

## Chapter 7: Transfers - addendum

### *2013-14 Council Tax Freeze Grant: revised proposal*

1. Following a query from London Councils it has become clear that the proposed methodology for rolling in the 2013-14 Council Tax Freeze Grant from 2015-16 would not fulfil the Government's objective of ensuring that this funding is not reduced in cash terms and only goes to those authorities that met the criteria for the Council Tax Freeze Scheme in 2013-14.
2. We proposed combining the 2013-14 Council Tax Freeze grant and the 2011-12 Council Tax Freeze compensation element in 2015-16 and scaling both back together, using a notional combination of the two elements in 2014-15 as the baseline.<sup>1</sup> The 2011-12 compensation element is split between Revenue Support Grant and the Local Share, so that the Revenue Support Grant component decreases as the local share component increases in line with RPI. We have now identified that combining the two elements means that the average reduction is applied to both elements with the result that:
  - the 2013-14 Council Tax Freeze Grant is reduced in cash terms for qualifying authorities
  - the 2011-12 Council Tax Freeze compensation element is reduced by a smaller amount than would otherwise be the case, which releases a small amount of funding for all authorities.
2. We therefore propose to roll the 2013-14 Council Tax Freeze Grant funding into Revenue Support Grant as a separate element. This change in methodology would ensure that the grant is not reduced in cash terms and only benefits authorities that met the criteria for the Council Tax Freeze Scheme in 2013-14.
3. **Question 5A: Do you agree with the proposed revised methodology for transferring in the 2013-14 Council Tax Freeze Compensation?**

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<sup>1</sup> This does not affect the amount of Council Tax Freeze Grant to which qualifying authorities are entitled in 2014-15.