



Department for
Communities and
Local Government

Clive Betts MP
Chair, Communities and Local Government
Committee
House of Commons
LONDON
SW1P 3JA

The Rt Hon Greg Clark MP
*Secretary of State for Communities and
Local Government*
**Department for Communities and Local
Government**
Fry Building
2 Marsham Street
London
SW1P 4DF

Tel: 030344 44350
Fax: 020 7035 0018
E-Mail:
greg.clark@communities.gsi.gov.uk

www.gov.uk/dclg

11 April 2016

LOCAL GOVERNMENT FINANCE SETTLEMENT 2016/17

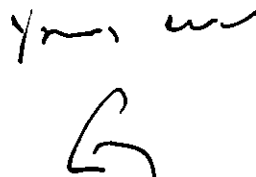
Thank you for your letter of 29 February 2016. I shall take each of your points in turn.

1. You asked how Local Government DEL will be distributed. In 2016-17, the majority of Local Government DEL will continue to be distributed to local authorities as Revenue Support Grant. Remaining funding within Local Government DEL will largely be distributed to local authorities in the form of section 31 grants, such as for take up of Business Rates Relief, the Independent Living Fund and the Rural Services Delivery Grant.
2. You asked how business rates safety net payments will be funded and what the balance is on the safety net account. All councils that qualify for safety net payments will continue to receive them. As in previous years, these payments will be funded from a combination of levy receipts and transfers into the safety net account. The Department will continue to be able to access the Treasury's Reserve as necessary should the need arise in future.
3. You asked about the Local Council Tax Support Administration Subsidy grant. I can confirm that this grant has not been scrapped. Previously local authorities received two grants which subsidised the Administrative Costs of Local Council Tax support. One reflected the pre-existing administration costs that were inherited from the old Council Tax Benefit system while the second reflected the New Burdens associated with the move to localised schemes. From 2016-17 onwards I have consolidated these two elements into a single grant that will

reflect the ongoing costs local authorities incur while operating their local council tax support schemes. Details of the Provisional allocations for 2016-17 were announced shortly after you wrote to me and are available at:
<https://www.gov.uk/government/publications/localising-council-tax-support-admin-subsidy-grant-2016-to-2017>.

4. You asked what details are available of how the transition funding has been distributed. Transition Grant allocations are set out as part of the 'Core Spending Power: Supporting Information' tables available at:
<https://www.gov.uk/government/publications/core-spending-power-final-local-government-finance-settlement-2016-to-2017>. An explanatory note that sets out the method of calculation of the grant is also available at the same link and copies have been made available in the libraries of both Houses. As you know, the approach to allocating Revenue Support Grant through the settlement takes into account the main resources available to councils, so that councils delivering the same set of services receive the same percentage change in Settlement Core Funding for those services. As a result of this change, authorities with relatively more income from council tax and business rates received less revenue support grant in total. Other authorities consequently received more revenue support grant in total, of the same amount. Where this amount is negative for an authority, the transition grant compensates them in direct proportion to the difference between the old methodology and new methodology.
5. You asked about my expectations of average growth per year in council tax base. The OBR draw on forecasts to project council tax base growth that are only available at an England level. At a local level there is less information available to construct a sophisticated model. The method I have adopted is easy to understand and uses National Statistics returns from each local authority to calculate an England average growth rate of 1.9%. It simply projects future growth individually for each local authority on the basis of the actual change in tax base in their area since 2013-14.

I hope you find this information helpful.



The Rt Hon Greg Clark MP