



## **Report to Cabinet**

**Subject**      Comprehensive Spending Review 2007

**Date**          1<sup>st</sup> November 2007

**Author**        Chief Executive

### 1.      Purpose of the Report

To advise Cabinet of the publication of the government's Comprehensive Spending Review 2007 and associated documents.

### 2.      Background

On Tuesday 9<sup>th</sup> October 2007 the government published the results of its Comprehensive Spending Review setting out its priorities for public spending over the next 3 years, together with high level indications of the level of funding which will be made available to local government over that period. The review was supplemented by the publication of documents from within the Department for Communities and Local Government setting out a new performance management framework for local government and proposals for securing "service transformation" in local government in order to ensure that local government achieves its share of the overall efficiency targets being set for public services.

So far as government support for local authority expenditure is concerned, the review provides that the "resource departmental expenditure level for local government" will grow "at an average 1% per year in real terms over the next 3 years".

The presumption with regard to payment of all revenue funding from 2008 is that it will be delivered through revenue support grant or through an area based grant which is to replace the Local Area Agreement grant. Ring fenced grants are to be reduced so far as possible.

The government is also reforming the LABGI scheme (under which the Council was awarded £987,535 in the current financial year). The new scheme will be phased in from 2009/10, with funding of £50m, increasing to £100m in the second year - this compares with £1 billion paid out under the scheme nationally in 2005/06 to 2007/08.

The report goes on to say that “this will provide the resources to enable local authorities to deliver improving services while maintaining the low council tax rises of recent years, and the government expects the overall increases in council tax to be well under 5% in each of the next three years”.

It is not yet possible to say what the exact impact of this upon Gedling’s RSG and income from government grants will be, as individual figures for each authority are not expected to be announced until mid November. The Local Government Association is already pointing out that the funding levels will not be sufficient to cover substantial increased costs from rising expectations and expected improvements in major services such as refuse collection. With regard to this particular service, the government has also announced that the recycling target is to be increased to 40% by 2010 (Gedling’s anticipated recycling rate for the current year is 35.1%).

Coupled with these funding proposals, the review also confirms that local government will be expected to deliver cashable efficiency savings of 3% per annum through the period of the review – this compares with the 2.5% p.a. savings, comprising both cashable and non-cashable efficiencies that have been required up to now. The requirement of 3% efficiency savings is a total requirement for the whole of local government and the government insists that it is not going to be applied as an individual target to each local authority. All Councils will, however, be required to report annually on the achievement of efficiency savings and the Audit Commission will continue to assess every Council’s progress in achieving efficiencies through its annual Use of Resources (UoR) Assessment. The government confirms that, where any authority is not considered to be performing sufficiently well in delivering efficiencies, “then the options for improvement support and intervention set out by the government are available for use”. It will be important for the Council to continue to achieve high scores in its UoR Assessment.

The government has also published a set of 198 national indicators, performance against which “will be reported for every single tier and County Council Local Strategic Partnership”. The County Council is presumably to be charged with responsibility for collecting the data in respect of the district councils’ performance against relevant indicators from each Borough and District Council so as to aggregate them into a County “score”.

In practice, these indicators represent the government’s stated priorities with regard to the delivery of local government services and the Councils in every local area (defined for these purposes in Nottinghamshire as the County) will have to select, in consultation with the Government Office, up to 35 of these indicators to form the basis of the next Local Area Agreement. The published set of national indicators is attached at Appendix 1 for Members information.

### 3. Conclusion

As is indicated above, it is not yet possible to say what the precise impact of CSR 2007 on the Council’s grant income over the next few years will be, but it is

reasonable to assume that any grant increases will be less than those the Council has received in recent years. It is also to be anticipated that resources coming into the Council from other grant sources will reduce, which is likely to impose severe restrictions on the money available for basic service provision (never mind service improvement). For instance, with regard to the Safer and Stronger Communities Fund, from which the Gedling CDRP received £97,100 revenue and £41,800 capital in the current year and which is funding or contributing to a range of crime reduction initiatives in the Borough, the DCLG says that it expects to “be able to make further allocative efficiencies” by “narrowing the focus of the fund over time to target a small number of the most deprived areas” and it goes on to talk about rewards being “directed at authorities which meet performance in the most deprived neighbourhoods”. This terminology does not lead me to expect that Gedling will benefit.

So far as the 3% efficiency requirement is concerned, the DCLG paper “Delivering Value for Money in Local Government; Meeting the Challenge of CSR07” deals with a range of issues which councils should consider in order to transform their services. Prominent among these are business process improvement, increased use of new technology, a focus on improved procurement practices and the need to pursue joint working and shared services opportunities, particularly in services like waste management and support services.

This echoes much of the content of the Vision paper which I presented to Cabinet and Council around Christmas. The Gedling Transformation Programme, which the Cabinet approved following adoption of the Vision is designed to achieve the 3% efficiency savings being demanded, but it will still be critical for us to look for joint and collaborative working opportunities with other authorities.

With regard to the National Indicator Set, the Council will need to give careful consideration to these in refining the detail of how it delivers its new priorities. The government states that these indicators do not reflect the full range of local government services, which will still need to be delivered, and that local government will still need to set its own priorities for these other services and monitor performance. However, the fact that these national indicators are stated to be “the only measures on which central government will performance manage outcomes delivered by local government...” means that the government intends to assess our performance as a council largely by reference to our performance against these indicators and they will accordingly have a special significance for us. It is inevitable that both the District Auditor and the Government Office will look particularly closely at the Council’s reported achievement against these indicators and we will be expected either to show acceptable and comparatively good performance against them or to demonstrate why any apparently poorer performance is acceptable given local circumstances. They are likely to be a cornerstone of the new Comprehensive Area Assessment, which, as we have previously reported, will be the replacement for the current Comprehensive Performance Assessment.

#### 4. Recommendation

The Cabinet is asked to note this report and await further reports on detailed issues arising out of CSR07.