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## **SUPPLEMENTARY / ADDITIONAL INFORMATION**

### **EXECUTIVE BOARD – 11<sup>TH</sup> FEBRUARY 2015**

- Additional Item entitled: 'Final Local Government Finance Settlement 2015/16' – A report is submitted for consideration which provides the latest information on the final Local Government Finance Settlement for 2015/16 which was announced on 3<sup>rd</sup> February 2015; and
- Supplementary Information: Appendix 2 to Agenda Item 17 entitled, 'The Leeds Community Infrastructure Levy: Strategic and Neighbourhood Spending' – Appendix 2, which incorporates the comments and recommendations of the Scrutiny Board (Sustainable Economy & Culture) are provided to Board Members. The Scrutiny Board met on 3<sup>rd</sup> February 2015 to consider such matters.

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### Scrutiny Board (Sustainable Economy and Culture)

#### Scrutiny Working Group – Community Infrastructure Levy – 3 February 2015

#### Report to Executive Board

##### Background

The Sustainable Economy and Culture Scrutiny Board carried out pre-decision scrutiny on the draft charging schedule for the Community Infrastructure Levy (CIL) in September 2013. The Board made a number of comments including the following recommendation:

##### Allocation of CIL resources

*We noted that decisions on spending priorities and local apportionment of the CIL is a separate workstream, for consideration at a later date.*

***We recommend that the Executive Board requires that the Scrutiny Board is notified of the timetable and given the opportunity to be involved in this work at the appropriate time.***

The Scrutiny Board agreed in November 2013 that it would invite a member of the Housing and Regeneration Scrutiny Board to join the meeting when this item was considered.

On 3 February, a scrutiny working group met with the Executive Member and officers to carry out pre-decision scrutiny on the proposals for Strategic and Neighbourhood Spending of the CIL. The Chair of the Housing and Regeneration Scrutiny Board took part in the working group alongside members of the Sustainable Economy and Culture Scrutiny Board.

The Scrutiny Board asks the Executive Board to take the following issues into account when considering the report on the Leeds Community Infrastructure Levy – Strategic and Neighbourhood Spend.

##### **Conclusions and recommendations**

The working group noted the proposals in recommendations (i), (ii) and (iii) of the Executive Board report with regard to the administration and neighbourhood fund elements of the CIL, and the timescale for transferring the neighbourhood fund, to be in line with national regulations.

With regard to the ongoing work on shared infrastructure planning highlighted in recommendation (iv), the working group strongly supported the importance of Community Committees working closely with Parish and Town Councils in their area to ensure spending matches priorities. The recent annual meeting with Parish and Town Councils and the work being undertaken by the Outer North East Community Committee on this matter were highlighted.

Members reiterated the importance of Neighbourhood Planning, especially in areas likely to generate a significant CIL income. In most cases this was ongoing and it was important that members work with local communities to ensure that priority

## **AGENDA ITEM 17**

infrastructure needs are identified and articulated in these plans, which can then be used by local people to hold decision makers to account. Officers are also supporting this process and feeding comments in as Plans are developed.

The working group also noted that Neighbourhood Plans have to go through an external inspection process, with the City Council having the opportunity to make representations at this point.

### **Recommendation 1**

**That the Council uses its ability to make representations during the inspection of Neighbourhood Plans, if necessary, to support the inclusion of priority infrastructure needs.**

The working group supported recommendation (v) in relation to the role of Community Committees in directing spending of the neighbourhood fund. However, they asked the Executive Member to ensure that Community Committees receive adequate support in terms of capacity building and staffing resource to enable them to carry out this new role, including meeting the requirement for local consultation. The Executive Member confirmed that he would raise this matter with the Assistant Chief Executive, Citizens and Communities.

### **Recommendation 2**

**That the Executive ensures that there are sufficient resources to Community Committees to carry out their new functions in relation to the CIL. Resources in this context refers both to staff support and capacity building.**

In relation to recommendation (vi) in particular, Members noted that there is still further work to be done to clarify protocols and processes in preparation for the first tranche of CIL money becoming available to spend.

The working group broadly supported recommendation (vii) to set the priorities for strategic CIL spend through the budget setting process. However, concern was expressed about the potential for unnecessary delay in progressing infrastructure to support development if this only took place at the annual review of the capital programme. Officers clarified that the capital programme is revised during the course of the year. They also highlighted that under the proposal, key infrastructure projects could also be prioritised for funding from other sources within the overall capital funding programme of the council in advance of the receipt of the associated CIL funds.

It was noted that the CIL was not suitable for the very largest developments which will probably require their own feasibility study to address the associated infrastructure needed within the development site. It was stated that the Site Allocations Plan would need to identify these sites.

### **Recommendation 3**

**That the identification of such sites be included as part of the ongoing development of the Site Allocations Plan.**

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### **General comments and observations**

During the course of the discussion, there were a number of additional issues raised:

- Recognition of the work that had gone in to get the proposals to this stage and the challenges ahead as the CIL income begins to be collected and allocated.
- The working group sought reassurance that there was sufficient resource within City Development to support the community-led Neighbourhood planning process, and that the required financial processes would be in place in time for collection of the CIL to commence from 6 April
- Members highlighted the potential for Section 106 negotiations to become even tougher following the introduction of the CIL
- Members raised a concern about the potential for developers to seek to reduce the level of CIL payable at sites where there is a net increase in occupancy levels and criteria regarding occupation for 6 of the past 12 months were being applied.
- The working group raised the infrastructure impact of some developments outside their own local area as an area for consideration in determining the spending of CIL income (for example where development in an outer area places significant additional demand on the road network and public transport capacity on city centre commuting routes).
- Members discussed accountability for CIL spending, particularly with regard to Parish and Town Councils. It was noted that there was a requirement for annual reporting of expenditure. Members clarified the mechanisms for clawing back or claiming back CIL where it had either not been spent or had been spent on non-priority projects. They also raised a potential role for Scrutiny within the accountability framework.

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**Report of the Deputy Chief Executive**

**Report to Executive Board**

**Date: 11<sup>th</sup> February 2015**

**Subject: Final Local Government Finance Settlement 2015/16**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Summary of main issues**

1. The final local government settlement was published on 3<sup>rd</sup> February 2015.
2. The final settlement:
  - provided an extra £74 million for upper tier authorities of which Leeds will receive £1.151 million; and
  - confirmed that a referendum would be required if an authority wishes to increase its council tax for 2015/16 by 2.0% or more.

### 1. **BACKGROUND**

- 1.1 The provisional local government finance settlement was published on 18<sup>th</sup> December 2014. The provisional settlement set out the Government's proposals for local government funding for 2015/16 and largely confirmed the indicative allocations that had been published in January 2014 alongside the 2014/15 settlement.
- 1.2 The national average reduction in core funding (Settlement Funding Assessments) proposed in the provisional settlement was 13.9%. The reduction proposed for Leeds was 15.8% which in cash terms equated to £49.9 million compared to the adjusted total for 2014/15.
- 1.3 Under the Government's preferred measure, "Spending Power" (which includes NHS funding for the Better Care Fund and ring-fenced Public Health funding) the national reduction was 2.1% with the equivalent figure for Leeds being 2.3%.
- 1.4 Consultation on the provisional settlement closed on 15<sup>th</sup> January 2015.

### 2. **THE FINAL SETTLEMENT**

- 2.1 The Minister for Local Government, Kris Hopkins, published the final local government finance settlement on 3<sup>rd</sup> February 2015.
- 2.2 The only change from the provisional settlement was to provide a further £74 million to be shared between upper-tier authorities. The Ministerial Statement indicated this was *"to recognise that councils have asked for additional support, including to help them respond to local welfare needs and to improve social care provision"*.
- 2.3 The extra £74 million is being provided through Revenue Support Grant and will not be ring-fenced. There are no new duties, expectations or monitoring requirements associated with its use.
- 2.4 The Minister also confirmed that the council tax referendum limit is to remain unchanged at 2.0% or greater.

### 3. **IMPLICATIONS FOR LEEDS**

- 3.1 Leeds' share of the £74 million is £1.151m. The additional amount has been added into upper-tier funding and has increased Leeds' overall Settlement Funding Assessment from £267.0 million to £268.1 million, as detailed in the table below:



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	Final 2014/15 £m	Adjusted 2014/15 £m	Provisional Settlement 2015/16 £m	% Change compared to 2014/15 Adjusted	Final Settlement 2015/16 £m	% Change compared to 2014/15 Adjusted
Upper-Tier Funding	221.559	221.559	182.955	-17.4%	184.106	-16.9%
Lower-Tier Funding	49.156	49.156	41.076	-16.4%	41.076	-16.4%
Fire and Rescue Funding						
2011-12 Council Tax Freeze Compensation	6.662	6.662	6.636	-0.4%	6.636	-0.4%
Early Intervention Funding	21.237	21.237	19.344	-8.9%	19.344	-8.9%
GLA General Funding						
GLA Transport Funding						
London Bus Services Operators Funding						
Homelessness Prevention Funding	0.862	0.862	0.859	-0.4%	0.859	-0.4%
Lead Local Flood Authority Funding	0.143	0.143	0.143	-0.4%	0.143	-0.4%
Learning Disability and Health Reform Funding	10.623	10.623	10.583	-0.4%	10.583	-0.4%
Efficiency Support for Services in Sparse Areas						
2013-14 Council Tax Freeze Compensation	2.766	2.766	2.766	0.0%	2.766	0.0%
Returned Holdback	0.413	0.413		-100.0%		-100.0%
Local Welfare Provision		3.445	2.594	-24.7%	2.594	-24.7%
<b>Settlement Funding Assessment</b>	<b>313.421</b>	<b>316.866</b>	<b>266.955</b>	<b>-15.8%</b>	<b>268.106</b>	<b>-15.4%</b>
<b>Difference from Provisional Settlement</b>					<b>1.151</b>	

**Table 1: Comparison of Settlement Funding Assessments for Leeds 2014-15 to 2015-16**

3.2 The additional funding changes the reduction in Settlement Funding Assessment from -15.8% to -15.4%. The equivalent figures for the Core Cities and the West Yorkshire authorities are shown below:

## ADDITIONAL ITEM

	Adjusted Settlement Funding Assessment 2014/15 £m	Final Settlement Funding Assessment 2015/16 £m	% Change in Settlement Funding between 2014/15 and 2015/16
<b>LEEDS</b>	316.866	268.106	-15.4%
Birmingham	714.443	605.203	-15.3%
Bristol	203.180	173.730	-14.5%
Liverpool	350.827	295.769	-15.7%
Manchester	355.289	300.611	-15.4%
Newcastle	181.440	154.550	-14.8%
Nottingham	191.458	161.448	-15.7%
Sheffield	290.836	247.236	-15.0%
Bradford	275.733	233.783	-15.2%
Calderdale	84.251	71.460	-15.2%
Kirklees	164.864	139.596	-15.3%
Wakefield	143.188	121.966	-14.8%
West Yorkshire Fire	50.306	45.850	-8.9%
<b>Average Core City</b>			-15.3%
<b>Average West Yorkshire District</b>			-14.9%
<b>Average Metropolitan District</b>			-15.1%
<b>Average Shire Areas</b>			13.8%
<b>Average London Borough</b>			-14.8%
<b>Average England</b>			-13.6%

**Table 2: Settlement Funding Assessments for the Core Cities and West Yorkshire**

- 3.3 The percentage reduction for Leeds remains marginally higher than the average of the Core Cities and is higher than the average of the West Yorkshire districts, London Boroughs, Shire Areas and the average for England as a whole.
- 3.4 The additional funding makes only a marginal difference to Spending Power totals:

## ADDITIONAL ITEM

	Adjusted Spending Power 2014/15  £m	Spending Power 2015/16  £m	Change in Spending Power 2014/15 to 2015/16 *  £m	Change in Spending Power 2014/15 to 2015/16  %
<b>LEEDS</b>	646	632	(14)	-2.2%
Birmingham	1,130	1,065	(65)	-5.8%
Bristol	423	413	(10)	-2.5%
Liverpool	554	522	(31)	-5.7%
Manchester	552	526	(27)	-4.9%
Newcastle	306	292	(14)	-4.7%
Nottingham	326	309	(17)	-5.3%
Sheffield	519	499	(20)	-3.9%
Bradford	487	468	(19)	-3.9%
Calderdale	180	177	(3)	-1.9%
Kirklees	350	342	(8)	-2.3%
Wakefield	288	282	(5)	-1.8%
<b>Average Metropolitan Districts</b>				-3.6%
<b>Average Shire Areas</b>				-0.5%
<b>Average London Boroughs</b>				-3.2%
<b>England (excluding GLA)</b>				-1.7%
<b>England (including GLA)</b>				-2.0%

\* 2015/16 Spending Power includes pooled NHS and Better Care fund and Efficiency Support Grant

**Table 3: Spending Power for the Core Cities and West Yorkshire**

- 3.5 The headline national reduction in Spending Power (excluding the Greater London Council) has changed from 1.8% to 1.7%. The corresponding change for Leeds is from 2.3% to 2.2%. The reduction for England as a whole (including the GLA) has changed from 2.1% to 2.0%. However, there are still considerable variations between authorities.
- 3.6 The Local Government Minister's announcement confirms that Leeds would be subject to a referendum if Council resolved to increase council tax for 2015-16 by 2.0% or more.

## 4 CORPORATE CONSIDERATIONS

### 4.1 Consultation and Engagement

- 4.1.1 This report sets out relatively minor changes to the funding of local government made in the final local government finance settlement. Leeds' budget proposals for 2015/16 have been subject to extensive consultation as set out in the "Revenue Budget and Council Tax 2015/16" report included elsewhere on this agenda.

### 4.2 **Equality and Diversity / Cohesion and Integration**

4.2.1 This report has no implications for equality and diversity or cohesion and integration.

### 4.3 **Council Policies and City Priorities**

4.3.1 Proposals for the allocation of the extra funding from the final settlement will be set out in the Budget Report to Council.

### 4.4 **Resources and Value for Money**

4.4.1 The resource implications of the extra funding will be set out in the Budget Report to Council.

### 4.5 **Legal Implications, Access to Information and Call In**

4.5.1 This report is for information only and, in of itself, has no legal implications.

4.5.2 The report may be subject to call in.

### 4.6 **Risks**

4.6.1 The report sets out extra funding that will be available for 2015/16. A detailed risk assessment of budget decisions for 2015/16 is included in the Budget Report referred to above.

## 5. **RECOMMENDATIONS**

5.1 Members are requested to note:

- the outcome of the final local government settlement announced on 3<sup>rd</sup> February 2015, in particular that £1.151 million of extra funding is to be allocated to Leeds for 2015-16; and
- that the Referendum Principles that would require a referendum to be held for a council tax increase of 2.0% or greater are unchanged for 2015/16.

## 5. **BACKGROUND DOCUMENTS<sup>1</sup>**

5.1 None.

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.