

# The Spending Review – 25 November 2015

## Briefing note for town and parish councils

### Overall funding for Local Govt

- Reductions to local government grant from £11.5M to £5.4M billion by 2019-20
- Forecast increases to other sources of local govt income, overall local government spending will increase in cash terms, from £40.3bn in 2015-16 to £40.5bn in 2019-20
- In real terms LA resources are expected to fall by an average of 1.7 per cent per year

### Extra for social care

- £3.5 billion of support for adult social care by 2019-20:
  - £1.5 billion available to local authorities to add to the Better Care Fund
  - LAs in England responsible for social care services given an additional 2% flexibility to be used for adult social care, on top of their current 2% council tax referendum threshold. If used, this could raise up to £2 billion a year by 2019-20

### Council Tax referendum principles

- Council tax referendum threshold maintained at 2% a year; council tax freeze grants will be phased out
- Decision on referendum principles for parish councils will be in Local Govt Finance Settlement
- NB referendum principles are not a cap. There are no limits on council tax increases - authorities can explain to people locally why they need money for projects or services and how this will benefit their local area; they should not be afraid to trust their electorate. There can be no problem with higher council tax increases where a local people have given their approval in a referendum

### Business rate retention

- DCLG will consult on changes to the local government finance system to pave the way for the implementation of 100% business rate retention by the end of the Parliament
- The revenue support grant, which represents less than a quarter of local government total resources, will be phased out. (This is the mechanism whereby localised council tax support grant funding is passed to LAs; LAs would still be able to choose to provide grants to parishes under 100% business rate retention)

### Business rates review

- Continuing to consider representations for reform to wider aspects of the business rates system

### Service transformation and Fixed asset receipts

To reform services and make them more efficient, local authorities will have new flexibilities to spend 100% of their fixed asset receipts (excluding Right to Buy receipts) on the revenue costs of reform projects. This flexibility is not open to the parish sector, though parish councils may see this impacting on how LAs look to devolve services or transfer assets.

### New Homes Bonus

- Govt will consult on reforms to the New Homes Bonus; allocations for 2016-17 will not be affected

### Devolution

- Local government retention 100% of business rate revenues by the end of the Parliament will come with additional responsibilities. The government will consider transferring responsibility for funding the administration of Housing Benefit for pensioners, and will consult on options to transfer responsibility for funding public health. Town and parish councils should be building relationships with LAs around double devolution down to neighbourhood level.

### DCLG funding in the Spending Review period

- More than £20 billion of gross capital investment over the next 5 years to support housing and local growth including doubling the housing budget from 2018-19 to deliver 400,000 new homes
- A new wave of Enterprise Zones and extending Coastal Communities Fund to 2020-21. (May impact on parishes in coastal areas receiving CCF funding.)
- Overall resource savings of 29% by 2019-20

More information on the Spending Review, including the full text, can be found at

<https://www.gov.uk/government/topical-events/autumn-statement-and-spending-review-2015>