

Cherwell District Council

Budget Planning Committee

19 January 2021

Provisional Local Government Finance Settlement Update

Report of the Director of Finance

This report is public

Purpose of report

To provide Budget Planning Committee with a resource update following the Provisional Local Government Finance Settlement announced on 17 December 2020.

1.0 Recommendations

The meeting is recommended:

- 1.1 Note the outcome of the Provisional Local Government Finance Settlement.

2.0 Introduction

- 2.1 The purpose of this note is to provide an overview of the 2021/22 Provisional Local Government Finance Settlement, which the Government announced on 17 December 2020. This note summarises the key points and provides an assessment of the impact for Cherwell compared to assumptions in the Budget Consultation 2021/22.
- 2.2 The publication of the Provisional Local Government Finance Settlement starts a period of consultation which closes on 16 January 2021. A response will be prepared for submission by the deadline. The Final Settlement is expected to be confirmed in late January/early February 2021.

3.0 Report Details

Background:

- 3.1 In November 2020 the Government announced a one-year Spending Review which gave high level indicative spending figures for Local Government. The Provisional Settlement is consistent with the Spending Review in that it is for one year only and is broadly in line with the Spending Review announcement.

Overview:

- 3.2 A summary of the main financial impacts of the announcement are outlined below. Comparisons have been made between the announcements and current

assumptions in the financial plans in order to evaluate the financial implications. Overall CDC has been allocated **£1.8m additional one-off funding** compared to previous assumptions.

Table 1 – Overall Summary 2021/22 of un-ringfenced funding

(Increase)/Reduction in Grant from Current Financial Plans	Assumed £m	Announced £m	Variance £m
New Homes Bonus (one-off)	4.3	4.4	0.1
Revenue Support Grant	0.1	0.1	0.0
NEW – Lower Tier Grant (one-off)	0.0	0.9	0.9
Change in Core Funding	4.4	5.4	1.0
NEW – Covid Grant (one-off)	0.0	0.7	0.7
NEW – LCTS (one-off)	0.0	0.1	0.1
Total Additional Funding	4.4	6.1	1.8

Detail:

3.3 New Homes Bonus (NHB)

The New Homes Bonus allocations were extended for a further year and are broadly in line with the Council's expectations for 2021/22. The expectation is that NHB will then reduce in line with assumptions in 2022/23.

3.4 Council Tax Referendum Limit

The Government has announced that the referendum limit for Shire District Councils will be the greater of:

- 2% or more than 2%
- A £5 increase in the level of Band D Council Tax

This is in line with the Council's planning assumptions.

3.5 Spending Power

Spending Power is the Government's estimate of unringfenced grant funding, business rates and council tax available to local authorities. CDC's Spending Power has received a 0% increase. This compares to a national average increase of 4.5%. In order to hold CDC's Spending Power change at 0% the Government has allocated a **one-off** Lower Tier Grant of £0.9m.

3.6 RSG

RSG has been rolled forward for a further year to 2021/22 and is increased in line with inflation as expected.

3.7 2021/22 Covid Funding

The Spending Review committed to providing local government with £3bn Covid related funding across three funding streams for 2021/22:

- £1.55bn to meet additional pressures in 2021/22

- £670m grant to support LAs that have seen increases in their take up of Council Tax Support (provisional £0.1m **one-off** allocation)
- Compensate LAs for 75% of irrecoverable losses in Council Tax and Business Rates income
- Extending the existing Covid-19 sales, fees and charges reimbursement scheme until 30 June 2021.

Additional Pressures Funding – CDC has been allocated £0.7m **one-off** funding for 2021/22 relating to additional pressures.

- 3.8 The Government has issued a consultation on how it intends to allocate the £670m and calculate the compensation for irrecoverable Council Tax and Business Rates losses. As such, CDC does not know how much funding it will receive from these schemes. The closing date for responses to the consultation is **14 January 2021**.

4.0 Conclusion and Reasons for Recommendations

- 4.1 The Provisional Local Government Finance Settlement has allocated Cherwell District Council £1.7m more **one-off** funding for 2021/22 than it had been anticipating, of this £0.7m is for Covid 19 related costs.

5.0 Consultation

None required

6.0 Alternative Options and Reasons for Rejection

- 6.1 There are no alternative options. This report is presenting factual information.

7.0 Implications

Financial and Resource Implications

- 7.1 The Provisional Finance Settlement provides a good indication of the funding that will be received by Cherwell District Council in 2021/22. This funding will be taken into account when setting the 2021/22 budget.

Comments checked by:

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Legal Implications

- 7.2 There are no legal implications within this report.

Comments checked by:

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Risk Implications

7.3 There are no risk implications within this report.

Comments checked by:

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8.0 Decision Information

Key Decision N/A as not an Executive report

Financial Threshold Met: N/A

Community Impact Threshold Met: N/A

Wards Affected

All

Links to Corporate Plan and Policy Framework

All

Document Information

Appendix number and title

- None

Background papers

None

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