exchequer made his Autumn Budget Statement to the House of Commons on 29 November 2011. This coincided with the latest economic forecasts from the Office for Budget Responsibility (OBR) which predicted that recovery from the recession would take longer than previously forecast and economic growth projections for the remainder of 2011 and throughout 2012 would be substantially less than earlier forecasts. The Government's deficit recovery strategy relies on steady and sustainable economic growth in order that tax revenues recover from the effects of recession and remain buoyant in the future. In spite of the lower growth predictions the Chancellor has stuck with the spending plans outlined in the 2010 Spending Review (SR2010).

(2) The provisional Local Government Finance Settlement for 2012/13 was announced on 8 December 2011. This set out provisional grants for 2012/13 from the Department for Communities and Local Government (DCLG). This includes the vast majority of un-ringfenced grants. The grants from DCLG were in line with the provisional figures included in the 2011/12 settlement but no provisional amounts have been announced for the following years.

(3) Following these announcements KCC launched its draft 2012/13 Budget and 2012/15 Medium Term Financial Plan (MTFP) for consultation on 20 December. The documents include much more information about the national economic context and grant settlement, as well the Council's proposals. Members are asked to review these documents and bring them to the committee meeting where the proposals affecting the Adult Social Care and Public Health portfolio will be considered.

(4) For 2012/13 the draft budget proposes freezing Council Tax at the same level as 2011/12 i.e. £1,047.48 for a band D property and taking up the one-off grant offered by government. Taking up this grant means that £14.4m of additional savings/income will have to be found in 2013/14 to offset the loss of grant. The Council Tax Freeze grant is factored into our calculations on the overall net loss of grant in 2012/13 and 2013/14.

(5) The grant settlements for other Government departments had not been announced in time for the budget launch. Since these are largely ring fenced and its KCC policy to adapt spending in line with grant settlements these will not unduly affect the proposed budget.

Revenue Budget Proposals

2. (1) The draft budget book includes a portfolio summary, an updated A to Z of services and for the first time a detailed variation statement for each line in the A to Z showing all the changes between 2011/12 and 2012/13. The introduction of an A to Z of services rather than a portfolio by portfolio presentation of the budget was largely welcomed last year. The detailed variation statement is further step towards greater transparency of the underlying assumptions behind the proposed budget. We recognise that removing the portfolio by portfolio presentation makes it more difficult for Policy Overview and Scrutiny Committees to scrutinise the proposals for individual portfolios and thus for ease of reference the A to Z entries for the Adult Social Care and Public Health portfolio are included as Appendix 1 to this report.

(2) The MTFP sets out the overall assumptions about the likely resources available over the next 3 years. It also sets out the forecast additional spending demands and the savings/income which would be necessary to achieve a balanced budget each year. The savings have been expressed as target amounts for efficiencies and service reforms under a number of themes. The MTFP has been redesigned to present a clearer overall picture over the three year period rather than portfolio by portfolio.

(3) The MTFP includes a portfolio by portfolio analysis of the main changes within the proposed 2012/13 budget. This is presented in the same format as the previous multi year presentation. Experience has shown that although we produced a 3 year plan by portfolio nearly all of the issues relate to the first year and the detail for years 2 and 3 are largely aspirations and change significantly when the budget for these years comes to be approved at a later date. The one year presentation by portfolio should help Policy Overview and Scrutiny Committee members to focus on portfolio priorities for the coming year.

(4) As in 2011/12 the detailed budgets for individual service units and budget managers will be produced after County Council has agreed the draft budget in A to Z format. This detailed manager analysis will include staffing information for individual units.

(5) Copies of the draft Budget Book and MTFP have been distributed to all Members (on 16 December). You are asked to ensure you bring those to this meeting.

Capital Budget

3. (1) The starting point for the capital programme is the existing published capital programme for 2011/14. We have revised the presentation of the capital programme for individual schemes to shift the focus away from planned spending year by year and more towards the totality of spend and how this is financed. This will enable debate to focus on the merit of schemes, their affordability and overall timeliness rather than the detail of re-phasing individual amounts between years.

(2) The proposed programme for the Adult Social Care and Public Health portfolio for 2012/15 is set out page 10 of the Draft Budget Book

Recommendation

4. (1) Members are asked to NOTE and COMMENT ON the revenue and capital budget proposals for the Adult Social Care and Public Health portfolio.

Background documents:

- Autumn Budget Statement; Cabinet, 5 December 2011
- Draft Budget Book 2012/13 and Medium Term Financial Plan 2012/15 (launched 20 December 2011)
- Previous Budget Monitoring and Planning Reports to the Adult Social Care and Public Health Policy Overview and Scrutiny Committee

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