

**INFORMATION**

**RIBBLE VALLEY BOROUGH COUNCIL**  
**REPORT TO POLICY AND FINANCE COMMITTEE**

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meeting date: 22 FEBRUARY 2022  
title: FINAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2022/23  
submitted by: DIRECTOR OF RESOURCES  
principal author: JANE PEARSON

1. PURPOSE

1.1 To report the details of the Final Local Government Finance Settlement for 2022/23.

2. BACKGROUND

2.1 The local government finance settlement is the annual determination of funding to local government and is approved by the House of Commons. The grant settlement for next year was issued on 16 December 2021.

2.2 The Secretary of State for Housing, Communities and Local Government, Michael Gove MP, issued a written ministerial statement to the House of Commons which set out the Local Government Finance Settlement for 2022/23.

2.3 The consultation period ended on 13 January 2022. The final settlement was announced on 7 February 2022.

2.4 The final settlement figures are broadly in line with the provisional figures for 2022/23. These were reported to your January meeting in much more detail than this report goes into.

3. KEY INFORMATION FOR RIBBLE VALLEY

3.1 The settlement is for one year only which makes long term financial planning very difficult.

**CORE SPENDING POWER**

3.2 Our Final Core Spending Power is shown below along with comparisons with the previous settlements for information:

**CORE SPENDING POWER**

*Please select authority*

**Ribble Valley**

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions
Settlement Funding Assessment	2.253017	1.862606	1.569143	1.411972	1.332680	1.354393	1.354393	1.354609
Compensation for under-indexing the business rates multiplier	0.017927	0.017927	0.019000	0.029856	0.043427	0.054284	0.070570	0.138425
Council Tax Requirement excluding parish precepts <sup>1</sup>	3.053395	3.208677	3.275257	3.451102	3.497364	3.677865	3.737650	3.921546
Improved Better Care Fund <sup>2</sup>	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
New Homes Bonus	0.968616	1.366884	1.576990	1.575908	1.666486	1.770952	1.515848	1.205836
New Homes Bonus returned funding	0.004002	0.002862	0.003036	0.000000	0.000000	0.000000	0.000000	0.000000
Rural Services Delivery Grant	0.020651	0.107254	0.086603	0.107921	0.107921	0.107921	0.113250	0.113250
Transition Grant	0.000000	0.020424	0.020345	0.000000	0.000000	0.000000	0.000000	0.000000
Adult Social Care Support Grant	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Winter Pressures Grant <sup>3</sup>	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Social Care Support Grant	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Social Care Grant <sup>2,4</sup>	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Market Sustainability and Fair Cost of Care Fund	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Lower Tier Services Grant	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.057696	0.061960
2022/23 Services Grant	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.093368
<b>Core Spending Power</b>	<b>6.317609</b>	<b>6.586633</b>	<b>6.550373</b>	<b>6.576759</b>	<b>6.647878</b>	<b>6.965415</b>	<b>6.849407</b>	<b>6.888994</b>
Change since 2015-16 (£ millions)								0.571385
Change since 2015-16 (% change)								9.0

- 3.3 Despite nationally a 6.9% increase in councils Core Spending Power in cash terms between 2021/22 and next year, for Ribble Valley the figure is much lower at only 0.6% ie £39,000 which will not cover the cost of inflation. This is slightly higher than the provisional core spending power which was set to increase by only £11,000. It is important to note that this assumes we will increase our share of the council tax by the maximum amount

#### **2022/23 SERVICES GRANT**

- 3.4 The new one off 2022/23 Services Grant is to provide funding for all tiers of local government in recognition of our services and includes the costs of the increase in NI contributions. Ribble Valley will receive £93,368. We estimate our costs of the NI increase is £90,000. It is important to note this grant will not form part of any transitional protection going forward.

#### **RURAL SERVICES DELIVERY GRANT (RSDG)**

- 3.5 We are pleased that the Rural Services Delivery Grant will continue. Over the years we have lobbied the Government and supported the various groups including the Rural Services Network to point out the significant extra costs of providing services in rural areas. Next year we will receive the same amount as the current year ie £113,250. This will be paid as a separate grant.

#### **LOWER TIER SERVICES GRANT**

- 3.6 We expected that this grant was a one-year only grant paid in the current year. We are pleased it will continue in 2022/23. In the final settlement Ribble Valley's figure has increased by £1,206 to £61,960, a small increase on the current year's figure of £57,696.

#### **NEW HOMES BONUS (NHB)**

- 3.7 The Government have allowed a new round of NHB allocations in respect of 2022/23 which will not attract any future legacy payments. They have also allowed the one remaining legacy payment of £464k which we were aware of and had allowed for in our budget forecast. Next year we will therefore receive £741k for 2022/23 along with the legacy payment of £464k ie a total of £1.2m. However we are relying on NHB of £1.1m to fund the revenue budget each year. This seems very much a one year only deal for NHB and it does appear the scheme will end next year.



## BUSINESS RATES

3.8 As you are aware we have been a member of the Lancashire Business Rate Pool/Pilot since 2016.

3.9 The Government asked all members of pools to express their pooling preferences for 2022/23 in October. Despite continuing uncertainty surrounding Covid and the resetting of baselines and not least the continuation of Business Rate Reliefs next year it was decided to request to remain a member of the pool for next year. This was reported and agreed by Policy and Finance Committee.

3.10 All other members of the current pool decided to also request to remain in the pool and we have now received the official designation letter from DLUHC confirming the Lancashire Pool for next year which consists of the following local authorities.

- Burnley Borough Council
- Chorley Borough Council
- Fylde Borough Council
- Hyndburn Borough Council
- Pendle Borough Council
- Ribble Valley Borough Council
- Rossendale Borough Council
- South Ribble Borough Council
- West Lancashire Borough Council
- Wyre Borough Council
- Lancashire County Council

3.11 The designation has effect from 1 April 2022 and for the financial year 2022/23.

3.12 Local authorities in the pool are given 28 days from the date of the announcement of the Local Government Finance Settlement (16/12/21) to consider if they wish to continue to be designated as a pool. No member gave notice to pull out of the Lancashire pool and therefore it will continue in 2022/23.

- 3.13 The Pool will operate on the same basis as it does in the current year, where members benefit from retaining levies on growth above their baseline instead of paying these over to the Government. LCC will receive 10% of the total retained levies. In addition, as Lead Authority we will receive £20,000 and act as a channel for all payments to and from DLUHC.

### **COUNCIL TAX REFERENDUM PRINCIPLES**

- 3.14 We will be allowed to increase our council tax by £5 without having to hold a referendum.

- 3.15 Our band d tax is currently £155.69. If members were to agree a £5 increase then this multiplied by our taxbase for next year of 24,553 would generate extra council tax income of £123k.

### **4. CONCLUSION**

- 4.1 It is disappointing that this is another one year only settlement which means we cannot plan beyond next year with any certainty.

- 4.2 Factoring the final grant settlement into our budget forecast we are better off due to the business rate multiplier compensation (£138k) however this is included in our business rate estimates, and the new 2022/23 Services Grant (£93k), however this only just covers the cost of increased NI contributions. We are also better off as a result of the Lower Tier services grant of £60k as we had assumed this was a one year only grant for 2021/22.

- 4.3 We expect there will be transitional protection alongside the implementation of finance reforms going forward. However transitional protection is usually against a council's Core Spending Power. It is important to note the income we receive from business rate growth does not form part of our Core Spending Power. The Government have also made it clear the new one-off 2022/23 Services Grant will not form part of any transitional protection.

### **DIRECTOR OF RESOURCES**

PF1-22JP/AC  
15 February 2022