

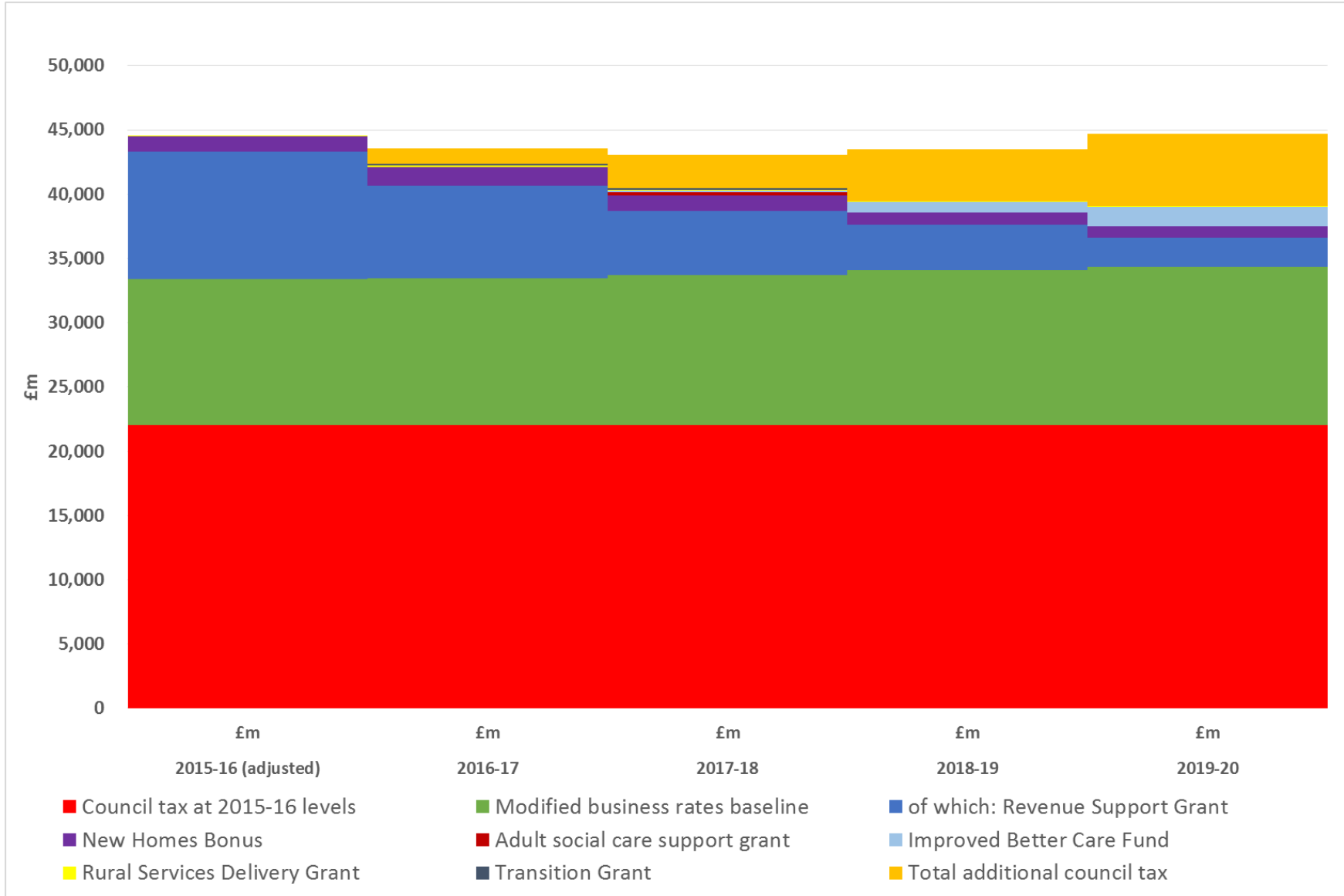
# Provisional Local Government Finance Settlement 2017/18

Society of District Council Treasurers  
Nicola Morton

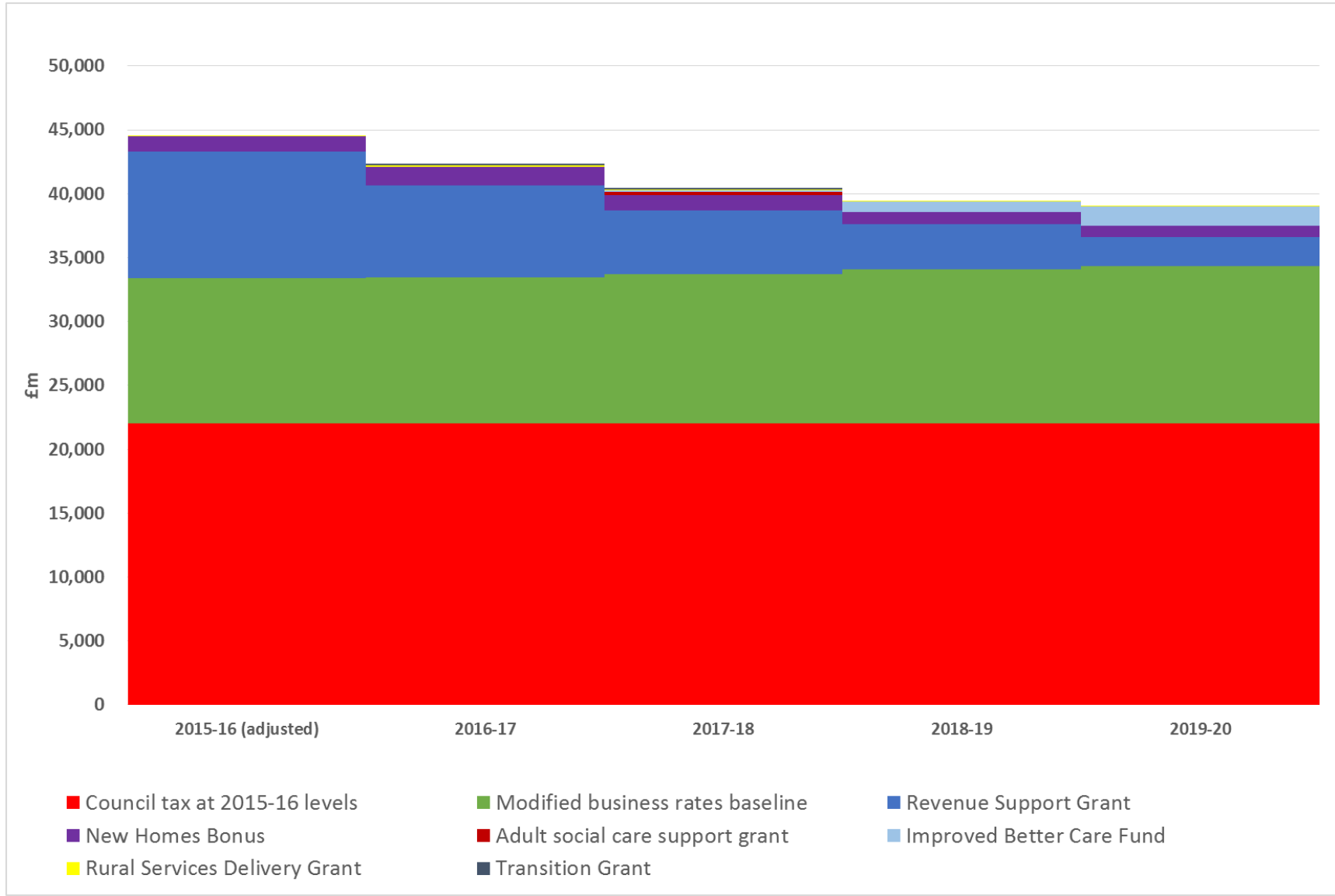
# 2017/18 LGF Settlement - Headlines

- No additional central government funding
- Core Spending Power will rise by 0.4% over SR period
- Expanded flexibility over the level of the adult social care precept
- £241m from the New Homes Bonus to adult social care in 2017/18
- 97% accepted the four-year offer
- Negative RSG remains in 2019/20

# Core Spending Power (Dec 2016)



# Core Spending Power excluding additional council tax (Dec 2016)



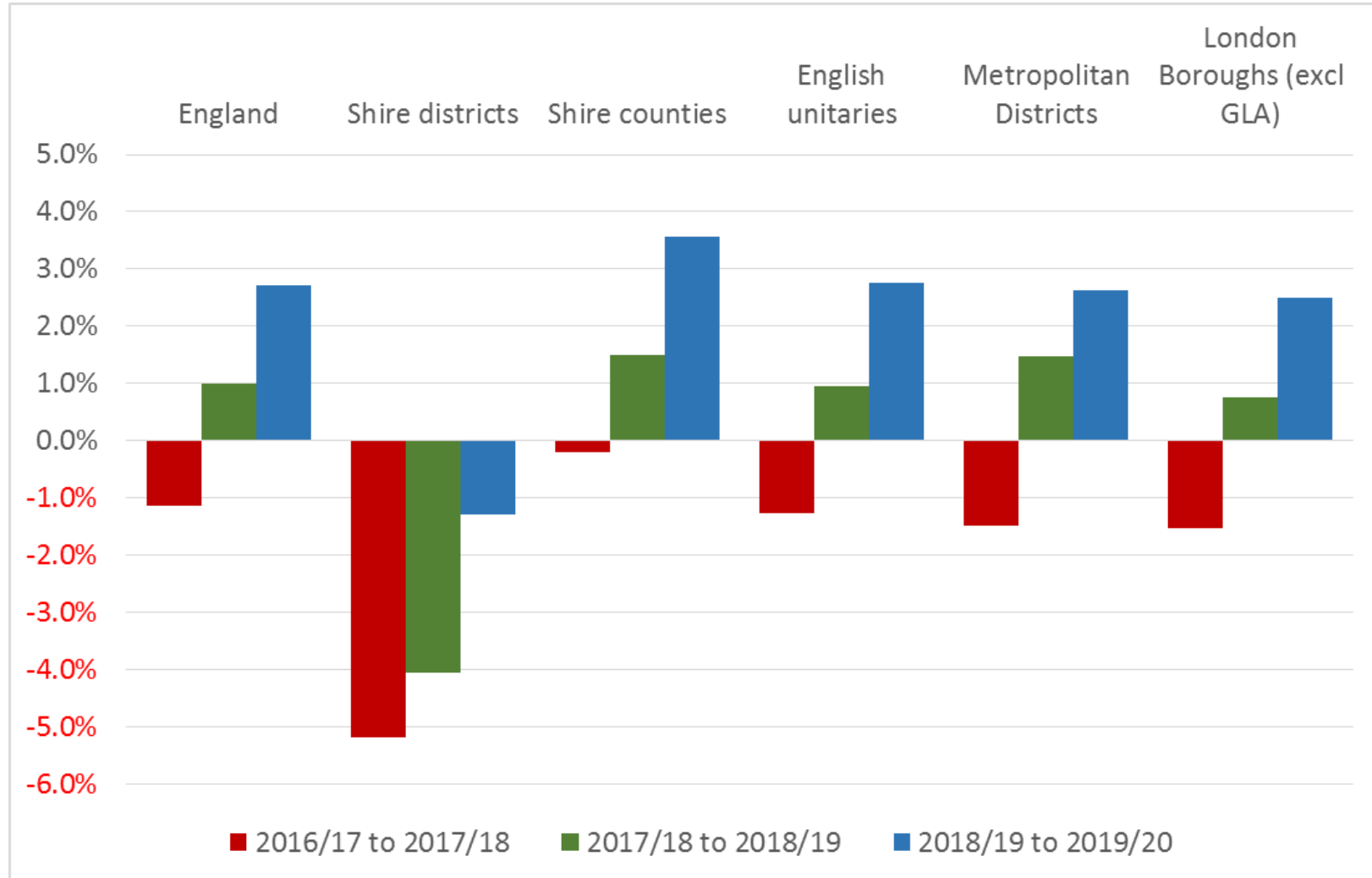
# Changes in Core Spending Power since February 2016

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
2016/17 settlement	43,479.5	42,896.2	43,225.3	44,318.1
2017/18 settlement	43,564.2	43,068.6	43,493.8	44,678.3
Variance	84.7	172.5	268.6	360.2

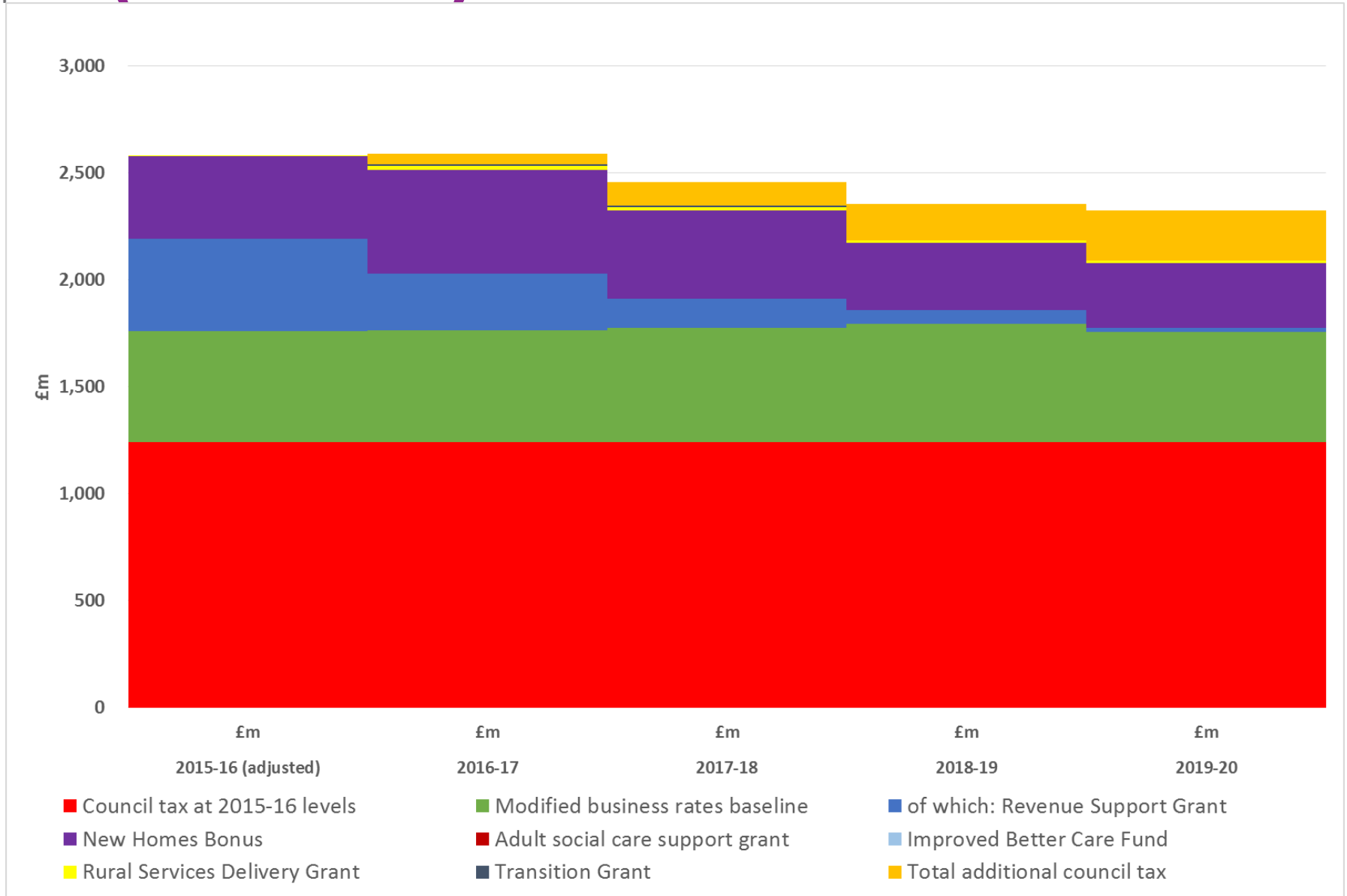
Explained by:

Core council tax	109.9	187.8	247.8	287.4
Adult social care precept	-10.9	-6.7	-0.2	7.6
District £5 flexibility	-14.3	-17.2	-18.9	-19.3
Business rates - local share	0.0	31.2	39.9	84.6
Revenue support grant	0.0	0.0	0.0	-0.0
New homes bonus	0.0	-241.1	0.0	-0.0
The adult social care support grant	0.0	241.1	0.0	0.0

# Core Spending Power year-on-year changes



# Core Spending Power: Shire Districts (Dec 2016)



# Council tax

- 2% referendum limit
- Social care precept (up to 3% in 2017/18 and 2018/19, up to 2% in 2019/20. No more than 6% overall)
- Shire Districts: the higher of £5 or 2%
- Assumed growth in council tax:
  - Referendum limit
  - 2% pa Adult Social Care Precept
  - Growth in base extrapolated from last four years (average 2% per annum but localised)
- No referendum principle for parish councils



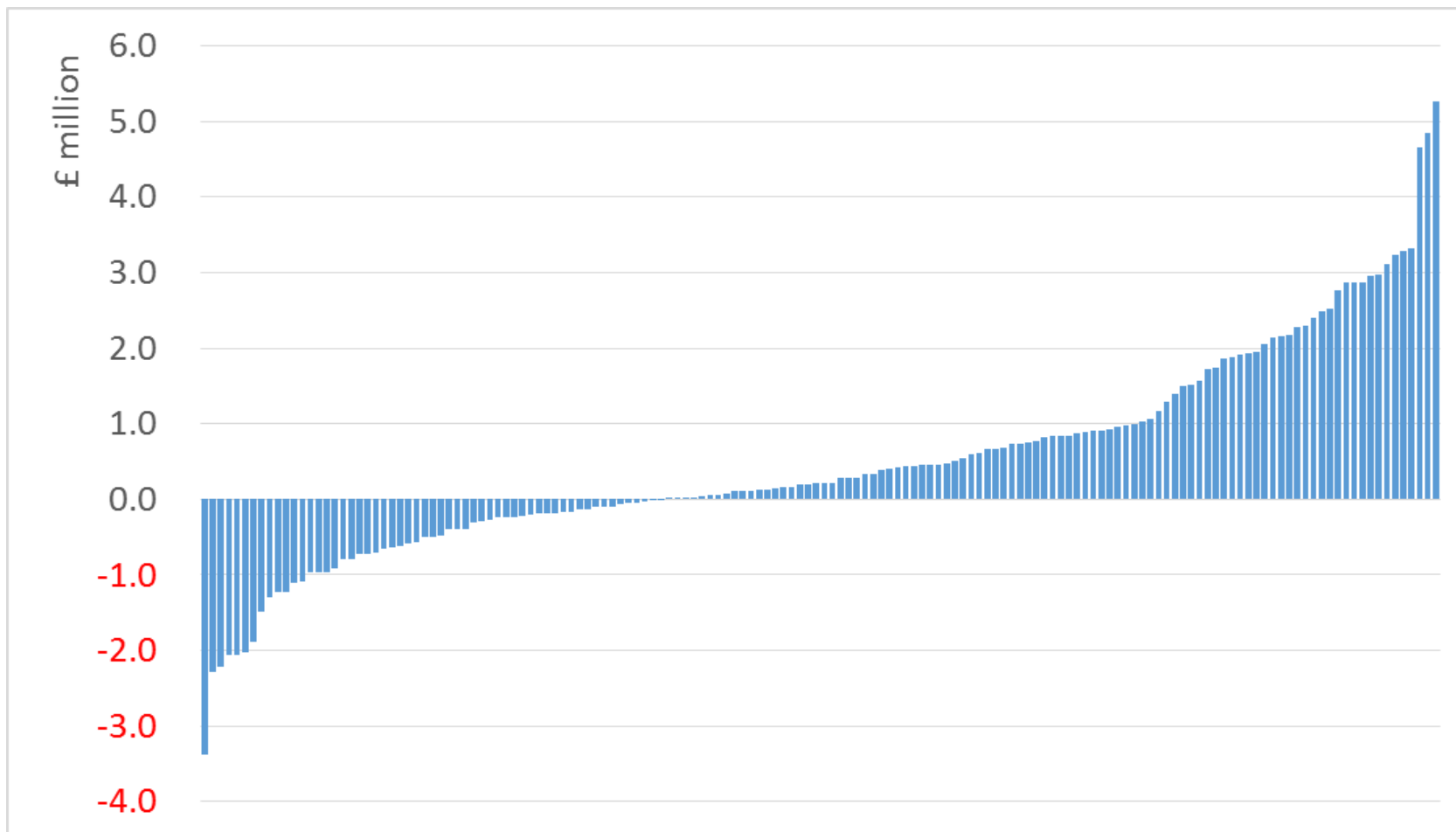
# New homes bonus

- Response to 2016 consultation
- Profile of changes to legacy payments as consulted
- Baseline growth set at 0.4% Band D equivalent (£129 million compared to 0%)
- Updated housing growth projections
- Saves £241m in 2017/18, redistributed to social care authorities on basis of RNF as a one-off grant
- Some minor redistribution within NHB in 2018/19 and 2019/20

# NHB/social care grant switch

	£m
England	-0.0
Shire districts	-74.6
Shire counties	71.5
English unitaries	0.9
Metropolitan Districts	12.8
London Boroughs (excl GLA)	-10.7
Other	0.0
<hr/>	
Social care authorities	74.6
Non-social care authorities	-74.6

# NHB/social care grant switch



**57 adult social care authorities worse off**

# Other announcements

- Business rates pilots
- Revaluation adjustments
  - 3 authorities from top-up to tariff and vice versa
- Public Health, Lead Local Flood Authority grants confirmed
- RSG for fire and rescue services reduced by £103m in 2017/18

## Adult Social Care

- Hugely disappointing that Government has failed to find any new funding
- Increased social care precept provides more flexibility but burden falls on council tax payers
- Fails to address the £2.6 billion funding gap by the end of the decade
- Differing ability to raise income through council tax
- Urgent need for a fundamental review

## **New Homes Bonus**

- Late announcement of changes gives councils very little time to plan
- Higher baseline for growth than consulted on – could remove incentive and penalise low growth areas
- Unfair to penalise authorities for failure to submit a local plan
- removing payments from developments allowed on appeal may prejudice the planning process
- 1 in 3 social care authorities will lose more from NHB changes than they gain in adult social care grant

## **Council Tax and Business Rates**

- Assumptions about housing growth
- Councils should be free to use the social care precept without conditions imposed
- Referendums are an unnecessary burden and real local accountability should be through the ballot box
- Welcome pilots to test aspects of further business rates retention. These must not negatively impact other councils
- Work with Government on a better way to deal with appeals

# Next Steps

- Responses and representations to DCLG by 13 January
- Please send us your responses to [lgfinance@local.gov.uk](mailto:lgfinance@local.gov.uk)
- Final Settlement – late January / early February
- Debate and approval in Parliament



**Any Questions?**