

General overview and scrutiny committee request

Information requested on 5 September	Information currently available
<p>Is there scope to make representations at “Council for Europe” in relation to the UK being in breach of the Charter of local government in providing the four year funding offer?</p>	<p>It would have to be established what legal basis the Charter of Local Government has and whether a breach can be identified and whether it can be actionable.</p>
<p>Additional information is requested in relation to business rates including information on the numbers of small businesses, the impact of business rate proposals on them and the current business rate consultation paper.</p>	<p>The four year funding offer is entirely separate to 100% local business rate retention in the final year of the offer. The intended timetable for implementation of full local rate retention is provided in paragraph 14 of the covering report and commences with two consultations:</p> <ol style="list-style-type: none"> <li> <p><b>1. Self-Sufficient local government: 100% business rates retention</b></p> <p><i>This consultation is being run by the Department for Communities and Local Government (DCLG) and seeks views on the implementation of the Government’s commitment to allow local government to retain 100% of the business rates that they raise locally.</i></p> </li> <li> <p><b>2. Fair Funding Review: Call for evidence on Needs and Redistribution</b></p> <p><i>As announced at the time of the 16-17 settlement the government is conducting a fair funding review of what the needs assessment formula should be following the implementation of 100% business rates retention.</i></p> </li> </ol> <p>Both consultations close on 26 September and further technical consultation is expected to begin thereafter. The acceptance of the four year funding offer deadline, 14 October, will be ahead of the government’s response to the consultations.</p> <p>In early August the Society of County Treasurers and the Society of District Council Treasurers submitted a joint response to DCLG, LGA and HMT outlining their key priorities and issues. The letter raised concerns about the complexity of the system and how this will be exacerbated by asymmetrical devolution of services across the country. The two societies also highlighted the levels of uncertainty around the quantum available and how this would be affected by pilots and devolution deals before any unfunded pressures could be considered.</p> <p>Herefordshire is currently preparing a response addressing the</p>

	<p>local specifics of the consultation questions.</p> <p>Additional business rate reliefs from April 2017 were announced in the last budget. The actual impact of these cannot be shared yet because we do not know the new rateable values (revaluation to be based on 2015 rentals, current billing is based on 2008 rentals) which also come into force in April 2017. We also do not know what the taper will be for businesses with a rateable value of between £12k and £18k but the main impact is where small business rate relief of 100% is awarded to businesses with a rateable value of £12k, previously £6k. Although we cannot provide an accurate assessment at this time indications are that small business rate relief currently allocated at £6m pa could increase to £13m pa, an increase of £7m pa. Herefordshire loss of income due to additional reliefs is expected to be compensated through specific central government grant funding.</p>
<p><b>Confirmation of the views of other local authorities, in particular comparator authorities.</b></p>	<p>A recent survey of unitary authorities concluded that 47% have accepted the four year deal, a further 32% confirmed that they intend to accept and none stated that they will not accept the offer. The main reason given for accepting the offer is to provide certainty in forward planning.</p>
<p><b>Sharing of the current information on lobbying/what the LGA is doing.</b></p>	<p>The LGA announced on 15 January 2016 that it <i>“welcomes the offer of a four year settlement. We have long called for local government to have the same planning horizon as government itself. This is a step towards financial certainty.”</i> In February Lord Porter, Chairman of the Local Government Association, went on to say <i>“Giving councils the option to fix longer-term funding settlements is hugely significant. The LGA has long-argued that it is crucial for councils to be able to plan ahead for more than 12 months at a time. This is an important step towards the financial certainty councils need to run important local services to the high standard our residents deserve and will allow councils to review the level of financial reserves they need to hold.”</i></p>
<p><b>Is there any clarity on whether council tax capping and additional 2% adult social care precept will remain?</b></p>	<p>There have been no indications of changes to the current capping and adult social care precept setting restrictions on council tax increases.</p>
<p><b>Confirmation of Rural Services Network stance.</b></p>	<p>The Rural Services Network (comprising SPARSE Rural, the Rural Assembly, the wider Rural Services Partnership and the RSN Community Group working with Rural England) welcomed the recognition of the particular costs of providing services in sparse rural areas by increasing the Rural Services Delivery Grant by more than fivefold from £15.5m in 2015/16 to £80.5m in 2016/17 (see table below). The network will continue its work in ensuring fair funding for rural communities through supporting the review of the needs assessment moving towards the 100% business</p>

	<p>rates retention.</p> <table border="1" data-bbox="711 250 1375 658"> <thead> <tr> <th data-bbox="711 353 963 412"></th> <th data-bbox="963 250 1182 353">Provisional Settlement</th> <th data-bbox="1182 250 1375 353">Final Settlement</th> </tr> </thead> <tbody> <tr> <td data-bbox="711 353 963 412">2015-16</td> <td data-bbox="963 353 1182 412">£15.5m</td> <td data-bbox="1182 353 1375 412">£15.5m</td> </tr> <tr> <td data-bbox="711 412 963 470">2016-17</td> <td data-bbox="963 412 1182 470">£20.0m</td> <td data-bbox="1182 412 1375 470">£80.5m</td> </tr> <tr> <td data-bbox="711 470 963 528">2017-18</td> <td data-bbox="963 470 1182 528">£35.0m</td> <td data-bbox="1182 470 1375 528">£65.0m</td> </tr> <tr> <td data-bbox="711 528 963 586">2018-19</td> <td data-bbox="963 528 1182 586">£50.0m</td> <td data-bbox="1182 528 1375 586">£50.0m</td> </tr> <tr> <td data-bbox="711 586 963 658">2019-20</td> <td data-bbox="963 586 1182 658">£65.0m</td> <td data-bbox="1182 586 1375 658">£65.0m</td> </tr> </tbody> </table>		Provisional Settlement	Final Settlement	2015-16	£15.5m	£15.5m	2016-17	£20.0m	£80.5m	2017-18	£35.0m	£65.0m	2018-19	£50.0m	£50.0m	2019-20	£65.0m	£65.0m
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<p><b>Sharing of more analysis of options.</b></p>	<p>Paragraph 15 of the covering report states that not accepting the four year funding deal would result in annual funding settlements. More analysis of the funding offer was provided at the all member seminar held on 26 July which confirmed the advantages of accepting the offer are:</p> <ul style="list-style-type: none"> <li>• A step in the direction of what LAs have been asking for</li> <li>• Provides a degree of certainty over the longer term</li> <li>• Increase focus on the longer term</li> <li>• Enables better financial planning</li> </ul> <p>And the drawbacks are:</p> <ul style="list-style-type: none"> <li>• The amount guaranteed is relatively small &amp; excludes other significant funding streams</li> <li>• Acceptance of reduced funding</li> <li>• Year 5 is probably the most uncertain in living memory</li> <li>• Requirement of an 'efficiency plan'</li> <li>• Funding not guaranteed – government reserves the right to change the settlement due to unforeseen circumstances</li> </ul>																		