

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 12

meeting date: 24 SEPTEMBER 2019
title: SPENDING ROUND 2019
submitted by: DIRECTOR OF RESOURCES
principal author: JANE PEARSON

1 PURPOSE

- 1.1 To update members regarding the Spending Round 2019 announced on 4 September 2019.

2 BACKGROUND

- 2.1 The full document (108 pages) is available to download from the Government website at <https://www.gov.uk/government/publications/spending-round-2019-document>

3 IMPACT ON LOCAL GOVERNMENT

- 3.1 The LGA have produced a useful analysis of the Spending Round announcement which is available at <https://www.local.gov.uk/parliament/briefings-and-responses/spending-round-2019-day-briefing>

4 KEY MESSAGES

- 4.1 The 2019 Spending Round is for one year only but does provide Councils with some certainty as to next year's funding. The Chancellor has announced a funding package of more than £3.5 billion for council services. This is the biggest year on year real terms increase in spending power for local government in a decade
- 4.2 The Government has provided £1bn for social care and £700m for children and young people with special educational needs and disabilities. The Chancellor confirmed that key grants to local government will also continue next year

Core Spending Power

- 4.3 There is a £2.9bn increase in Core Spending power overall. Most of the additional funding is for adults and children's services, but there is £54m for Homelessness

Business Rates and the Fair Funding Review

- 4.4 The Chancellor announced:that Local Government's business rate baseline funding levels will increase in line with CPI.
- 4.5 The Government has written to councils announcing that a decision has been taken to delay the implementation of 75% business rates retention and the Fair Funding Review until April 2021.
- 4.6 75% business rates pilots will come to an end and there are no new pilots planned for 2020/21

Council tax

- 4.7 The Spending Round assumes a 2% maximum council tax increase and a further 2% increase for Adult Social Care Precept for illustrative purposes. As is customary however,

the government will consult on Council Tax Referendum Principles later this year as part of the Local Government Finance Settlement. The government will also consult on a 2% Adult Social Care precept that will enable councils to access a further £0.5 billion.

New Homes Bonus (NHB)

- 4.8 Legacy payments will be honoured but the scheme for 2020/21 is still for discussion with ministers

Negative RSG

- 4.9 Funding to remove negative RSG has been continued for 2020/21
- 4.10 A technical consultation will be issued on the settlement fairly soon with the provisional settlement being announced in early December. This could, of course, be subject to change depending on decisions made by Parliament.

5 CONCLUSION

- 5.1 Whilst the Spending Round announcement provides some degree of certainty over our funding for next year we await a decision on what will replace business rate pilots.
- 5.2 Also of significant concern is that the NHB scheme for 2020/21 is still being considered by ministers.

DIRECTOR OF RESOURCES
BWG

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