

## Cabinet – 29<sup>th</sup> November 2010

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### AUTUMN BUDGET STATEMENT

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#### Summary

This paper sets out the context at both the national and local level within which the County Council's revenue budget and medium term financial plan will be developed.

Following the Government's announcement of the Spending Review on 20<sup>th</sup> October 2010 and the likelihood that we will only get Local Government Finance settlement figures for 2011/12 and 2012/13, we are proposing to publish a detailed medium term financial plan for the next two years only although this will be set within the context of a four year strategy compatible with the Spending Review announcement.

The critical issues the council faces over the next two years are:

- A reduction in government grants to local authorities amounting to a stated 7.25% per annum in **real terms**
- The front loading of Formula Grant reductions for Local Government arising from a national reduction of 14.4% in **cash terms** for 2011/12 (16% in real terms) before the transfer of grants or funding for personal social services (the overall four year reduction in cash terms before transfers is 29.3%)
- The transfer of £74.2m worth of Area Based and Specific Grants to KCC (£3.4bn nationally) into Formula Grant with the consequential de-ring-fencing and potential for redistribution away from this Authority
- A pledge that schools budgets will increase by 0.1% per annum in **real terms** over the Spending Review period, including the new Pupil Premium, demographic pressures, and inflation
- The continued ring-fencing of the Dedicated Schools Grant (including both schools' and the local authority elements). Some previously ring-fenced specific grants will also transfer into DSG and thus remain ring-fenced
- The transfer of grants into a new un-ring-fenced Early Intervention Grant including the transfer of Sure Start grants
- The future of the remainder of Area Based and Specific Grants will not emerge until provisional settlements in December
- Inflationary, demand and legislative pressures on the budget at the same time grant funding is reducing
- The consequential need to make substantial savings to offset grant reductions and pressures in order to balance the budget
- The effective freeze on Council Tax increases for 2011/12 with the introduction of Council Tax Freeze Grant

## **Recommendations**

### National Context

To note

- The outcome of the Spending Review 2010 including the transfer of and reduction in Government Grants to Local Government
- The forthcoming Local Government Finance settlement which will give details of the provisional grant allocations to the County Council

### Local Context

To note

- The unavoidable pressures which are anticipated will need to be funded for 2011/12 and 2012/13 (partially offset by pressures which have been resisted)
- The budget strategy proposed to close the gap through a combination of income generation, efficiency savings and re-prioritisation of services
- The re-presentation of the draft budget in a more transparent and user-friendly format
- The impact of KCC restructuring and how we translate budgets into new Portfolios

## **Autumn Budget Statement**

### 1. Introduction

- 1.1 Each year, Cabinet receives a report titled the 'Autumn Budget Statement', which sets out the planning assumptions for the next years' revenue budget and medium term financial plan for this Council. The report is scheduled so that it can include the latest key planning information, especially that from Central Government following the Spending Review 2010 announcement on 20<sup>th</sup> October and the latest economic indicators, and coincides with the second quarter's budget monitoring report showing the up to date information on the current year's budget.
- 1.2 Cabinet will publish its draft 2011/12 budget and medium term financial plan on 6<sup>th</sup> January 2011 for formal consultation. Cabinet will consider its final budget proposals on 2<sup>nd</sup> February 2011 before the budget and medium term financial plan is presented for approval at County Council on 17<sup>th</sup> February 2011.
- 1.3 This report is presented in two parts. Part one deals with the national context and in particular explores what resources are likely to be available to Local Government and the changes that are being made to the grant system. Part two looks at the local context including the pressures the Council is likely to face in the coming years and the savings that would be necessary to balance the budget.
- 1.4 The budget and medium term financial plan will be developed to support the overall vision for the council as set out in Bold Steps for Kent. The Bold Steps consultation document foresaw the need to make £330m of savings over the next 4 years and there is nothing coming from the Spending Review which changes this assumption significantly other than the front-loading of Formula Grant reductions in 2011/12. In "Bold Steps" we set our aim to deliver the Council's services as efficiently as possible. We recognised that there might be a need to change some services, that users may have to pay more for some services and some may have to cease altogether. The budget strategy outlined in this in this statement is consistent with these principles although the detail will not be available until the draft budget and medium term financial plan is published in January.

## Part One – National Financial Context

### 2. Spending Review 2010

- 2.1 The Chancellor of Exchequer announced the outcome of the spending review 2010 on 20<sup>th</sup> October. The announcement sets out the individual departmental spending totals for 2011/12 to 2014/15 in order to tackle the £149bn budget deficit identified in the Emergency Budget in June. The departmental limits are broadly in line with the total planned spending outlined in the budget after adjustments for the in-year grant reductions announced earlier this year and grant transfers between departments following the Spending Review. The grant transfers will be dealt with in more depth later in this section.
- 2.2 The published details of each departmental total revenue and capital expenditure limits are set out in appendix 1. This table shows that local government has taken one of the largest reductions with DCLG revenue spending down 27% in real terms over the 4 years, and overall government grants down 26% over the four years (the average of 7.25% per annum).

### *Department for Communities & Local Government*

- 2.3 The announcements for this department are the most significant for local authorities as apart for Dedicated Schools Grant, DCLG Formula Grant is the next largest single grant and impacts on all local authority services. The position for DCLG is complex as the Spending Review includes the transfer of £3.4bn of Area Based and Specific Grants from other government spending departments into the DCLG budget for local authorities, the allocation of additional funding for personal social services and new grant to support Council Tax freeze for 2011/12 (albeit these latter elements are not new money and appear to be funded from the reductions in basic Formula Grant). Table 1 below summarises the changes for DCLG.

Table 1	2010/11 £bn	2011/12 £bn	2012/13 £bn	2013/14 £bn	2014/15 £bn	Cumulative on 2010/11 £bn
Total Formula Grant	29.0					
Less Police Grant from Home Office	4.4					
Original DCLG Formula Grant	24.6	21.1	19.1	18.7	17.4	
Area Based Grant Transfers	2.9	2.8	2.8	2.8	2.8	
Specific Grant Transfers	0.6	0.6	0.6	0.7	0.7	
PSS Funding	0.0	0.5	0.9	1.0	1.0	
Revised DCLG Formula Grant	28.0	25.0	23.4	23.2	21.9	
Council Tax Freeze	0	0.7	0.7	0.7	0.7	
Other DCLG Grants	0.5	0.5	0.4	0.4	0.4	
Total DCLG for Local Government	28.5	26.1	24.4	24.2	22.9	
Overall Cash Reduction		-2.4	-1.7	-0.2	-1.3	-5.6
Overall Real Terms Reduction		-2.9	-2.2	-0.8	-1.8	-7.7
Cash Reduction %		-8.4%	-6.5%	-0.8%	-5.4%	-19.6%
Real Terms Reduction %		-10.1%	-8.6%	-3.3%	-7.9%	-26.8%

Note – figures may not sum due to rounding

- 2.4 The reduction in base Formula Grant amounts to £3.6bn for 2011/12 (out of a total reduction of £7.2bn for the four years), this is equivalent to a 14.4% reduction in cash terms or 16% in real terms (overall four year reduction is 29.3% in cash terms or 35.6% in real terms). The transfer of Area Based and Specific Grants, and the allocation of PSS funding mitigates the overall reduction resulting in a 10.8% reduction in cash terms (12.5% real terms) in 2011/12 and 21.9% cash (28.9% real terms) over the four year period. The new Council Tax Freeze grant and other

grants further mitigates the overall impact to the stated 26.8% reduction in real terms for all DCLG funding to local government over the four years as per the table in appendix 1. This equates to the stated average 7.25% reduction in real terms over the four year period but disguises the front loading of reductions in 2011/12 and 2012/13 as demonstrated in table 1.

2.5 The impact on KCC's estimated Formula Grant is outlined in Table 2 below. At this stage it is impossible to predict the impact of any redistribution of funding following the transfer of Area Based and Specific Grants into Formula Grant and we have assumed we will receive the same proportion of the national budget as we receive through the existing grants. As a consequence of the higher gearing for the transfer of Area Based and Specific Grants on upper tier authorities the reductions in 2011/12 appear less than the national percentage (10.8% cash, 12.5% real, as outlined in paragraph 2.4). There remains a risk that the transfers end up not on a like for like basis and the grant reductions for KCC could be more and closer to the national averages in table 1, these risks are explored in paragraph 2.6 below.

Table 2	2010/11	2011/12	2012/13	2013/14	2014/15	Cumulative on 2011/12
	£m	£m	£m	£m	£m	£m
Existing Formula Grant	275.7	235.9				
Transferred Grants & PSS	74.2	84.8				
Estimated New Formula Grant	349.9	320.7	300.2	297.6	280.9	
Cash Reduction		-29.2	-20.5	-2.6	-16.7	-69.0
Cash Reduction %		-8.4%	-6.4%	-0.9%	-5.6%	-19.7%
Real Terms Reduction %		-10.1%	-8.5%	-3.4%	-8.1%	-26.9%

2.6 We have previously reported that the changes made to the formula methodology from 2008/09 can result in the redistribution of funding between different classes of authority without intervention to amend the formula parameters. This is a significant risk for KCC through the transfers announced in the Spending Review as the majority of the grants transferring were previously only paid to upper tier authorities. We have also previously reported that the proxy indicators used in the formula can favour some authorities more than others causing further redistribution, and the operation of floor mechanism can mean that although additional funding is allocated through the formula it can then be recovered via the floor damping. We will not know the impact of these risks until we receive the provisional grant settlement in early December.

2.7 The Spending Review confirmed the government's proposals to provide local authorities with a grant equivalent to 2.5% on Council Tax provided the authority does not increase its basic level of Council Tax for 2011/12 compared to 2010/11. The arrangements will apply separately to individual billing and major precepting authorities but will not apply to town or parish councils. This ensures that the budget set by one authority will not impinge on the grant for another authority charged on the same Council Tax bill. In effect this means that to raise any extra revenue an authority would have to raise Council Tax by more than 2.5%. The grant is confirmed at the same level for each year of the Spending Review period (and thus fear that the income forgone by not raising Council Tax would be lost in subsequent years has been allayed for at least the next 4 years), although there is no additional funding to support freezes beyond 2011/12.

#### *Department for Education*

2.8 The announcement for DFE provided a £3.1bn increase in revenue funding over the 4 year period and £4.2bn reduction in capital. The revenue settlement should result in a 0.1% increase in real terms for schools budgets for 5 to 16 year olds although this includes the new allocation for the Pupil Premium. The introduction of the Pupil Premium is likely to mean some schools' budgets increasing above the 0.1% while others face a real terms reduction. The settlement takes into account demographic pressures as a result of the rising birth rate throughout the last decade.

2.9 We are anticipating that some of the Area Based and Specific Grants from DFE are likely to transfer into the Dedicated Schools Grant although the Spending Review announcement included no details. We are unlikely to get the details of these transfers until provisional grant settlements are announced in December. Since DSG will remain ring-fenced the authority is restricted how to use this funding.

2.10 Sure Start will be transferring into a new un-ring-fenced Early Intervention grant. The Spending Review announcement protected Sure Start grants in cash terms but within this authorities will have to fund the cost of health visitors. Grants for early years' placements will also transfer into the new Early Intervention grant.

2.11 The overall position for DFE is far from clear and will not be resolved until provisional grants are announced in December. At this stage we are planning on a fairly cautious basis assuming grant reductions impacting on the local authority share of DFE grants equivalent to the 7.25% average per annum reduction in real terms. Any reductions in grants within the DSG will need to be ring-fenced within the CFE budget. We are planning that schools' budgets will be protected.

#### *Department for Health*

2.12 All the Area Based and Specific Grants previously received from Department for Health have transferred into DCLG Formula Grant. We remain concerned that this presents a risk for a substantial redistribution of funds. In particular we are concerned that the grant for Preserved Rights will transfer from an allocation based on actual numbers in receipt of care to a formula. Kent has a disproportionately high number of clients with preserved rights and although the funding has transferred into an un-ring-fenced grant we will still have an obligation to provide for them.

2.13 The Spending Review announced additional funding within the DH budget to support social care. This funding is in addition to the grants which have transferred into Formula Grant and the increase in personal social services within the Formula Grant announcement. At this stage we have not made any forecast for any additional receipts from this grant on the grounds that any additional funds are likely to bring with them additional responsibilities.

#### *Other Departments*

2.14 Other than the grant transfers outlined in appendix 2 there is no detail of grants from other departments e.g. Home Office, Department for Transport, etc. At this stage we are planning on a 7.25% per annum reduction in real terms.

#### *Overall Impact*

2.7 Grants from other Government departments amount to a total of £195m including the local authority's share of DSG, and the remaining Area Based and Specific Grants after the transfer to Formula Grant described above and the notified in-year reduction in 2010/11, and excluding schools. Details of these grants for KCC are detailed in appendix 2. At this stage we are assuming these will reduce in line with the average 7.25% per annum in real terms over the next four years although there remains a risk that reductions could be greater and/or front loaded. The latest estimated reduction in government grants is set out in table 3.

Table 3	Original 2010/11	Reductions in 2010/11	Transfers to Formula	Revised 2010/11	2011/12	2012/13	2013/14	2014/15	Cumulative on 2010/11
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Formula Grant	275.7				320.7	300.2	297.6	280.9	
Area Based Grants	96.6	-8.3	-65.4	22.9	21.8	20.9	20.0	19.1	
Specific Grants	184.8	-3.5	-8.8	172.5	165.0	157.7	150.8	144.1	
Council Tax Freeze					14.3	14.3	14.3	14.3	
Total Grants	557.1	-11.8	-74.2	195.4	521.8	493.1	482.7	458.5	
Cash Reduction					-35.3	-28.7	-10.4	-24.2	-98.6
Cash Reduction %					-6.3%	-5.5%	-2.1%	-5.0%	-17.7%
Real Terms Reduction %					-8.1%	-7.4%	-4.2%	-6.6%	-25.1%

## Part Two – Local Financial Context

### 4. Council Tax

4.1 Within the 2010/11 budget we have just under £1.5m of income representing KCC's share of the district collection fund surpluses. In most years the districts end up with a surplus or deficit on their Council Tax collection funds due to higher or lower than anticipated receipts arising from a combination of collection rates, number of tax payers in the tax base, and discounts & exceptions. At this stage we plan budgets assuming no surplus or deficit on the collection fund, and thus we cannot plan to not have this £1.5m income in 2011/12 or 2012/13. We usually report the collection fund surplus to Cabinet in February and amend the final budget proposals prior to County Council.

4.2 We have experienced an increase in the Council Tax base for a number of years. Typically this had been running at around 1% increase per annum. The impact of Council Tax base increases is usually much more significant than collection fund surpluses/deficits and we have included an estimate of the additional resultant income in the budget strategy. This additional income goes some way to offsetting the budget pressures arising from demographic changes. In 2010/11 we reduced the forecast increase in the tax base in response to the economic downturn. For 2011/12 and 2012/13 we are planning for an even lower rate of growth in the tax base (0.5% for 2011/12 and 0.3% for 2012/13). Nonetheless, even at these reduced levels of increase this would still yield an additional £4.6m over the two years.

4.3 In light of the Council Tax Freeze Grant we are not planning for any increase in the rate of Council Tax for 2011/12, and the KCC charge for a band D would remain at £1,047.78. A 3% increase would raise an additional £17.1m from tax payers in Kent but the loss of the grant would mean KCC would only see a net increase in income of £2.7m. This equation is simply not justifiable and therefore we cannot plan for any increase in 2011/12. Our longer term strategy is to keep increases as low as possible beyond 2011/12. At this stage we are assuming no additional income in 2012/13 from Council Tax other than the 0.3% on the tax base, although some increase cannot be ruled out as a mechanism to balance the budget and avoid undesirable cuts in services. The overall planning assumptions for council tax over the forthcoming MTFP as set out in table 4.

Table 4	2010/11 £m	2011/12 £m	2012/13 £m
Council Tax Yield	569.4	572.3	574.0
Collection Fund Surplus	1.5	-1.5	
Overall Change in Council Tax		1.4	1.7

## 5. Unavoidable Budget Pressures

5.1 In the current MTFP we identified potential pressures of £103m for 2011/12 and 2012/13. During the course of the year we have taken the opportunity to review these pressures. Inevitably in some instances this reveals that we need to put more money into the budget where pressures are rising, e.g. number of adults seeking support for social care, referrals to children's services, etc. In other instances new pressures have arisen which could not be foreseen at the time the current MTFP was approved e.g. increase in 1% on PWLB loans, increase in uptake of Freedom Pass, etc. To offset these increases there are some pressures where we have been able to reduce the amount we need e.g. price increases on contracts, National Insurance increases, etc.

5.2 These pressures have been thoroughly scrutinised to ensure that we are only identifying genuine unavoidable pressures or providing additional funding to meet the key policy objectives for the council as set out in "Bold Steps". This scrutiny includes detailed quarterly budget monitoring reports to Cabinet (with exception reports in the intervening months), regular reports to Policy Overview and Scrutiny Committees as well as internal challenge through the appropriate boards. As a result of this scrutiny we have been able to resist/reject nearly £28m of pressures for 2011/12 and 2012/13 originally put forward.

5.3 The latest revised estimated pressures for 2011/12 and 2012/13 amount to £119m and are summarised in table 5 below. A more detailed presentation of the budget pressures is shown in appendix 3 together with a comparison to the current published MTFP.

Table 5	2011/12 £m	2012/13 £m
DSG	5.4	13.0
Pay & Prices	11.7	12.3
Government Legislative	6.0	8.2
Demand/Demographic	15.0	8.6
Service Strategies & Improvements	6.3	10.7
Emerging	0.0	21.8
Total	44.4	74.7

## 6. The Overall Challenge

6.1 Putting together the overall impact of the latest forecast grant reductions, estimated changes in Council Tax and spending pressures we need to plan to make savings of over £161m over the next 2 years. This has increased from the £136m announced at the County Council meeting on 13<sup>th</sup> October as a result of the front loading of DCLG grant reductions and additional pressures on financing the capital programme and meeting the cost of Carbon Reduction Commitment stemming from the Spending Review. The scale of the challenge is set out in table 6 below (we need to bear in mind the grant reductions could be worse either because of redistribution within Formula Grant as a result of the transferred grants or larger/earlier reductions in grants from other government departments than the 7.25% per annum in real terms included in our assumptions).

Table 6	2011/12 £m	2012/13 £m	Cumulative Total £m
Grant Reductions (table 3)	-35.3	-28.7	-64.0
Council tax Increases (table 4)	1.4	1.7	3.1
Net Reduction in Tax Revenue	-33.9	-27.0	-60.9
Spending Pressures (table 5)	39.0	61.7	101.7
Overall Challenge	72.9	88.7	161.6

6.2 This is a significant challenge but we are confident that the strategy outlined below will enable Cabinet to publish a draft budget and MTFP for consultation in early January 2011. This budget will be based on the priorities that we have outlined for the County Council and the challenge we have been set by the Coalition Government to make our contribution to reducing the national deficit. Our strategy for balancing the budget will be based on the following principles:

- Reduce to an absolute minimum the pressures and cost increases on service delivery by resisting as far as is possible price increases for bought-in services and providing our staff with an appropriate reward package recognising the difficult financial position for all public services. At the same time we have to accept that in many cases increases are unavoidable and need to be adequately planned and funded
- Continuing to drive out efficiency savings through more effective commissioning and procurement, eradicating duplication, ceasing non essential expenditure and delivering a lean organisation which works together
- Maximising income potential and determine which services we can provide for others at viable price, which we should continue to provide ourselves from tax revenues, and which can be brought in or provided by other organisations. Income generation would include modest Council Tax increases after the 2011/12 freeze
- And finally, as a last resort, we may have to make decisions on what we may have to stop doing or do to a lesser extent

## 7. Budget Presentation

7.1 We are considering making some changes to the presentation of the budget book and MTFP. Our aim behind these changes is to make the budget more transparent by clearly distinguishing between the provision of services recognisable to the public and the necessary approval for the delegations to budget managers. This will necessitate two distinct sections in the budget book; section 1 being the public facing document setting out the overall amount we plan to spend, an A to Z of spending on services, council tax levels and reasons why the annual budget has changed; and section 2 setting out the detail of delegations to individual managers. We also intend to more clearly identify the grants we receive from Government (in the current budget book grant income is indistinguishable from service income from fees and charges within individual portfolios).

7.2 As well as a more transparent presentation, the changes we are proposing will remove duplication between the approved budget and business plans. We are also working with other councils so that the presentation of budgets is more consistent and we can more easily make comparisons of relative spend and performance.

7.3 Due to the interaction with the restructuring of the council (Change to Keep Succeeding) we are proposing that the draft budget published in January will only be section 1. This will include information about the proposed spend within each portfolio but will have to be based on the current structure as the new structure is not due to be considered by County Council until 16<sup>th</sup> December. The budget report to County Council on 17<sup>th</sup> February will need to make sure that approval is granted to delegate authority to Cabinet members to move budgets to fit the new structure without changing the totality of the approved budget. At this stage we propose that section 2 will be published in March to take account of the delegations to the new structure.

## Recommendations

Cabinet are asked to note:

1. The outcome of the Spending Review 2010 including the transfer of and reduction in government grants to Local Government, and the associated risks of those transfers



2. The forthcoming Local Government Finance settlement which will give more details of the provisional grant allocations to the County Council
3. The unavoidable pressures which are anticipated will need to be funded for 2011/12 and 2012/13
4. The budget strategy proposed to close the gap between spending requests and likely tax revenue funding sources through a combination of income generation, efficiency savings and re-prioritisation of services
5. The proposed re-presentation of the draft budget book in a more transparent and public facing format
6. The impact of KCC restructuring on the approval of delegations to manage in-year expenditure
7. The proposed Medium Term Financial Planning key milestone dates set out in Appendix 4.

*Background Documents: None*

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## Departmental Expenditure Limits (DELs) Announced in the Spending Review 2010

	£ billion					Per cent
	Baseline	Plans				Cumulative real growth
	2010-11	2011-12	2012-13	2013-14	2014-15	
<b>Departmental Programme and Administration Budgets</b>						
Education	50.8	51.2	52.1	52.9	53.9	-3.4
NHS(Health)	98.7	101.5	104.0	106.9	109.8	1.3
Transport	5.1	5.3	5.0	5.0	4.4	-21
CLG Communities	2.2	2.0	1.7	1.6	1.2	-51
CLG Local Government	28.5	26.1	24.4	24.2	22.9	-27
Business, Innovation and Skills	16.7	16.5	15.6	14.7	13.7	-25
Home Office	9.3	8.9	8.5	8.1	7.8	-23
Justice	8.3	8.1	7.7	7.4	7.0	-23
Law Officers' Departments	0.7	0.6	0.6	0.6	0.6	-24
Defence	24.3	24.9	25.2	24.9	24.7	-7.5
Foreign and Commonwealth Office	1.4	1.5	1.5	1.4	1.2	-24
International Development	6.3	6.7	7.2	9.4	9.4	37
Energy and Climate Change	1.2	1.5	1.4	1.3	1.0	-18
Environment, Food and Rural Affairs	2.3	2.2	2.1	2.0	1.8	-29
Culture, Media and Sport	1.4	1.4	1.3	1.2	1.1	-24
Olympics	-	0.1	0.6	0.0	-	-
Work and Pensions	6.8	7.6	7.4	7.4	7.6	2.3
Scotland	24.8	24.8	25.1	25.3	25.4	-6.8
Wales	13.3	13.3	13.3	13.5	13.5	-7.5
Northern Ireland	9.3	9.4	9.4	9.5	9.5	-6.9
HM Revenue and Customs	3.5	3.5	3.4	3.4	3.2	-15
HM Treasury	0.2	0.2	0.2	0.2	0.1	-33
Cabinet Office	0.3	0.4	0.3	0.2	0.4	28
Single Intelligence Account	1.7	1.7	1.7	1.7	1.8	-7.3
Small and Independent Bodies	1.8	1.8	1.6	1.5	1.4	-27
Reserve	2.0	2.3	2.4	2.5	2.5	-
Special Reserve	3.4	3.2	3.1	3.0	2.8	-
Green Investment Bank	-	-	-	1.0	-	-
<b>Total</b>	<b>326.6</b>	<b>326.7</b>	<b>326.9</b>	<b>330.9</b>	<b>328.9</b>	<b>-8.3</b>
<b>memo:</b>						
Central government contributions to local government	29.7	27.5	26.3	25.5	24.2	-26
Local Government Spending	51.8	49.8	49.5	49.5	49.1	-14
Central government contributions to police	9.7	9.3	8.8	8.7	8.5	-20
Police Spending (including precept)	12.9	12.6	12.2	12.1	12.1	-14
Regional Growth Fund	-	0.5	0.5	0.4	-	-

	£ billion					Per cent
	Baseline	Plans				Cumulative real growth
	2010-11	2011-12	2012-13	2013-14	2014-15	
<b>Capital DEL</b>						
Education	7.6	4.9	4.2	3.3	3.4	-60
NHS(Health)	5.1	4.4	4.4	4.4	4.6	-17
Transport	7.7	7.7	8.1	7.5	7.5	-11
CLG Communities	6.8	3.3	2.3	1.8	2.0	-74
CLG Local Government	0.0	0.0	0.0	0.0	0.0	-100
Business, Innovation and Skills	1.8	1.2	1.1	0.8	1.0	-52
Home Office	0.8	0.5	0.5	0.4	0.5	-49
Justice	0.6	0.4	0.3	0.3	0.3	-50
Law Officers' Departments	0.0	0.0	0.0	0.0	0.0	-46
Defence	8.6	8.9	9.1	9.2	8.7	-7.5
Foreign and Commonwealth Office	0.2	0.1	0.1	0.1	0.1	-55
International Development	1.6	1.4	1.6	1.9	2.0	20
Energy and Climate Change	1.7	1.5	2.0	2.2	2.7	41
Environment, Food and Rural Affairs	0.6	0.4	0.4	0.4	0.4	-34
Culture, Media and Sport	0.2	0.2	0.2	0.1	0.1	-32
Olympics	1.0	1.1	0.2	0.0	-0.1	-
Work and Pensions	0.2	0.2	0.3	0.4	0.2	-5.5
Scotland	3.4	2.5	2.5	2.2	2.3	-38
Wales	1.7	1.3	1.2	1.1	1.1	-41
Northern Ireland	1.2	0.9	0.9	0.8	0.8	-37
HM Revenue and Customs	0.2	0.3	0.1	0.1	0.1	-44
HM Treasury	0.0	0.1	0.0	0.0	0.0	-30
Cabinet Office	0.0	0.0	0.0	0.1	0.0	-28
Single Intelligence Account	0.3	0.4	0.3	0.3	0.3	-2.8
Small and Independent Bodies <sup>12</sup>	0.1	0.1	0.1	0.1	0.1	-52
Reserve	2.1	1.0	1.0	1.0	1.1	-
Special Reserve	0.7	0.7	0.8	0.8	0.8	-
<b>Total Capital DEL</b>	<b>51.6</b>	<b>43.5</b>	<b>41.8</b>	<b>39.2</b>	<b>40.2</b>	<b>-29</b>

Details of Grant Transfers

Former Grant	Dept	Original £000s	Transfers to Formula £000s	In Year reduction £000s	Remaining ABG £000s
Aggregate Levy Sustainability Fund	DEFRA	0			0
Environmental Damage Regulations	DEFRA	0			0
Pitt review implementation – Surface Water Management Plans	DEFRA	35			35
School Gates Employment	DWP	0			0
Community Call for Action/Overview Scrutiny Cmmtte	Home Office	26			24
Stronger Safer Communities	Home Office	1,385		-132	1,277
Young People Substance Misuse Partnership	Home Office	283			261
Detrunking	DfT	279	279		0
Road Safety Grant	DfT	2,281		-608	1,673
Rural Bus Subsidy	DfT	2,457	2,457		0
School Development Grant	DCSF	2,868			2,123
Extended Schools Start-Up Grants	DCSF	1,554			1,150
Primary National Strategy - Central	DCSF	831			615
Secondary National Strategy - Central Co-ordination	DCSF	670			496
Secondary National Strategy - Behaviour and Attendance	DCSF	183			136
School Improvement Partners	DCSF	646			478
Education Health Partnerships	DCSF	261			194
School Travel Advisers	DCSF	189			140
Choice Advisers	DCSF	80			59
School Intervention Grant	DCSF	410			303
14 - 19 Flexible Funding Pot	DCSF	419			310
Sustainable Travel - General Duty	DCSF	113			84
Extended Rights to Free Transport	DCSF	1,174			869
Connexions	DCSF	11,836		-6,873	8,761
Children's Fund	DCSF	3,083			2,282
Child Trust Fund	DCSF	27			20
Positive Activities for Young People	DCSF	786			582
Teenage Pregnancy	DCSF	501			371
Children's Social Care Workforce	DCSF	431			319
Youth Taskforce	DCSF	0			0
Care Matters White Paper	DCSF	1,260	1,260		0
Child Death Review Processes	DCSF	182	182		0
Young Peoples Substance Misuse	DCSF	176			130
Designated Teacher Funding	DCSF	86			64
January Guarantee	DCSF	132			98
LSC Staff Transfer	DCSF	781	781		0
Adult Social Care Workforce	DH	3,409	3,409		0
Carers	DH	6,242	6,242		0
Child & Adolescent Mental Health	DH	2,432	2,432		0
Learning & Disability Development Fund	DH	992	992		0
Local Involvement Networks	DH	495	495		0
Mental Capacity Act & Independent Mental Capacity	DH	694	694		0
Mental Health	DH	3,494	3,494		0
Preserved Rights	DH	10,609	10,609		0
Cohesion	CLG	0			0
Economic Assessment Duty	CLG	65	65		0
Supporting People Administration	CLG	736		-736	0
Supporting People	CLG	32,025	32,025		0
Local Enterprise Growth Initiative	CLG	0			0
Stronger Safer Communities Fund	CLG	0			0
Working Neighbourhood Fund	CLG	0			0
Prevent	CLG	0			0
Climate Change	CLG	0			0
NI160 STATUS Survey	CLG	0			0
Familiarisation costs of new statutory guidance on social housing	CLG	0			0
		96,619	65,417	-8,348	22,854

Specific Grants	Dept	2010/11 Total	2010/11 Schools	2010/11 Net	In Year Reduction	Transfer to Formula	Remaining Specific Grant
		£000s	£000s	£000s	£000s	£000s	£000s
<b>Within AEF</b>							
Dedicated Schools Grant (DSG)	DCSF	806,151	725,353	80,798			80,798
ContactPoint	DCSF	259			-151		
School Standards Grant (including Personalisation)	DCSF	41,509					
Standards Fund (excluding elements now in ABG)	DCSF	88,741					
Sure Start, Early Years and Childcare Grant	DCSF	42,640			-462		
Play (Pathfinders & Playbuilders)	DCSF	18	123,933	52,309	-18		51,678
Consortia Support Grant	DCSF	900					
Diploma Specific Formula Grant	DCSF	1,637					
Think Family Grant	DCSF	387					
Targeted Mental Health in Schools	DCSF	150					
Youth Opportunity	DCSF	734		734			734
AIDS Support	DH	284		284		284	0
Social Care Reform	DH	5,770		5,770		5,770	0
Learning Disability Campus Closure Programme	DH	2,553		2,553		2,553	0
Stroke Strategy	DH	166		166		166	0
Local Authority Business Growth Incentives (LABGI) scheme	CLG	750		750	-750		0
Local Public Service Agreement (LPSA) Performance Reward Grant	CLG	1,500		1,500	-1,500		0
The Private Finance Initiative (PFI)	CLG	605		605			605
Asylum Seekers	HO	15,611		15,611			15,611
Drug Action Teams	HO	1,790		1,790			1,790
Sub Total		1,012,155	849,286	162,870	-2,881	8,773	151,216

Specific Grants	Dept	2010/11 Total	2010/11 Schools	2010/11 Net	In Year Reduction	Transfer to Formula	Remaining Specific Grant
		£000s	£000s	£000s	£000s	£000s	£000s
<b>Outside AEF</b>							
Further Education funding from Learning and Skills Council (LSC) - 19+ funding	BIS	10,314		10,314			10,314
Further Education funding from Young People's Learning Agency (YPLA) - 16-18 funding	DCSF	2,576		2,576			2,576
Adult and Community Learning from Learning and Skills Council (LSC)	BIS	467		467			467
Sixth forms funding from Young People's Learning Agency (YPLA)	DCSF	93,483					
Employment Based Initial Teacher Training scheme	TDA	580					
Children's workforce in schools modernisation & development	TDA	332					
Support staff training and qualifications	TDA	497					
Returning teachers training and development	TDA	128					
Golden Hellos	TDA	665					
Young Apprenticeships	DCSF	798					
14-19 Prospectus and Common Application Process Grant	DCSF	11					
LSN Quality Assurance	LSN	10					
Post 16 Access Fund	YPLA	130					
Kent Transport Partnership	YPLA	106					
Kent Community Action Pilot	DCSF	950					
Poverty Pilots	DCSF	745					
Rural Transport Coordinator	DCSF	38					
Youth Sports Project	YST	177		177			177
New Deal for Communities (NDC)	CLG	70		70			70
Kent Downs AONB	Nat England	305		305			305
North Downs Way National Trail	Nat England	91		91			91
Other Natural England grants	Nat England	29		29			29
Forestry Commission		7		7			7
European Community grants		952		952			952
English Heritage		24		24			24
Portable Antiquities Scheme (via British Museum)	DCMS	25		25			25
Environment Agency		62		62			62
Sub Total		113,572	91,665	21,907	-579	0	21,328
<b>Total</b>		<b>1,125,728</b>	<b>940,951</b>	<b>184,777</b>	<b>-3,460</b>	<b>8,773</b>	<b>172,544</b>

## Details of Budget Pressures

	Current MTFP		Proposed MTFP	
	2011/12 £000s	2012/13 £000s	2011/12 £000s	2012/13 £000s
Dedicated School Grant	5,441	12,977	5,441	12,977
Prices				
Transport	1,511	1,562	1,511	1,562
Social Care	5,219	6,329	5,476	6,588
Waste	1,387	1,468	2,606	1,468
Highways	921	955	921	955
Energy	852	1,541	852	1,541
Other	280	187	287	191
Unavoidable Legislative				
Landfill Tax Escalator	1,818	1,802	1,818	1,802
Concessionary Fares			1,500	1,000
Flood Risk assessment			150	0
National Insurance	2,800	0	900	0
Carbon Reduction Commitment			0	3,500
Other	203	38	203	38
Demand Demographic				
Adult Social Services	5,448	5,448	8,730	8,730
Children's Services			4,800	0
Pensions	4,000	0		
Freedom Pass Take-up			859	0
Coroners			250	0
Democratic Services			319	0
Other	79	-88	79	-88
Service Strategies				
Replace One-offs	-2,149	-80	-2,149	-80
Prudential Borrowing	1,042	419	1,042	456
Capital Financing	4,786	9,811	6,533	12,211
EH&W Various	296	50	361	50
CMY Various	345	-1	432	181
IT Asset Maintenance	1,853	0	1,853	0
Gateways	300	0	550	300
CED Various	200	0	309	25
Use of Reserves	-1,166	0	-1,203	0
Modernisation of Council	0	-500	0	-500
Emerging	10,600	15,000		21,810
Total	46,066	56,918	44,430	74,717

**Appendix 4**

Date	Milestone
<b>2010</b>	
20 October	Comprehensive Spending Review announced
4 - 24 November	POSCs to consider budget priorities
29 November	Cabinet Autumn Budget Statement
Early December	Announcement of provisional Formula Grant, Area Based Grant and Specific Grant settlements
17 December	Draft Budget Book and MTP to print
<b>2011</b>	
6 January	Draft Budget proposals published for formal consultation
10 January	Cabinet receives details of provisional grant settlements
11 - 18 January	POSCs to consider draft budget
24 January	Cabinet Scrutiny Committee
Mid/Late January	Confirmation of Final Grant settlement
28 January	Collection fund and taxbase information from districts
2 February	Cabinet to resolve final proposed budget
10 February	County Council papers released
17 February	County Council
24 February	Reserve County Council
16 March	Final Budget Book and MTFP to print