

Technical Consultation – Local Government Finance Settlement 2014/15 and 2015/16 –
Draft Responses

Question 1: Do you agree with the Government's proposal on how to implement the 1% reduction to the Local Government Expenditure Limit (LG DEL)?

Comment – The Council Tax Freeze element is being protected so other elements are being reduced by 1.78%. As the Council has accepted freeze funding in the past it will benefit from the protection of this funding element.

Draft Response – The protection of the Council Tax Freeze Compensation element of the Revenue Support Grant is welcomed.

Question 2: Do you agree with the proposal for reducing the funding available for capitalisation for 2014-15 by £50m and using this revenue to reduce the amount required to be held back from *Revenue Support Grant* to fund the safety net?

Comment – The Treasury seem to have got their figures spectacularly wrong as they are saying the amount held back for the safety net needs to increase from £25m to £120m, although this is being off-set by reducing the amount available for capitalisation. It is unlikely that we would either apply for or be granted a capitalisation direction in 2014/15 so we will benefit from the reduction in the amount held back.

Draft Response – Every effort should be made to minimise the amount of funding held back so this proposal is supported.

Question 3: Do you agree with the way the Government proposes to hold back the funding that is necessary for New Homes Bonus and safety net support, and to return any surplus to authorities?

Comment – New Homes Bonus funding is top sliced from overall Revenue Support Grant. An estimate is made of the amount necessary and any excess is then re-distributed later. There is a suspicion that the Treasury always holds back more than is necessary and never fully distributes any excess. It is not prudent to budget for any excess being redistributed so authorities are forced to budget at a lower level.

Draft Response – The Government should keep amounts held back to a minimum and ensure that surpluses are returned promptly and in full.

Question 4: Do you agree with the proposed methodology for calculating control totals for each of the elements within the *Settlement Funding Assessment*?

Comment – This is a very technical area and only limited information and exemplifications have been provided, which make it difficult to provide a meaningful comment or response.

Draft Response – No comment.

Question 5: Do you agree with the proposed methodology for transferring in the 2013-14 Council Tax Freeze Compensation?

Comment – The consultation states that those authorities that accepted the freeze will receive compensation but those that did not will not. This seems fair and as an authority that accepted the freeze we will benefit.

Draft Response – The methodology is supported as it is appropriate for the authorities that accepted the freeze to receive additional funding.

Question 6: Do you agree with the proposed methodology for adjusting the 2015-16 settlement to take account of the loss of tax revenue due to the Exchequer from the local authorities who are too small to participate in the Carbon Reduction Commitment Energy Efficiency Scheme?

Comment – This adjustment relates to the treatment of schools and so we are unlikely to be directly affected. However, there is a concern here that in adjusting for the change in the Carbon scheme more money will be taken out than was ever put in to the system in the first place. A second concern is that any funding adjustments are limited to those authorities that benefit and do not end up as another general top slice.

Draft Response – Before the proposed methodology can be supported guarantees are needed that no more money will be removed than was added in the first place and that this will not end up as another unjustified top slice from all authorities.