

# RIBBLE VALLEY BOROUGH COUNCIL INFORMATION

## REPORT TO SPECIAL POLICY AND FINANCE COMMITTEE

Agenda Item No 4

meeting date: 9 FEBRUARY 2016  
 title: PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2016/17  
 submitted by: DIRECTOR OF RESOURCES  
 principal author: JANE PEARSON

### 1. PURPOSE

1.1 To report the details of the provisional finance settlement for 2016/17 and the offer to Councils for future years.

### 2. BACKGROUND

2.1 The local government finance settlement is the annual determination of funding to local government and is approved by the House of Commons. The grant settlement for next year was issued on Thursday 17 December 2015.

2.2 The Secretary of State for Communities and Local Government, Greg Clark, issued a written ministerial statement to the House of Commons which set out the Local Government Finance Settlement for 2016/17. They have also issued indicative figures up to 2019/20.

2.3 The consultation period ended on 15 January 2016. It is expected the final 2016/17 settlement will be laid before the House of Commons in mid-February.

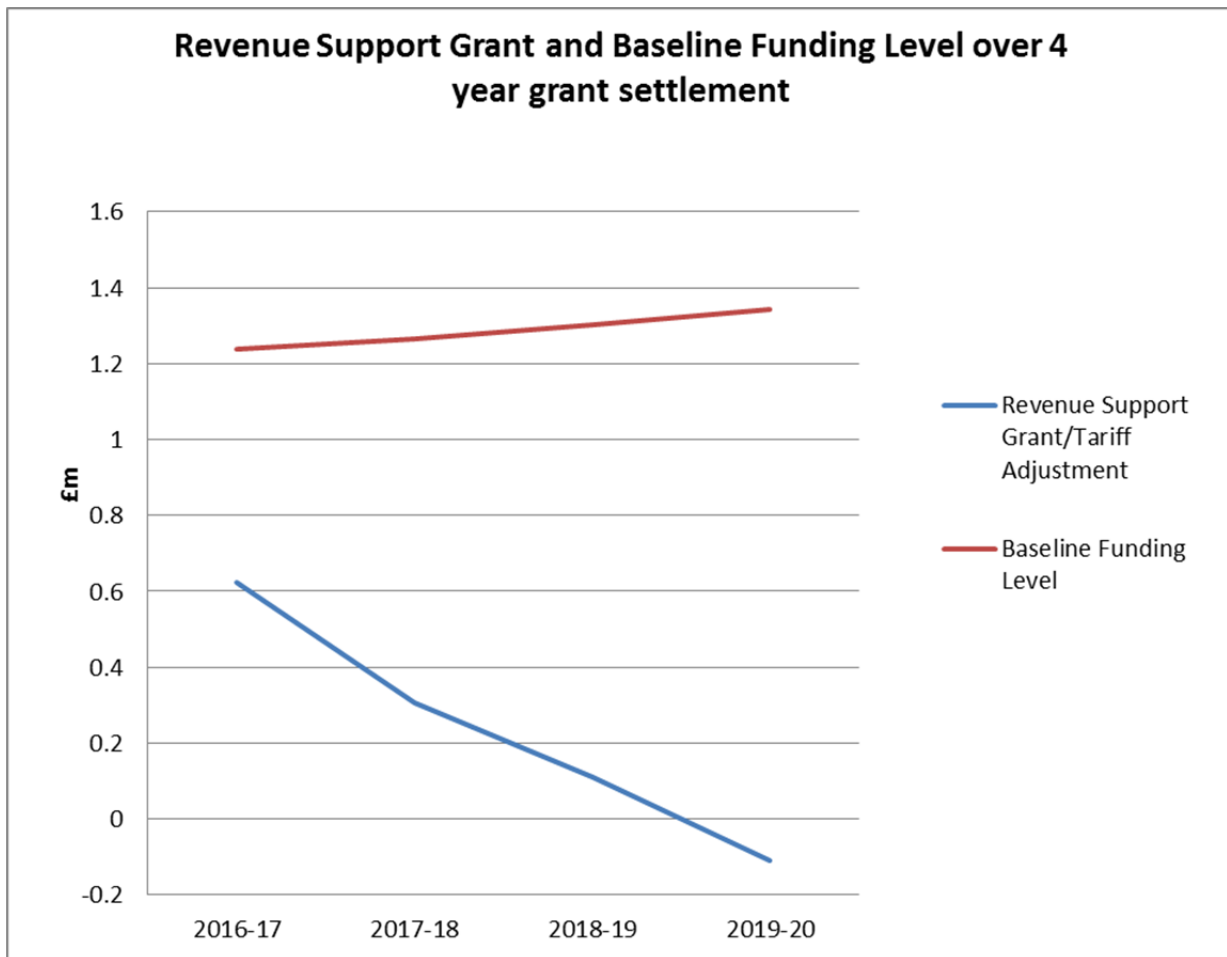
### 3. KEY POINTS

3.1 This is a four-year settlement. However the figures for 2017/18 and beyond are part of an offer to any council that wishes to take it up. This will be conditional on councils publishing an efficiency plan. To date no further details have been published by the Government regarding the requirement of efficiency plans.

### 4. THE SETTLEMENT IN DETAIL

4.1 For illustration purposes our provisional four year figures are shown below. You will see not only does our Revenue Support Grant become zero by 2019/20 but we will also be charged a tariff adjustment of £109k, in effect ensuring our Revenue Support Funding becomes negative.

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Settlement Funding Assessment	1.862606	1.568216	1.410332	1.342771
of which:				
Revenue Support Grant	0.623087	0.304319	0.109149	0.000000
Baseline Funding Level	1.239518	1.263897	1.301183	1.342771
Tariff/Top-Up	-4.361493	-4.447276	-4.578474	-4.724810
Tariff/Top-Up adjustment	0.000000	0.000000	0.000000	-0.108866
Safety Net Threshold	1.146554	1.169105	1.203595	1.242064
Levy Rate (p in £)	0.500000	0.500000	0.500000	0.500000



## 5. NEW HOMES BONUS

5.1 The provisional amount of £1,461 million for the New Homes Bonus (NHB) in 2016-2017 has been announced by DCLG. This will continue to be funded through £210 million in specific grant with the rest in top-sliced funding, expected to be £1,275 million.

5.2 As announced in the November 2015 Spending Review, the Government is also consulting on delivering savings to the New Homes Bonus. These include:

- Reducing the number of years of payments under the scheme from 6 down to 4 or even further down to 3 or 2 years.
- Withholding NHB where no local plan is in place
- Reducing payments for homes built on appeal
- Only making payments for delivery above a baseline representing 'deadweight'

5.3 The Consultation ends on 10 March 2016 and obviously it is very important we as a Council submit our responses.

5.4 Our New Homes Bonus allocation for next year is £1,366,884 which represents 6 years payments under the current scheme.

- 5.5 Interestingly the announcement of our NHB provisional allocations for the 4 year provisional grant settlement possibly gives us some idea of the Government's intentions.

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
New Homes Bonus (Illustrative)	1.369880	1.377260	0.865285	0.830230

## 6. BUSINESS RATES

- 6.1 There are no changes to the current business rates retention scheme for 2016/17. DCLG is consulting on 29 proposals for pools in 2016/17, compared with 28 in 2015/16. Therefore the only new pool for next year is the Lancashire Business Rates Pool. The Department did not issue a formal pooling prospectus this year.
- 6.2 The Settlement contains some further information on the introduction of 100 per cent business rates retention, which the Government has promised by the end of the Parliament. The Government will be consulting on giving more responsibility to councils to support older people with care needs, including people who, under the current system, would be supported through Attendance Allowance. There will be protection for existing claimants and new responsibilities will be matched by the transfer of equivalent spending power. The Government will consult in the New Year on the proposals, including what it describes as the right model of devolution and level of flexibility.
- 6.3 The Government has announced £50 million top-slice for the business rates safety net in 2016/17. This is the same level as 2015/16.
- 6.4 The Government has confirmed that it will pay in full for the extension of small business relief announced in the Spending Review and Autumn Statement 2015 through a section 31 grant. The doubling of Small Business Rate Relief will continue for a further year but the retail discount will end on 31 March 2016.
- 6.5 The multiplier will therefore be 49.7 pence, with the small business multiplier being 48.4 pence. Top-ups and tariffs will be uprated by 0.8 per cent; in line with the increase in the September 2015 Retail Price Index.

## 7. RURAL SERVICES FUNDING

- 7.1 Government funding through the Rural Services Delivery Grant will continue. The Government will top slice £20 million from Revenue Support Grant in 2016/2017 to pay as a non-ringfenced Section 31 grant to the upper quartile of authorities based on the super-sparsity indicator. This funding will increase to £65 million over the four year period of the Settlement.
- 7.2 Obviously this is good news for authorities such as ourselves and we appreciate the successful lobbying carried out by SPARSE and the RSN on our behalf. For Ribble Valley the provisional four year figures are as follows:

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Rural Services Delivery Grant	0.026647	0.046632	0.066618	0.086603

## 9. COUNCIL TAX

9.1 The Provisional Local Government Finance Settlement announces the following on council tax:

- The referendum principle for 2016/17 is proposed to be 2 per cent, with the exception of Police and Crime Commissioners and shire district authorities which are in the lowest quartile by council tax level, for which a higher limit of either 2 per cent or £5 (on a Band D bill) applies.
- In addition, social care authorities will be able to increase their council tax by 2 per cent over the existing referendum threshold, with the proviso that the additional 2 per cent 'social care precept' is spent on adult social care services. This will have to be separately itemised on council tax bills.
- In summary, section 151 officers of local authorities will be expected to notify the Secretary of State of the amount intended to be raised through the additional social care precept and what impact it has on previous plans for social care budgets. This will then be verified through various existing financial statutory returns.

## 10. BETTER CARE FUND

10.1 The Settlement confirms the continuation of the Better Care Fund (BCF) and additional funding for adult social care through the BCF worth £1.5 billion by 2019/20. In the interim years, the additional funding through the BCF will be worth £105 million in 2017/2018 and £825 million in 2018/2019. This funding will be allocated as a specific grant.

10.2 The Government will consult on how the additional funding is distributed. However, as a default option it has proposed that the BCF grant should act as a method of equalising the relative needs for social care services and the maximum possible impact of the social care council tax precept. This would lead to some social care councils receiving no additional BCF money.

## 11. FLEXIBLE USE OF CAPITAL RECEIPTS

11.1 Draft statutory guidance on the flexible use of capital receipts was published alongside the Settlement consultation.

11.2 Under this guidance, councils will be able to use new capital receipts from April 2016 to March 2019 to pay for the revenue set up costs of projects that are designed to make revenue savings.

## 12. FUNDING FOR LEAD LOCAL FLOOD AUTHORITIES

12.1 Existing funding for lead local flood authorities will be incorporated into the Settlement. This amounts to £32.5 million in total. In addition there will be a new section 31 grant to ensure that these elements of funding for lead local flood authorities increase in real terms in each year of the Settlement. It is consulting on whether this grant should be ring-fenced.

## 13. SPENDING POWER

13.1 The Government once again have produced tables showing what they say is the "spending power" of each authority.

13.2 The Government has defined Core Spending Power as Revenue Support Grant, retained business rates, income from the New Homes Bonus, the local government element of the Improved Better Care Fund, and the Rural Services Delivery Grant

as well as income from council tax assuming that the tax base grows, councils increase council tax by CPI and where appropriate by 2 per cent to support social care.

- 13.3 The Government will reduce revenue support grant to individual local authorities in a way that ensures that councils delivering the same set of services receive the same percentage change in settlement core funding for these services. Taking council tax into account when calculating this adjustment is a significant change in central government policy. As a result of the calculations, some individual local authorities in later years (such as ourselves) will be required to contribute funding from other elements of their settlement core funding if their revenue support grant amount is reduced to a level below zero. The Government proposes that this adjustment could be made through the top-up and tariff method.
- 13.4 Attached at Annex 1 is a comparison of our spending power for 2016/17 compared with other authorities in Lancashire.
- 13.5 You will see the Government's calculation of spending power for Ribble Valley includes the assumption that we will take advantage of their permission to increase our council tax by £5 as we are in the bottom quartile of all districts in terms of our Band D council tax at £140.69.
- 14. CONCLUSION
- 14.1 Note the provisional grant settlement for Ribble Valley

DIRECTOR OF RESOURCES

PF17-16/JP/AC  
1 February 2016

Core Spending Power 2016/17 compared with Adjusted 2015/16

Annex 1

Local Authority	Adjusted Settlement Funding Assessment	Council Tax excluding Parish Precepts	New Homes Bonus	Rural Services Delivery Grant	Adjusted Core Spending Power	Settlement Funding Assessment	Estimated Council Tax excluding Parish Precepts	Potential additional Council Tax revenue from Adult Social Care flexibility	Potential additional Council Tax revenue from £5 referendum principle for districts in lower quartile	Proposed Improved Better Care Fund	New Homes Bonus	Rural Services Delivery Grant	Core Spending Power	% change in Core Spending Power from 2015-16 to 2016-17
	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	%
	2015-16	2015-16	2015-16	2015-16	2015-16	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	
Blackburn with Darwen	77.4	41.9	1.5	0.0	120.8	69.6	44.1	0.9	0.00	0.0	1.7	0.0	116.4	-3.7%
Blackpool	84.3	45.5	1.6	0.0	131.4	75.8	46.4	0.9	0.00	0.0	1.8	0.0	125.0	-4.9%
Burnley	8.6	5.9	0.8	0.0	15.4	7.6	6.1	0.0	0.00	0.0	1.0	0.0	14.6	-4.8%
Chorley	4.9	6.1	3.4	0.0	14.4	4.1	6.4	0.0	0.00	0.0	4.5	0.0	14.9	3.5%
Fylde	3.3	5.3	1.7	0.0	10.2	2.6	5.4	0.0	0.00	0.0	1.9	0.0	9.9	-2.7%
Hyndburn	7.4	4.3	0.5	0.0	12.2	6.5	4.5	0.0	0.00	0.0	0.6	0.0	11.6	-4.6%
Lancashire	338.5	387.1	4.4	0.0	730.0	292.2	398.6	7.9	0.00	0.0	5.5	0.0	704.2	-3.5%
Lancashire Fire	29.4	26.6	0.0	0.0	56.1	27.6	27.4	0.0	0.00	0.0	0.0	0.0	55.0	-1.9%
Lancaster	9.2	7.9	1.3	0.0	18.3	7.9	8.1	0.0	0.00	0.0	1.9	0.0	17.9	-2.0%
Pendle	7.7	5.4	1.0	0.0	14.1	6.7	5.6	0.0	0.00	0.0	1.1	0.0	13.5	-4.7%
Preston	9.0	9.9	1.0	0.0	19.9	7.6	10.1	0.0	0.00	0.0	1.3	0.0	19.0	-4.2%
Ribble Valley	2.253017	3.053395	0.966526	0.020651	6.293590	1.862606	3.140475	0.000000	0.069875	0.000000	1.369880	0.026647	6.469483	2.8%
Rossendale	3.6	4.9	0.8	0.0	9.3	3.0	5.1	0.0	0.00	0.0	1.0	0.0	9.1	-2.3%
South Ribble	4.0	7.2	1.1	0.0	12.2	3.2	7.4	0.0	0.00	0.0	1.7	0.0	12.3	0.3%
West Lancashire	5.5	6.2	1.4	0.0	13.0	4.6	6.3	0.0	0.00	0.0	1.7	0.0	12.6	-2.8%
Wyre	5.6	6.2	1.8	0.0	13.7	4.8	6.4	0.0	0.00	0.0	2.3	0.0	13.4	-1.7%