

2016/17 Local Government Financial Settlement

Details of the 2016/17 Provisional Local Government Financial Settlement were reported to the Executive on 13th January 2016 as well as in the 2016/17 Council Tax report at tonight's Executive meeting.

The final 2016/17 Local Government Financial Settlement was published on Monday 8th February and has resulted in some positive changes for Bromley as follows:

- (a) New transitional grant of £2.068m in 2016/17 and £2.052m in 2017/18 – although this represents one off income, it is still a significant contribution;
- (b) No change for 2018/19 and 2019/20 funding levels. However, on a positive note, the Secretary of State has indicated that there will be a 100% devolution of business rates by 2019/20 combined with a new "needs assessment" of the funding formula which will take place – this has been brought forward by a year.

Other changes/issues include:

- Response to a 4 year funding offer now required by 14th October 2016 - still no more detail on how it will work at this stage;
- Referendum limit confirmed at 2% for council tax in 2016/17 (can increase council tax and social care precept by cumulative total of 3.99% without a referendum as assumed previously);
- The government is planning to consult on allowing well performing planning departments to increase their fees in line with inflation.

Only 11 London boroughs (out of 32 London boroughs plus City of London) received transitional protection with Bromley being the second highest. The highest was Richmond with £5.8m over 2 years, the average was £2.4m over 2 years and Bromley will receive £4.12m over 2 years.

In terms of the funding settlement for 2019/20, the Secretary of State is implying that it is no longer relevant as the impact of the "needs assessment" review will be known combined with the full devolution of business rates. This is an attempt to accelerate this change and address some concerns about significant reductions over the 4 year period. Realistically any overall impact of this change is expected to be cost neutral nationally. Bromley's reduction in funding was planned to be 13.1% in 2019/20 compared with 2018/19.

Details are awaited on grant funding for Public Health.

The "budget gap" being reported to Executive as part of the 2016/17 Council Tax report is nil in 2016/17, £8.9m in 2017/18, £12.5m in 2018/19 and £25.8m in 2019/20. This excludes the transitional grant. The transitional funding for 2016/17 and 2017/18 does not reduce the medium and longer term "budget gap".

Members are requested to consider the final 2016/17 local government financial settlement and the utilisation of the transitional funding for 2016/17 and 2017/18 which is non- recurring.