

## **PERFORMANCE SCRUTINY COMMITTEE – 5 JANUARY 2017**

### **SERVICE & RESOURCE PLANNING 2016/17 – 2019/20**

#### **ADDENDA (for Cabinet 20 December 2016)**

#### **Report by the Chief Finance Officer**

#### **Introduction**

1. The 2017/18 provisional Local Government Finance Settlement was published on 15 December following an oral statement by the Secretary of State for Communities and Local Government, Sajid Javid MP, in the House of Commons. This marks the start of the consultation which will run until 13 January 2017. The final Local Government Finance Settlement is expected to be published in early February 2017. This addenda sets out the main points of the consultation.

#### **Provisional Local Government Finance Settlement**

2. Overall there are no additional resources available to Local Government as part of this consultation. The key aspects of the consultation covered in this addenda relate to:
  - New one-off Adult Social Care Support Grant
  - Reforms to New Homes Bonus
  - Council Tax Referendum Principles
  - Adult Social Care Precept

#### **Adult Social Care Support Grant**

3. In 2017/18 there will be an Adult Social Care Support Grant of £241m nationally funded from changes to the New Homes Bonus described in paragraph 5 below. This grant has been allocated based on the adult social care relative need formula and Oxfordshire will receive £2.3m.

#### **Reforms to New Homes Bonus**

4. In early 2016, the Department for Communities & Local Government (DCLG) consulted on options to reform the New Homes Bonus Scheme from 2017/18. The aim of the reforms was to sharpen the incentive to deliver new housing. The Government also wished to reduce the level of payments, in order to provide additional funding for the Improved Better Care Fund. Proposals included:
  - Withholding the Bonus from areas where an authority does not have a Local Plan in place
  - Abating the Bonus in circumstances where planning permission for a new development has only been granted on appeal

- Adjusting the Bonus to reflect estimates of deadweight
  - A reduction in the number of years for which the Bonus is paid from the current 6 years to 4 years
5. The Government has now responded to their consultation confirming that payments of the New Homes Bonus will only be made on housing growth above 0.4% of the local authority's housing stock (the consultation proposal was 0.25%). Payments will also reduce from 6 to 5 years in 2017/18 and to 4 years in 2018/19. This will yield £241m and fund the Adult Social Care Support Grant in 2017/18.
  6. In 2018/19 the Government will consult on the remaining two proposals:
    - Withholding the Bonus from areas where an authority does not have a Local Plan in place
    - Abating the Bonus in circumstances where planning permission for a new development has only been granted on appeal
  7. The DCLG has published provisional New Homes Bonus allocations for 2017/18, the seventh year of the scheme. Payments include the grant awarded in years 3 to 6 as well as year 7. The provisional total grant is £1.227bn. The county council's provisional allocation is £4.2m and is marginally higher than estimated.

### **Council Tax Referendum Principles**

8. The provisional settlement confirms the 2.00% council tax referendum principle, with a maximum £5 increase for district councils as consulted upon in the technical consultation on the 2017/18 Settlement in September. However, the Government has deferred the proposal to introduce referendum limits for larger town and parish councils for a year.

### **Adult Social Care Precept**

9. The technical consultation on the 2017/18 settlement also announced a continuation of the 2% adult social care precept for upper-tier authorities, subject to "consideration of the use made of the Adult Social Care precept in the previous year".
10. The 2017/18 settlement announcement changes this approach and sets out that upper-tier authorities will be able to increase the social care precept to 3%, over the next two years. However, the total increase may be no more than 6% in total over the next three years. The existing Medium Term Financial Plan already assumes a 6% increase across the three years to 2019/20; therefore there are no additional resources available to the council through this measure.
11. Local authorities will be expected to demonstrate how the adult social care precept has been spent on adult social care services and councils wishing to use the extra freedom to raise their precept by 3% instead of 2% in 2017/18 must also show how they plan to use this extra money to improve social care. Details of the conditions of the scheme have not however been announced yet. They are expected in the "near future".

## **Other Announcements and Outstanding Grant Information**

12. The Department for Education published the high level 2017/18 schools funding settlement on 13 December and details at local authority level for 2017/18 will be published on 20 December. Stage two of the schools and high needs national funding formula consultations were published on 14 December. Indicative allocations per school have been released. Overall there appears to be a gain of £4.1m for Oxfordshire but there are winners and losers within this. Officers will work through the details and report to Schools Forum in due course.
13. 2017/18 grant allocations for Public Health and Highways Maintenance funding were also announced on 15 December. These are unchanged from previously notified amounts.
14. DCLG plan to publish final allocations for the Education Services Grant and Extended Rights for Home to School Travel Grant for 2017/18 at the time of the final Local Government Finance Settlement in early February 2017.

LORNA BAXTER  
Chief Finance Officer

Contact Officers: Katy Jurczynszyn – Strategic Finance Manager (Financial Strategy & Monitoring)

December 2016