

## Government consultations, announcements and other initiatives

### Finance consultations

1. On 25 July 2013 the Government launched three separate consultations: technical issues concerning the 2014/15 and 2015/16 local government finance settlements; the mechanism for pooling a proportion of local authorities' New Homes Bonus to form part of the Single Local Growth Fund; and proposals to allow capital receipts from new asset sales to be used for one-off revenue purposes. These consultations closed in late September/early October. There has not yet been any response from the Government from the feedback received and it is likely that this will not be forthcoming until the provisional local government finance settlement is announced later in December.

### Business rate pooling

2. Under the Business Rate Retention Scheme local authorities can formally seek designation as a pool. This allows the pool members to be treated as if they are a single entity for the purposes of calculating tariffs, top-ups, levies and safety net payments. Levies are paid by tariff authorities on their growth in business rates income above a baseline set by the Government. Combining the tariff of one or more authorities with the top-up of another authority can reduced or eliminate the amount of levies paid.
3. Cherwell District Council, West Oxfordshire District Council and Oxfordshire County Council have formally submitted a request to be designated as a pool for business rates purposes in 2014/15. Under the terms of the pool arrangement the County Council will not receive any less funding than if it had not been included in the pool and will benefit from a proportion of the reduced levies if growth above the baseline is achieved. The pool is estimated to reduce levies by between £0.7m and £1.1m for 2014/15, of which the County Council will receive 7.5%.
4. Confirmation that the pool has been designated is awaited, however this is expected in advance of the provisional local government finance settlement. Once designated, members of a pool have the opportunity to end the arrangement within 28 days of the publication of the provisional settlement should it not be financially beneficial, otherwise it will apply for the duration of 2014/15.

### Social care funding

5. The Government wrote to local authorities in August 2013 to clarify the settlement for care and support announced as part of the Spending Round, details of which were provided in the Service & Resource Planning report to Cabinet on 17 September 2013. The Government has followed this up with a letter in October setting out the next steps on implementing the Integration Transformation Fund.
6. Councils will receive notification of funding allocations for both 2014/15 and 2015/16 in December 2013. In 2014/15 the existing £900m transfer from the NHS to local authorities and the additional £200m announced in the Spending Round will be distributed using the same formula as at present. The formula for distribution of the £3.8bn fund in 2015/16 is to be decided by ministers ahead of the funding announcement.

7. The Spending Round confirmed that £1bn of the £3.8bn fund would be linked to achieving outcomes. Half of the pay-for-performance element will be paid at the beginning of 2015/16, contingent on the Health and Wellbeing Board adopting a plan that meets the national conditions (set out in the Spending Round) by April 2014, and on the basis of 2014/15 performance. The remainder will be paid in the second half of the year and could be based on in-year performance. The measures to be used are yet to be agreed. The savings proposals assume that £10m from the Integration Transformation Fund will be used to protect adult social care services. This is yet to be agreed with the Oxfordshire Clinical Commissioning Group.
8. The Independent Living Fund was due to close in April 2015 with local authorities taking on responsibility for meeting the needs of current ILF users, funded by a Government grant. However, the Government has ceased all activity related to the closure of the ILF following the decision by the Court of Appeal on 6 November 2013 that the abolition of the Fund was unlawful. The implications for the Council are not yet known, however the financial impact is expected to be neutral.

#### Education and schools funding

9. Estimates for the Council's allocation of Education Services Grant for 2014/15 remain at £7m as previously reported, a reduction of £2.1m compared to the MTFP. There has been no update from the Department for Education (DfE) on how the 20% reduction in the national aggregate Education Services Grant for 2015/16 will be achieved.
10. The DfE consultation on the introduction of a national funding formula for schools in 2015/16 is expected to commence before Christmas.

#### Pensions

11. A number of pension issues were set out in the Service & Resource Planning report to Cabinet in September 2013. These include auto-enrolment, upcoming changes to public sector pension schemes, the latest Local Government Pension Scheme valuation and changes to state pension arrangements.
12. As outlined in the report at paragraph 13, although figures suggest that around half of those auto-enrolled into pension schemes in February 2013 have remained in the scheme, the impact is spread widely across the Council and services may be able to absorb the additional cost.
13. Provisional results from the Actuary on the Local Government Pension Scheme valuation, which take into account the impact of changes to the scheme due to be implemented next year, indicate that the employer rate will increase from 19.3% to 20.0% from 2014. The additional £0.7m cost to the Council can be met from the £1.5m past service deficit funding already included in the MTFP. The additional cost to schools is estimated to be £0.4m.
14. There is no change to the estimated impact of the loss of the employer's national insurance rebate following the implementation of the single state pension arrangements in 2016. This remains at £3.5m for the Council, with Oxfordshire schools facing a further pressure of £6m.