

COUNTY COUNCIL

13 February 2001

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### **COMPARING BUDGETS TO SSAs**

#### **Introduction**

1. Each year, we all take an interest in the comparison between service budgets and the equivalent Standard Spending Assessment (SSA).
2. In doing so, most of us are aware the comparison is over simplistic. The SSA is designed to distribute resources on a national basis and as such, can never be sophisticated enough to reflect local pressures and priorities.

#### **What are SSAs?**

3. In total, SSAs represent the amount the Government considers local authorities should spend on all services after taking into account the sum they raise by way of charges for services, the extent to which they use reserves and the money they receive from specific grants.
4. At a local level, the calculation of our SSA follows a methodology which is applied uniformly to data about the characteristics of each authority area.
5. SSAs are used to distribute the Revenue Support Grant (RSG). Broadly, the RSG bridges the gap between our SSA and the aggregate of our share of the national total of non-domestic rates and the theoretical revenue we could obtain, if we charged a specified standard rate of council tax.
6. It may be possible to defend the integrity of SSAs at a national service level. It may even be possible to try to argue that £289 million is a reasonable total SSA for Wiltshire. However, SSA analysis, at any lower level of detail, is much more difficult to justify, as it risks using the information for purposes beyond its original intention.
7. Health warning over, the report goes on to make two comparisons.

#### **SSA Comparison**

8. At the top of the page it compares SSAs between 2000-01 and 2001-02.
9. Both sets of figures are based on the final RSG settlements that are announced each January.
10. The figures show an overall SSA increase, year on year, of £13.3 million, equivalent to 4.8%.
11. The relatively large increase on capital financing (10%), comes from the credit approvals issued to deliver the Local Transport Plan.

#### **Budget Comparison**

12. The lower section of the appendix compares the County Council budget against the SSA.
13. This comparison is difficult because:
  - (a) The County Council budget, for 2001-02, has not yet been finalised. At this stage the figures are based broadly on the Financial Plan in the knowledge that some further allocation of resources will take place today.

- (b) The content of the SSAs is not in a consistent format with the way in which we present our budgets.

14. To provide a like for like comparison some adjustments to the County Council budget are needed. School transport is a good example. Although it is included within the Education SSA, we show it within the Highways' part of the Environment and Transport Committee budget. I have therefore adjusted our budgets to put them in a format that is comparable with the SSA. Variations in £m and % terms are shown.

### **The Education Comparison**

15. This is often one of the key comparisons made. In previous years the Government have expressed their desire for the total increase in the Education SSA to be passported to schools with the threat of "naming and shaming" those Authorities who fail to deliver this.
16. Such an argument can highlight the potential to draw misleading conclusions from comparing budgets with SSAs. It can falsely raise service expectations about resource levels, in this case in schools, by ignoring the fact that SSA increases need to cover additional pupil numbers, inflation generally and in particular, pay awards.
17. The planned spending on the education service is currently £0.8 million below the SSA, even after allowing for the Education SSA increase to be added to the financial plan. The main reason for this was the budget to non-education services within the Education Committee, which was more than had been anticipated in the plan. At the January meeting Policy and Resources recognised this and drew the attention of the Education Committee to the apparent change in the balance of the Committee's budget.

### **Fair Funding for Wiltshire**

18. Members will be aware of the campaign for a fairer share of resources for Wiltshire.
19. The basis of this argument is aptly demonstrated in the latest RSG settlement. Wiltshire receives SSA of £674.59 for every person in the County. The shire county average is £714.25.
20. If we were to receive, even average treatment, our total SSA would be £17 million more. The detail across service areas is shown in Appendix B.

### **Recommendation**

21. Members are asked to note the SSA comparisons and their associated health warnings.

DAVID CHALKER  
County Treasurer

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Unpublished documents relied upon in the production of this report: *NONE*

Environmental impact of these proposals: *NONE*

