
Report To:	Policy & Resources Committee	Date: 16 th December 2014
Report By:	Chief Financial Officer	Report No: FIN/82/14/JB/LA
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Subject:	Local Government Finance Settlement 2015/16 - Update	

1.0 PURPOSE

- 1.1 The purpose of this report is to advise Committee of the detail of the Local Government Grant Settlement for 2015/16 and how it impacts upon Inverclyde Council.

2.0 SUMMARY

- 2.1 Committee have been receiving regular updates in respect of the 2015/17 Budget and it has been identified that a key component of this would be the detailed Grant Settlement for 2015/16.
- 2.2 The Scottish Government provided details of the 2015/16 Grant Settlement on the 11th December and this included details on both revenue and capital expenditure plans. It should be noted that these figures still require to be formally approved by the Scottish Parliament in March 2015.
- 2.3 The basis for the settlement is very much in line with figures previously provided to Committee and based on these figures the projected surplus on the 2015/16 Revenue Budget is £1.9 million subject to Members approving £470,000 of increased fees and charges at the Council meeting on the 19th February 2015.
- 2.4 From a capital perspective the amount of grant indicated for Inverclyde is in line with the figures previously reported to Members in August 2014. Both capital and revenue settlements include extra sums relating to Government Policy initiatives such as Free School Meals, Early Years and the Children and Young Persons Act.
- 2.5 The announcement also confirms the conditions attached to the receipt of this grant which were included in an update to Committee on the 18th November 2014 namely freezing the Council Tax for 2015/16, offering a place for each teaching probationer employed through the Teachers Induction Scheme and noting that the current teacher number requirement is on hold whilst a review takes place seeking a more outcome focused measure.

Finally the circular provides detail in respect of non-domestic rates poundage on the Business Rates Incentivisation Scheme.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the contents of this update and that the figures announced in detail by the Scottish Government on the 11th December are very much in line with the figures previously provided by Officers.

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- 3.2 It is recommended that the Committee note that a more detailed report on the Business Rates Incentivisation Scheme will be presented to Committee in due course.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 The Policy & Resources Committee have received regular reports in respect of the forthcoming budget round and within this there have been assumptions regarding the level of Government Grant for 2015/16.
- 4.2 Committee will recall that following the agreement of the 2014/15 budget the Scottish Government and Cosla agreed that the 2015/16 Revenue Grant would be distributed on the basis of a revised need assessment and updated population estimates and based on this it was expected that the 2015/16 settlement for Inverclyde would be approximately £1.9 million higher than assumed when setting the 2015/16 Budget in February 2014.

5.0 LATEST POSITION

- 5.1 The Scottish Government provided a detailed circular to Councils on the 11th December 2014 and this circular updated both Revenue and Capital expenditure details for 2015/16 as well as confirming details in respect of Non-Domestic Rates.
- 5.2 Overall the Revenue settlement confirms that the 2015/16 Revenue Grant Settlement is very much in line with the assumptions made by Officers and previously reported to Committee. In addition the circular includes various new funding streams associated with Government initiatives around the provision of free school meals for all primary 1 to 3 pupils from January 2015, increased funding for Early Years for 3 and 4 year olds and vulnerable 2 year olds and the Childrens and Young Persons Act. A full list of these figures and other increased funding associated with Government initiatives or legislative changes is shown in Appendix 1.
- 5.3 The circular also confirms the expected level of Capital Grant for Inverclyde Council in 2015/16 and the figures announced are very much in line with those reported to the Policy & Resources Committee in August 2014.
- 5.4 In relation to Non-Domestic Rates it has been confirmed that the increase in 2015/16 will be capped at 2% whilst the Government have confirmed the individual targets for Councils in relation to the Business Rates Incentivisation Scheme (BRIS). BRIS sets a "stretch" target for Councils to generate extra NDR Income. If this is exceeded then Councils will retain 50% of any excess. There is no penalty for any shortfall. A more detailed report on this issue will be presented to a future meeting.

6.0 NEXT STEPS

- 6.1 The Committee is asked to note that these figures will not be formally confirmed until the Parliament approves the overall budget in March 2015
- 6.2 As part of this approval the Council will require to have complied with the various conditions set out in the Grant letter and these have previously been reported to the Policy & Resources Committee namely -
 - 1) That the Council agrees to a Council tax freeze for 2015/16.
 - 2) That the Council agrees to offer a place for all probationary teachers who have come through the teachers' induction scheme.
 - 3) That the Council notes that there is a temporary suspension to the teachers' number requirement whilst there is a review examining whether it would be possible to move to a more outcome based measure in relation to teaching.
- 6.3 These revised figures for 2015/16 will be factored into any future updates given to Members but the overall message is that the figures are very much in line with those previously reported.

7.0 IMPLICATIONS

7.1 Financial Implications

One off Costs

Based on the figures announced on 11th December the Council is projecting a surplus of approximately £1.9 million in 2015/16.

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
N/A					

7.2 Legal Implications

There are no legal implications directly associated with this report.

7.3 Human Resources

There are no HR implications arising from this report.

7.4 Equalities

There are no equalities implications arising from this report.

7.5 Repopulation

There are no repopulation implications arising from this report

8.0 CONSULTATION

8.1 No consultation was required in the preparation of this report.

9.0 BACKGROUND PAPERS

9.1 Scottish Finance circular 9/2014 issued by the Scottish Government on 11th December 2014.

Reconciliation of Revenue Grant Figures for 2015/16

	<u>£000</u>	<u>Note</u>
Total Grant 7th July 2014	160484	
Free School Meals (P1-3)	703	1
Scottish Welfare Fund	863	2
Teachers Induction Scheme	146	2
Council Tax Reduction Administration	130	2
Continuing Care	103	1*
Through Care and Aftercare	68	1*
Kinship Care	58	1*
Changed Eligibility for Aftercare	16	1*
GIRFEC	6	1*
Self Directed Support	84	1
Technical Adjustment Related to *	(106)	
Police Transfer	35	3
Single Fraud Investigation	4	3
Former Housing Support Grant	16	3
Childrens Legal Representation Scheme	(12)	3
	<u>162,598</u>	

Notes

1. New Policy initiative and funding passported to Service to fund delivery.
2. Distribution of funding held back by Government. Part of core budget.
3. Minor adjustments giving a net increase in grant of £43,000.

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Reconciliation of Capital Grant Figures for 2015/16

	<u>£000</u>	<u>Notes</u>
Total Grant 7th July 2014	10.595	Detail reported to P&R Committee * (12/8/14)
Early Years Child Care	0.595	Council share of £39 million
	<u>11.190</u>	

*Includes £1.743 million flooding grant and £964,000 rephased by Government from 2012/14.

In addition Council is receiving a Specific Grant of £121,000 in relation to

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