

**FALKIRK COUNCIL**

**Subject : LOCAL GOVERNMENT FINANCE SETTLEMENT 2015/16**  
**Meeting : EXECUTIVE**  
**Date: 13 January 2015**  
**Author : CHIEF FINANCE OFFICER**

**1. INTRODUCTION**

- 1.1 On 11 December 2014, the Scottish Government issued Finance Circular No. 9/2014 which provides local authorities with details of their revenue and capital allocations for 2015/16. It also includes an update on grant changes for 2014/15 and these are reflected in the financial position report elsewhere on the agenda. These figures are provisional and are subject to debate by the Scottish Parliament in February 2015.

**2. BACKGROUND**

- 2.1 My previous report to Council on 12 November 2014 provided an update on the Scottish Government Budget for 2015/16. As noted at that time the Cabinet Secretary for Finance, Employment and Sustainable Growth wrote to COSLA on 9 October 2014 reaffirming the terms of the settlement to be provided to local government in return for the provisional funding allocations set out in this Circular.
- 2.2 The terms of the settlement included specific commitments which are shown below:
- Maintain the Council Tax Freeze for 2015/16
  - Secure places for all probationers who require one, under the teacher induction scheme
- 2.3 The commitment to maintain teacher numbers in line with pupil numbers remains in place for 2014/15. The sanctions are suspended for 2015/16 whilst work to reach an in-principle agreement is ongoing.
- 2.4 The previous “sign-off” arrangements have been retained in that only those Councils who do not intend to take up the offer and agree the full package of measures outlined above are required to write to the Cabinet Secretary setting out the reasons why they do not wish to comply, by no later than 10 March 2015. The Leader of the Council has indicated that Falkirk Council intends to continue to deliver these commitments and as such will not be writing to the Cabinet Secretary.

### 3. REVENUE FUNDING

3.1 The amount of all-Scotland local government funding is set out in the following table.

	<u>2015/16</u> <u>£'m</u>
Total Revenue Funding	<u>9,993.191</u>
Less: Teachers Induction Scheme	27.600
Criminal Justice Social Work	86.450
Council Tax Reduction Scheme	343.000
Discretionary Housing Payments	35.000
	<u>9,501.141</u>
Distributed Revenue Funding	<u>9,501.141</u>
Distributed as:	
General Revenue Funding	6,613.659
Non-Domestic Rates	2,883.000
Ring-Fenced Grants	4.482
	<u>9,501.141</u>

3.2 No indicative allocations have been provided for future years.

3.3 Allocation of the Scottish Welfare Fund monies for 2015/16 is as follows:-

	<u>National</u> <u>£'m</u>	<u>Falkirk</u> <u>£'m</u>
Community Care Grants	23.000	0.634
Crisis Grants	9.995	0.294
Administration	<u>4.878</u>	<u>0.137</u>
	<u>37.873</u>	<u>1.065</u>

Discussions will continue between the Scottish Government and COSLA regarding additional funding for administration costs.

### 4. REVENUE FUNDING – FALKIRK COUNCIL

4.1 Falkirk Council's grant allocation for 2015/16 is £274.056m and is in line with the anticipated sum as part of the settlement announced last year. It is analysed as follows:-

	<u>2015/16</u> <u>£'m</u>
General Revenue Funding	209.595
Non-Domestic Rates	64.449
Ring-Fenced Grants	0.012
	<u>274.056</u>

## 5. CAPITAL FUNDING

5.1 The Scotland wide figures shown below reflect the reprofiling previously reported to Members with £120m being deducted in 2012/13 and a further £100m in 2013/14; this being repaid over the subsequent 2 years £120m in 2014/15 and £100m in 2015/16. Falkirk Council's funding allocation for 2015/16 is £16.208m.

5.2 The all Scotland figures are noted below.

	<u>2015/16</u>
	<u>£'m</u>
General Capital Grant	711.200
Specific Capital Grants	123.200
Distribution for SPT	21.900
	<u>856.300</u>

5.3 As with the Revenue Budget, no indications are given for future years.

5.4 Falkirk Council's share of the 2015/16 funding is in line with expectations and is analysed below:-

	<u>2015/16</u>
	<u>£'m</u>
General Capital Grant	15.972
Specific Capital Grant	0.236
	<u>16.208</u>

## 6. NON-DOMESTIC RATES

6.1 The Scottish Government has confirmed the increase for the Non-Domestic Rate poundage will be restricted to 2%.

6.2 The Small Business Bonus Scheme was amended in 2014/15 to provide more assistance for small businesses. The table below shows the 2015/16 thresholds continued from 2014/15:

Combined Rateable Value (RV) of all Business Properties in Scotland	
	<u>2015/16</u>
Up to £10,000	100%
£10,001 - £12,000	50%
£12,001 - £18,000	25%
£18,001 - £35,000	25% on each individual property with a rateable value not exceeding £18,000 *

\* This will allow a business with 2 or more properties with a cumulative RV of under £35,000 to qualify for relief at 25% on individual properties with a RV of up to £18,000.

- 6.3 The Scottish Government published a consultation on 11 December 2014 on the rating valuation appeals system. This is part of the Scottish Government's plan to review the rates system ahead of the 2017 revaluation. The consultation is open until 6 March 2015.
- 6.4 Following a review of the original Business Rates Incentivisation Scheme (BRIS) by a joint Scottish Government/COSLA Review Group, it was agreed that the original scheme should be suspended and a revised scheme introduced in 2014/15. The revised scheme is focussed on incentivising growth in the business tax base by creating targets based on buoyancy alone. The 2014/15 buoyancy target is now 1.5% with an indicative target of 1.2% for 2015/16.

## **7. SUMMARY**

- 7.1 Finance Circular 9/2014 provides details of the provisional financial support which will be made available to Councils for 2015/16. The information is in line with expectations. The level of government funding has a very significant impact on the Council's budget and work is continuing to present spending plans for Members' consideration in February 2015.

## **8. RECOMMENDATION**

**Members are invited to note the provisional Local Government Finance Settlement 2015/16.**

**Chief Finance Officer**

**Date : 17 December 2014**

### **LIST OF BACKGROUND PAPERS**

1. Scottish Government Finance Circular No 9/2014

Any person wishing to inspect the above background papers should telephone Falkirk (01324) 506371/506300 and ask for Amanda Templeman/Bryan Smail.