

Appendix C

Dear colleagues,

The 2016/17 Final Local Government Finance Settlement was published this afternoon:

- There has been no change to the method of distributing central funding (locally retained business rates and Revenue Support Grant), compared to the provisional settlement, which from 16/17 takes into account council tax.

The main changes between the provisional and final 2016/17 settlements are:

- Additional funding in the form of transitional grant, which the LGA lobbied for, of £150 million in both 16/17 and 17/18 for the councils most adversely affected by the change in revenue support grant.
- The LGA lobbied for the removal of additional tariff / top-up adjustment (no negative RSG). The Government has made available £2.3 million in 17/18 and £22.8million in 18/19 to remove this adjustment.
- Compared to the provisional settlement an extra £60.5 million has been added to the Rural Services Delivery Grant in 16/17 and £30 million in 17/18.
- The additional funding available over the four year period amounts to £415.6 million.
- As requested by the LGA, all Shire Districts will be given the flexibility to raise council tax by the maximum of £5 or 2%. According to DCLG numbers, this is an additional £39.2 million in council tax in 19/20 if all Shire Districts use this flexibility every year of the four year period.
- The additional funding together with the assumed use of the £5 council tax flexibility each year leads to a spending power increase of £525 million in total across the four year period.

Other key points:

- The government has published the final referendum principles.
- Councils that want to take up the four year settlement offer have until 14 October 2016 to respond to the Secretary of State.
- We are expecting Public Health and Independent Living Fund allocations to be announced on Tuesday.
- The Secretary of State announced a consultation on planning fees.
- The government has also announced that it will start a review of the needs formula in preparation for the introduction of 100 per cent business rates retention.

Kind regards

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