CABINET MEETING – 11th February 2009

EXECUTIVE SUMMARY SHEET- PART 1

Title of Report:

Final Revenue Support Grant Settlement for 2009/2010 and Provisional Revenue Support Grant Settlement for 2010/2011.

Author(s):

City Treasurer

Purpose of Report:

This report advises Cabinet of the Final Revenue Support Grant Settlement for 2009/2010 and the Provisional Revenue Support Grant Settlement for 2010/2011.

Description of Decision:

Members are requested to note the report.

Is the decision consistent with the Budget/Policy Framework? Yes

If not, Council approval is required to change the Budget/Policy Framework

Suggested reason(s) for Decision:

Consideration of the Settlement forms part of the budget preparation process of the Council.

Alternative options to be considered and recommended to be rejected:

Not applicable as the report is for information only.

Is this a "Key Decision" as defined in the Constitution? No **Is it included in the Forward Plan?** No	**Relevant Review Committee:** Policy and Co-ordination

Cabinet Meeting - 11th February 2009

Final Revenue Support Grant Settlement for 2009/2010 and Provisional Revenue Support Grant Settlement for 2010/2011.

Report of the City Treasurer

1. Purpose of Report

1.1 This report advises Cabinet of the Final Revenue Support Grant Settlement for 2009/2010 and the Provisional Revenue Support Grant Settlement for 2010/2011.

2. Description of Decision

2.1. Members are requested to note the report.

3. Background

3.1 On 21st January 2009 the Minister of State for Local Government issued his final report for the 2009/2010 Revenue Support Grant (RSG) Settlement and his provisional report for the 2010/2011 Settlement. This follows on from the Local Government Finance Settlement consultation paper issued on 26th November 2008.

3.2 The main points of the Settlement are outlined in paragraphs 4. and 5. with the effects on the Council outlined at paragraph 6.

4. National Settlement – Final 2009/2010

The main features of the 2009/2010 final settlement are as follows:

- Aggregate External Finance has increased marginally by £11 million in total to £73,131 million and relates to relatively minor changes to various special grants;

- there have been no formula changes;

- there have been no changes to the level of floor increases announced or to the scaling factors used;

- the Government has also re-stated that it expects council tax increases of substantially below 5% and has re-emphasised that no authority should be in any doubt about the government's resolve in this matter, particularly during this period of economic downturn.

The effect of the above points means that the distribution of Formula Grant (RSG and National Non Domestic Rates (NNDR)) has not changed from the figures released by the government in its Provisional Settlement issued in November 2008.

The settlement details are set out in paragraph 6 for information.

5. National Settlement – Provisional 2010/2011

The main features of the provisional settlement for 2010/2011 are as follows:

- Aggregate External Finance has been reduced marginally by £19m in total, to £76,338 million, from the figures released previously, and again is due to some relatively small changes to special grants;

- Formula Grant has remained unchanged;

- the floor has remained unchanged with no changes to the scaling factors used;

- the government has also indicated that the Council Tax increase should be substantially lower than 5% for 2010/2011, and have highlighted that the government's capping powers may be used again if authorities fail to adhere to this guidance.

6. Effects on Sunderland

As a result of the details set out in paragraphs 4. and 5. above:

- the Council's final grant entitlement for 2009/2010 has remained unchanged from the figure of £154.643 million announced in November which represents an increase of 2.16%.

- the Council's provisional grant entitlement for 2010/2011 has also remained unchanged at £157.462 million, representing an increase of 1.84%.

A separate report appearing later in this agenda deals with the budget requirement and the impact the final settlement will have for the Council Tax for 2009/2010.

7. Reason for Decision

7.1 Consideration of the Settlement forms part of the budget preparation process of the Council.

8. Alternative options to be considered and recommended to be rejected

8.1 There are no alternative options recommended for approval.

Background Papers
Local Authority Finance (England) – Final Revenue Support Grant for 2009/2010 and related matters - (Source: DCLG).