

Briefing on the Provisional Local Government Settlement 2014/15 – 18 December 2013

Introduction

- 1.1 The statement on the provisional local government finance settlement 2014/15 was announced on the 18th December 2013. This briefing note highlights key issues included in the announcement.
- 1.2 A copy of the announcement can be found here
[:http://www.parliament.uk/documents/commons-vote-office/December%202013/16%20December/8.%20DCLG%20LG%20Finance.pdf](http://www.parliament.uk/documents/commons-vote-office/December%202013/16%20December/8.%20DCLG%20LG%20Finance.pdf)
- 1.3 A copy of the details can be found on the link below:
<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2014-to-2015>
- 1.4 The announcement includes a provisional settlement for 2014-15 and an indicative settlement for 2015-16. Both are subject to parliamentary approval.
- 1.5 Some specific grants have been announced and others will follow.

Key issues emerging from the announcement are as follows:

- Funding to local government continues to fall in cash terms in 2014-15 and 2015-16 (settlement funding falls 9.4% in 2014-15 and 13.2% in 2015-16).
- The 2% cap on the Business Rate Multiplier has been applied for 2014/15, with a S31 grant of £108m created to compensate authorities for the lost income through the Business Rates Retention scheme. Although there is speculation that this has been incorrectly funded from the settlement funding.
- Full details on how the business rates scheme in relation to the announcements made in the Autumn Statement are still awaited.
- Council Tax Freeze Grant for 2013/14 is now included within the Settlement Funding Assessment for 2014/15 and 2015/16 (previously planned for 2015/16).
- Council Tax Freeze Grant funding for 2014/15 and 2015/16 will be built into the Spending Review baseline. DCLG have assumed £235m in 2014/15 and £471m in 2015/16; however, the actual amount will be subject to actual council tax increases.
- Council Tax threshold principles will be announced in the New Year.
- The New Homes Bonus top-slice has been reduced by £100m for 2014/15 and 2015/16 (this is not new money, but will mean that RSG increases and the New Homes Bonus adjustment grant will fall by the same amount).
- The planned £50m top-slice for capitalisation in 2014/15 has been reduced to zero. However, £22m has currently been set aside to fund Efficiency Support Grant and funding for rural areas.

What does this mean for Watford Borough Council?

- 1.6 Overall the settlement was broadly in line with the amount which was included in the budget for 2014/15. However, there has been a slightly larger reduction in funding for 2015/16 than was previously budgeted for. The figures are included in the table below.

| | 2014/15 £ | 2015/16 £ |
|------------------------|----------------------|----------------------|
| Budget | 5,482,260 | 4,758,350 |
| Settlement | 5,475,089 | 4,667,822 |
| Reduced Funding | 7,171 | 90,528 |

- 1.7 However, the New Homes Bonus grant allocations were higher than included in the 2013/14 budget and this increase had been reflected in the future projections. The New Homes bonus allocations can be found on the link below:

<https://www.gov.uk/government/policies/increasing-the-number-of-available-homes/supporting-pages/new-homes-bonus>

- 1.8 Figures for funding beyond 2015/16 have not been announced but it is expected that further reductions will continue and a 2% reduction has been applied from 2016/17.