

## RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 4

meeting date: 6 FEBRUARY 2018  
 title: PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2018/19  
 submitted by: DIRECTOR OF RESOURCES  
 principal author: JANE PEARSON

### 1. PURPOSE

1.1 To report the details of the provisional finance settlement for 2018/19.

### 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 19 December 2017.

2.2 The Minister for Local Government, Sajid Javid, issued a written ministerial statement to the House of Commons which set out the Local Government Finance Settlement for 2018/19.

2.3 The consultation period ended on 16 January 2018. It is expected the final settlement will be laid before the House of Commons in mid-February.

### 3. MULTI YEAR SETTLEMENT

3.1 The 2018/19 grant settlement is the third year of a four year funding deal agreed with councils via a multi year settlement which was subject to each council publishing an efficiency plan

3.2 Our efficiency plan was submitted to the Government on 13 October 2016. We subsequently received confirmation that we were placed on the multi year settlement. This means that we can expect to receive the funding allocations already announced for each of the 4 years.

3.3 97 per cent of councils accepted the multi-year settlement offer. Barring exceptional circumstances, and subject to the normal statutory consultation process for the local government finance settlement, the Government expects to present the four year figures as already published to Parliament each year.

3.4 As expected the provisional grant settlement announcement honours the funding allocations already made to us as part of the multi year settlement.

### 4. KEY INFORMATION FOR RIBBLE VALLEY

4.1 Our key settlement information is as follows:

	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m
Settlement Funding Assessment	1.862606	1.569143	1.411972	1.331719
of which:				
Revenue Support Grant	0.623087	0.304319	0.109149	0.000000
Baseline Funding Level	1.239518	1.264824	1.302823	1.331719
Tariff/Top-Up <sup>3</sup>	-4.361493	-3.997472	-4.177800	-4.240132
Tariff/Top-Up adjustment				-0.108866
Safety Net Threshold	1.146554	1.169962	1.205111	1.231840
Levy Rate (p in £)	0.50	0.50	0.50	0.50

4.2 The only change from our provisional figures announced last year is an adjustment to our business rates baseline & tariff due to the impact of the 2017 Business Rate Revaluation.

4.3 The Government have announced that they will be looking at fair and affordable options for dealing with Negative RSG which we face in 2019/20.

## 5. NEW HOMES BONUS

5.1 The Government announced no new changes to the NHB scheme for next year. Therefore the baseline remained at 0.4% and no reductions will be made with regard to planning appeals. However as announced following the review of the scheme our allocation reduces down to 4 years of cumulative payments from next year as opposed to 5 years in 2017/18.

### ***Impact on Ribble Valley***

5.2 Our in year allocation for 2018/19 will be £411,599 (compared with £389,751 in 17/18). 399 new properties were included in the tax base between October 2016 and October 2017. After adjusting for the baseline (103 properties) and empty properties brought back into use (4) the net new additions above the baseline was 292.

5.3 Our total allocation for next year will now be £1.573k compared with £1.577k for 2017/18.

## 6. BUSINESS RATES

6.1 Following the request of Burnley BC to rejoin the Lancashire Business Rate Pool in 2018/19, discussions took place both with local authorities and DCLG to try and reach agreement on membership of a new reconfigured Lancashire Pool. A new application was made to DCLG at the end of October 2017 to form a new Lancashire Pool comprising of

- Lancashire County Council
- Burnley Borough Council
- Chorley Borough Council
- Fylde Borough Council
- Hyndburn Borough Council
- Pendle Borough Council
- Ribble Valley Borough Council
- Rossendale Borough Council
- South Ribble Borough Council
- West Lancashire Borough Council
- Wyre Borough Council

6.2 Very pleasingly we received an official designation letter from DCLG on 19 December 2017 confirming the new Lancashire Business Rate Pool. The designation has effect from 1 April 2018 and for each subsequent year unless revoked.

6.3 Local authorities in the pool have 28 days from the date of the announcement of the Local Government Finance Settlement (19/12/17) to consider if they wish to continue

to be designated as a pool. Provided no authority withdraws the new pool will exist from 1 April 2018. We are not aware of any member intending to withdraw.

- 6.4 As a member of the pool we will benefit from retaining our levy which would otherwise need to be paid over to the Government.
- 6.5 Ten further 100 per cent business rates retention pilots have been announced which the Government state will enable aspects of the 100 per cent business rates retention system to be tested.
- 6.6 Top-ups and tariffs for all councils have changed slightly due to the business rates revaluation which comes into force in April 2017. This is to ensure that as far as possible the impact of the revaluation is revenue neutral.
- 6.7 We will not know how much business rates we estimate we will retain next year until we complete our NNDR1 return which is due to be submitted by the end of January. We are also in the process of calculating our revised estimate for business rate retention for the current year. This is a complex task and involves an assessment of our outstanding business rate appeals.

## 7. COUNCIL TAX

- 7.1 The Government has increased the general council tax referendum limit from 1.99 per cent to 2.99 per cent for 2018/19 and 2019/20. Further flexibility for local authorities in setting council tax levels will give some councils the option of raising extra money to offset some of the financial pressures they face next year. For 88 shire districts with the lowest council tax levels the new limit does not provide any more spending power, as they can already increase council tax by 3 per cent or more due to the £5 flexibility.

## 8. RURAL SERVICES FUNDING

- 8.1 The Rural Services Delivery Grant will be £65 million, an increase of £15 million on the amount originally announced for 2018/19 and maintains the 2017/18 funding levels to the end of the spending review period;
- 8.2 This means that our 2018/19 allocation of £66,618 will be reinstated back to the level of the current year ie £86,603.
- 8.3 For Ribble Valley our allocations are as follows:

	2016/17	2017/18	2018/19	2019/20
Rural Services Delivery Grant	£107,254	£86,603	£86,603	£86,603

## 9. SPENDING POWER

### 9.1 Core Spending Power

- Core Spending Power consists of:
  - Revenue Support Grant;
  - Retained business rates;
  - Income from the New Homes Bonus;
  - Income from the Improved Better Care Fund;
  - Income from the Rural Services Delivery Grant;
  - Income from the Transition Grant;

## Ribble Valley's Core Spending Power

### CORE SPENDING POWER<sup>4</sup>

Please select authority

Ribble Valley

### Illustrative Core Spending Power of Local Government;

	2015-16	2016-17	2017-18	2018-19	2019-20
	£ millions				
Settlement Funding Assessment <sup>2</sup>	2.253017	1.862606	1.569143	1.411972	1.222853
Compensation for under-indexing the business rates multiplier	0.017927	0.017927	0.016285	0.027142	0.040767
Council Tax of which;	3.053395	3.208677	3.275257	3.443701	3.616822
<i>Council Tax Requirement excluding parish precepts (including base and levels growth)</i>	3.053395	3.160528	3.226109	3.377860	3.536749
<i>additional revenue from referendum principle for social care</i>	0.000000	0.000000	0.000000	0.000000	0.000000
<i>Potential additional Council Tax from £5 referendum principle for all Districts</i>	0.000000	0.048149	0.049148	0.065841	0.080073
Improved Better Care Fund	0.000000	0.000000	0.000000	0.000000	0.000000
New Homes Bonus <sup>3</sup>	0.968616	1.366884	1.576990	1.573388	1.552169
New Homes Bonus returned funding	0.004002	0.002862	0.003036	0.000000	0.000000
Rural Services Delivery Grant	0.020651	0.107254	0.086603	0.086603	0.086603
Transition Grant	0.000000	0.020424	0.020345	0.000000	0.000000
The 2017-18 Adult Social Care Support Grant	0.000000	0.000000	0.000000	0.000000	0.000000
<b>Core Spending Power</b>	<b>6.317609</b>	<b>6.586633</b>	<b>6.547659</b>	<b>6.542806</b>	<b>6.519214</b>
Change over the Spending Review period (£ millions)					0.201606
Change over the Spending Review period (% change)					0.031912

Please see the Core Spending Power Explanatory note for details of the assumptions underpinning the elements of Core Spending Power.

<sup>1</sup> The figures presented in Core Spending Power do not reflect the changes to Settlement Funding Assessment made for pilot authorities. For information about pilots please refer to the Pilots Explanatory Note. For the Settlement Finance Assessment figures after adjustments for pilots please see Key Information for Local Authorities.

<sup>2</sup> 2019-20 Settlement Funding Assessment has been modified to include a provisional tariff or top-up adjustment.

<sup>3</sup> New Homes Bonus allocations for 2019-20 are for illustration purposes only. Actual payments will depend on housing delivery and are subject to change.

## 10. FAIR FUNDING REVIEW

- 10.1 The Government have launched their new consultation into fair funding. The consultation is a very important one affecting all local authorities and closes on 12 March 2018.
- 10.2 The fair funding review will set new baseline funding allocations for local authorities by delivering an up-to-date assessment of their relative needs and resources, using the best available evidence.
- 10.3 The Government are considering a wide range of options for developing an updated funding formula by looking again at the factors that drive costs for local authorities.
- 10.4 This consultation focuses specifically on potential approaches that have been identified to measure the relative needs of local authorities.

## 11. CONCLUSION

- 11.1 The Grant Settlement is virtually the same as was indicated in the Multi Year Settlement which we signed up to.
- 11.2 We are coming to the end of the 4 year settlement period
- 11.3 It is important the Budget Working Group consider our response to the Fair Funding Review Consultation

DIRECTOR OF RESOURCES

PF13-18/JP/AC  
29 January 2018