

Technical Consultation – Local Government Finance Settlement 2015/16 – Draft Responses

Question 1: Do you agree that compensation for the cap should be paid on the basis of the reduction to retained business rates income adjusted to account for lower tariffs and top-ups as in 2014/15?

Comment – The business rates retention scheme had anticipated annual indexation in line with the September RPI figure. However, in the 2013 Autumn Statement the increase was capped and so the increase was reduced from 3.2% to 2%. This reduced income to local authorities and so the Government paid a section 31 grant as compensation.

Draft Response – It is appropriate that local authorities are compensated for this change and this is an acceptable method.

Question 2: Do you agree that the 2014/15 Council Tax Freeze Grant should be rolled into Revenue Support Grant, and combined with the 2013/14 Council Tax Freeze funding element as a single element?

Comment – In line with the commitment to authorities at the time of take up, the Government wishes to ensure that the 2014/15 Council Tax Freeze Grant is protected in cash terms and only benefits authorities that froze council tax in 2014/15. As an authority that chose to freeze council tax we benefit from this proposal and the exemplifications show an increase of £83,000 in our funding from this change. The current funding mechanism is a very complicated one and so anything that combines elements improves our chances of understanding the overall calculation.

Draft Response – It is important that the Government honours its commitment to authorities that froze council tax. Anything that simplifies the allocation system or minimises the number of elements is supported.

Question 3: Do you agree that, subject to satisfactory progress by individual authorities, the 2014/15 Efficiency Support Grant should be rolled in as a separate element for the qualifying authorities?

Comment – Efficiency Support Grant was made available to assist the authorities suffering the greatest reductions in funding. This authority did not qualify for the grant and the exemplifications show no change arising from this proposal.

Draft Response – No comment.

Question 4: Do you agree that the 2014/15 Rural Services Delivery Grant should be rolled in and combined with the rural funding element?

Comment – The Government believes there are additional costs of service delivery in rural areas and so has allocated some funding on the basis of the “super sparsity indicator”. We are not sufficiently sparse to benefit from this. The only authorities in Essex who do benefit are Uttlesford, Braintree and Maldon although Uttlesford only receive £7,000 and the other two only £1,000 each.

Draft Response – No comment.

Question 5: Do you agree with the proposed methodology for reducing funding to authorities which have fallen below the threshold for participation in the Carbon Reduction Energy Efficiency Scheme, to take account of the loss in tax revenue to the Exchequer?

Comment – As you may have worked out from the question, this is extremely complicated but thankfully has nothing to do with district councils. The exemplifications show no change to our funding from this proposal.

Draft Response – No comment.

Question 6: Do you have any comments on the impact of the 2015/16 settlement on protected groups, and on the draft Equality Statement?

Comment – The DCLG are required to do an impact assessment and an Equality Statement as part of any consultation.

Draft Response – No comment.