



Name of meeting: Cabinet January 12th 2016

Title of report: Draft Local Government Finance Settlement

Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	No
Is it in the Council's Forward Plan ?	No
Is it eligible for "call in" by Scrutiny ?	No
Date signed off by Director & name	David Smith, 31 st December 2015
Is it signed off by the Director of Resources?	Yes
Is it signed off by the Assistant Director – Legal, Governance & Monitoring?	
Cabinet member portfolio	Resources

Electoral [wards](#) affected: All
Ward councillors consulted: None
Public or private: Public

1. Purpose of report

- 1.1 To inform Cabinet of the Secretary of State for Communities and Local Government's (CLG) announcement of the Local Government Finance Settlement.

2. Key points

- 2.1 **Social Care** – The Autumn statement proposals are confirmed in relation to the Social Care Precept – the s151 Officer (Director of Resources) is required to indicate to CLG by 15th January 2016 whether the Council is minded to levy this precept. The usual referendum limit of 2% remains ie we can raise the tax by 3.99% overall.

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 2019/2020. 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.

- 2.2 **Long term settlement** – This is a four-year settlement. However the figures for 2017-2018 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. No details are available of what this entails as yet.

- 2.3 **The Government has defined it's preferred measure of council 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 the Consumer Price Index and where appropriate by 2 per cent to support social care. The Government calculates that Core Spending Power in accordance with this definition will fall by an average **0.5 per cent for England** over the four year period. The **Kirklees** figure is a cut of **2.5%**

- 2.4 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.

- 2.5 Draft statutory guidance on the **flexible use of capital receipts** was published alongside the Settlement consultation. 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. It will be for individual local authorities to decide if a project qualifies. In order to qualify, councils will be required to prepare an annual efficiency strategy listing all qualifying projects and this strategy, and any variations to it, will need to be approved by full council. We will report to Members when the details are clearer.

- 2.6 The **Education Services Grant** retained duties rate will remain at £15 per pupil and the general funding rate for 2016 to 2017 will reduce from £87 per pupil to £77 per pupil, with continued protections for academies affected by the reduction. The Government will consult in the New Year on further reductions in order to reach the £600 million reduction announced in the 2015 Spending Review.

2.7 The detailed numbers are set out in the table below which compares our forecast in the budget consultation document published in October with the draft settlement. Our main grant will fall by over £50 million over this period.

Main grants and income	2015-16		2016-17		2017-18		
	Bud Cons £m	Draft Settlement £m	Variance £m	Bud Cons £m	Draft £m	Variance £m	
Local Share of Business Rates	51.441	51.411	0.000	52.470	52.470	0.000	
Top Up	21.252	21.252	0.178	21.677	21.850	0.173	
RSG	64.556	48.501	-0.651	36.923	32.760	-4.163	
Unringfenced Grants	23.249	24.679	-3.044	24.777	19.757	-5.020	
Assumed Council Tax	140.975	146.481	0.002	150.071	150.503	0.432	
Total	301.473	292.324	-3.515	285.918	277.340	-8.578	

Main grants and income	2018-19			2019-20		4 Year Change	4 Year % change
	Bud Cons £m	Draft Settlement £m	Variance	Draft Settlement	£m	%	
Local Share of Business Rates	53.519	53.519	0.000	54.589	3.148	6.1%	
Top Up	22.111	22.500	0.389	23.210	1.958	9.2%	
RSG	25.440	22.820	-2.620	13.230	-51.326	-79.5%	
Unringfenced Grants	24.777	15.032	-9.745	13.507	-9.742	-41.9%	
Assumed Council Tax	152.971	154.632	1.661	157.000	16.025	11.4%	
Total	278.818	268.503	-10.315	261.536	-39.937	-13.2%	

3. Consultees and their opinions

This report is based on consultation with the Council's Directors Group and Cabinet Members. A report elsewhere on the agenda sets out the public's response to the consultation we have undertaken in relation to the 2016/17 budget.

The Director of Resources has also contacted Group Leaders as follows:-

Dear Group Leader

As part of the Draft Local Government Finance Settlement announced last week, as your statutory finance officer (often referred to as the s151 officer) I have been asked to give the Department of Communities and Local Government an indication of whether Kirklees is minded to take up the 2% flexibility offer (in whole or in part) for council tax referendum limits for Adult Social Care Authorities.

A copy of the full document is available at

[https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/486499/Council Tax Setting in 2016-17 - letter to Chief Executives.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/486499/Council_Tax_Setting_in_2016-17_-_letter_to_Chief_Executives.pdf)

The deadline is 5pm on 15th January 2015. I have discussed the position informally with Cabinet Members and they are minded to take advantage of this offer to increase council tax for 2016/17. There will be an opportunity to debate the draft settlement and this offer at Cabinet on 12th January 2015. Given that this is in advance of the Budget meeting in February and of the January Council meeting, Cabinet agreed I should write to all Group Leaders to alert them to this request and to offer an early opportunity for you to make comments.

We will be publishing a formal report for Cabinet on the Draft Local Government Finance Settlement on 4th January 2016, although comments after that date can be reported to the meeting itself.

4. Next steps

Cabinet will bring forward detailed budget proposals for the 2nd February 2016 meeting which will reflect this draft settlement, for consideration at full Council on 17th February 2016.

5. Officer recommendations and reasons

5.1 That Cabinet consider

- a) asking the Director of Resources to write to the Secretary of State indicating that Cabinet are minded to take advantage of the social care precept offer for 2016/17, and in doing so consider the balance of the interests of taxpayers with the pressures faced within the Council's Adult Social Care Service.
- b) whether to respond to the other consultation proposals.

6. Cabinet portfolio holder recommendation

Cllr Graham Turner agrees with the recommendations.

7. Contact officer and relevant papers

Debbie Hogg, Assistant Director, Financial Management, Risk & Performance
Eamonn Croston, Strategic Council Finance Manager

8. Director responsible

David Smith, Director of Resources

9. Background Papers

Provisional local government finance settlement: England, 2016 to 2017 and future years – Department for Communities and Local Government <https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2016-to-2017>