

# APPENDIX 5

## SHROPSHIRE COUNCIL BUDGET BRIEFING The Financial Picture for Shropshire

How Shropshire Council is Funded (2010/11):

- Council Tax	£130m
- Dedicated Schools Grant	£151m
- Specific Grants	£172m
- Income (e.g. Fees and Charges)	£85m
- Formula Grant	£93m

**Total** **£630m**

## Overall Impact on Shropshire of the Comprehensive Spending Review and Draft Settlement

	2011/12£m	2012/13 £m	2013/14 £m	2014/15 £m
<b>Savings Targets</b>	<b>19.863</b>	<b>20.171</b>	<b>17.834</b>	<b>9.220</b>

Savings we need to find amount to £66 million over 4 years.

- plus £10m in year cuts in 2010/11 already dealt with
- plus budget pressures and growth identified
- plus further loss of grants?

## Shropshire's Savings Target

2011-12 Revenue Budget

- Original Savings Target	£15.776m
- CSR 20 October added	£3.425m
- Draft Settlement Dec 13 added	£0.662m
- Revised Savings Target	£19.863m
- Plus (See Council Report 13 January 2011)	

• Budget Pressures/Growth	£4.192m
• Contribution to Balances	£1.963m
• Loss of Grants	£4.785m

**Total Savings Required for 2011/12** **£30.803m**

Note £1m added to Winter Maintenance, funded from reduction in contribution to balances.



## Shropshire Council Budget Briefing – Additional Information

### **Britain's Fiscal Challenge**

- Structural budget deficit of £109 billion.
- Coalition Government aims to eliminate the structural deficit by 2014/15.
- £81 billion savings required in public spending by 2014/15.
- Over £30 billion announced in detail in the June Budget.
- £29 billion from tax rises by 2014/15.
- Remaining savings set out in the Spending Review 20 Oct 2010.
- The 2010 Spending Review covers the four year period from 2011/12 to 2014/15.
- The Spending Review sets spending limits for every Government department.

### **Expectations of local government**

- A fundamental re-examination of our role and ways of working.
- Maximum productivity and efficiency, including better procurement and shared services.
- Greater use of the voluntary and community sector.
- Protection of frontline services, (particularly for families and the most vulnerable).
- Greater transparency and openness, to ensure value for money.
- A shift in power to local people.

### **Initiatives which should be welcomed**

- Significant new power, freedoms and flexibilities for local councils.
- A simplified funding system and a four year settlement.
- Additional funding to support a Council Tax freeze.
- Enhancement of the Regional Growth Fund for economic development (through the Marches Local Enterprise Partnership with Telford and Herefordshire).
- The introduction of Community Budgets (from 2013), and the shifting of other public sector resources to the local level.
- New models of service delivery (co-operatives/mutuals).
- Community ownership (and operation) of assets.
- An emphasis on early intervention, prevention and reablement.

### **The Financial Outlook for Shropshire**

Medium Term Financial Plan drawn up including savings target for 2011/12 of £15.776m (June 2010).

Comprehensive Spending Review (October 2010).

- Average loss of formula grant for local councils of 7.25%, in real terms, in each of the next four years (but front loaded 10.7% in 2011/12).
- Reduction in number of specific grants from over 90 to 9 core grants.
- Ring fencing of all revenue grants to end from 1 April 2011, except simplified Dedicated Schools Grant and new public health grant.
- Overall financial impact of CSR - increased savings target to £19.201m.

Greater detail in Draft Settlement (13 December 2010).

- Overall financial impact of Draft Settlement - increased savings target to £19.863m.

Complete Picture in Final Settlement (January/February 2011?)

- More savings to find?