

**Budget 2017/18**  
**Report of the County Treasurer**

Please note that the following recommendations are subject to consideration and determination by the Cabinet (and confirmation under the provisions of the Council's Constitution) before taking effect

**Recommendations:** that:

- (i) the content of the Provisional Settlement be noted;
- (ii) the revenue spending targets for 2017/18 approved at the December Cabinet meeting remain unchanged.

**Introduction**

1. On 15<sup>th</sup> December 2016, the Secretary of State for the Department for Communities and Local Government, Rt. Hon. Sajid Javid MP, made a statement to Parliament on the Provisional Local Government Finance Settlement for 2017/18. The main items of note are set out below.

**The Provisional Local Government Finance Settlement 2017/18**

2. The 2016/17 local government finance settlement announced Core Spending Power figures for the period 2016/17 to 2019/20. The main changes to these allocations are set out below:
  - 2.1. In 2016/17, the Social Care Precept on Council Tax was set at 2% per annum for the period 2016/17 to 2019/20 inclusive. The terms of this precept have now been changed for the period 2017/18 to 2019/20. Local Authorities will now be able to increase the Social Care Precept by up to 3% per annum in 2017/18 and 2018/19. However, authorities that go ahead with the 3% increase in both years will not be able to make a further increase in 2019/20 (i.e. the total allowable increase over the three year period remains at 6%).
  - 2.2. The 2017/18 New Homes Bonus allocations and details of the consultation on the future of the scheme have been announced (previously these figures were indicative). The number of years the scheme will be based upon, currently six years, will reduce to five years in 2017/18 and four years from 2018/19 onwards. The scheme will now also only reward growth in homes above 0.4% per annum, currently all growth is rewarded. These changes have reduced the County Council's expected New Homes Bonus allocation by £709,000. The majority of New Homes Bonus, 80%, is retained by the District Councils and the impact of this change is therefore felt more keenly by them. The Devon Districts have between them seen their funding reduced by £2.95 millions in 2017/18.
  - 2.3. The changes to the New Homes Bonus Scheme have allowed the Government to remove £241m from the 2017/18 scheme. This saving has been used to create the new Adult Social Care Support Grant. This funding is being distributed based on the relative needs formula and is for 2017/18 only. The County Council will receive £3.592 millions.

- 2.4. As the Adult Social Care Support Grant is for 2017/18 only and the increased freedoms relating to the Social Care Precept being a matter of timing only there is no change to funding levels from these two changes in 2019/20.
- 2.5. Within the Business Rates Retention system the Top Up element has been amended to reflect the 2017 revaluation. For the County Council this amounts to an additional £74,000 in 2017/18; this is not a gain however, as the local element of Business Rates is expected to reduce by this amount. The other elements of Core Funding are as expected.
3. The provisional settlement has confirmed that the Council Tax increase that will trigger a referendum, excluding the Social Care Precept, will remain at 2% for 2017/18.
4. The 2017/18 Public Health grant has been confirmed at £28.238 millions in line with expectations.
5. Notification of the Dedicated Schools Grant and some other smaller grants has not yet been received.

### **2017/18 Targets**

6. The Cabinet meeting of 14<sup>th</sup> December approved the revenue spending targets for 2017/18. As the provisional settlement is no worse than anticipated the targets set at that meeting can remain unchanged.

**Mary Davis**  
**County Treasurer**

Electoral Divisions: All  
Cabinet Member: Councillor John Clatworthy  
Local Government Act 1972: List of Background Papers  
Provisional Settlement 2017/18  
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