

COUNCIL
25 MAY 2017**REPORT OF CABINET – MATTERS WHICH REQUIRE A
DECISION BY COUNCIL**

Central Government's Budget 2017**Recommendation**

1. The Cabinet recommend that the changes being made to the 2017 County Council Budget as a result of Central Government's Budget 2017 be approved and that the cash limits are updated accordingly.

2. The Chancellor of the Exchequer presented his Budget 2017 on 8 March 2017 and overall it provided some positive news for Local Government and Worcestershire in particular. Key elements relevant to the County Council are set out below:

Adult Social Care: Increased Funding

3. Councils will receive an additional and one-off £2 billion over the next three years for social care, with £1 billion of this to be provided in 2017/18. The County Council's allocation of the additional monies is as follows:

- 2017/18 - £10.1m
- 2018/19 - £6.8m
- 2019/20 - £3.4m

4. The additional funding is one off to be spent on adult social care and used for the purposes of meeting adult social care needs, supporting reducing pressures on the NHS and stabilising the social care provider market.

5. The new funding will be paid as a Department for Communities and Local Government specific grant and will be pooled into the Better Care Fund. There are conditions to the grant to ensure that money is spent on adult social care services and supports improved performance across health and social care.

6. Whilst this additional grant is most welcome, it should be noted that it is not recurrent, so any plans for spending will need to address this and ensure that the impact of the funding is long term.

7. The Chancellor also announced in the Budget statement that Central Government is committed to establishing a fair and more sustainable basis for funding adult social care, in the face of the future demographic challenges. It is anticipated that proposals would be brought forward to put the state-funded system for meeting the care and support needs of older people on a more secure and sustainable long-term footing in a Green Paper later this year.

Schools Maintenance

8. An additional £216 million investment in school maintenance is to be provided nationally to improve the condition of the school estate. At present the specific allocation to the County Council is not known.

Extended rights to free travel

9. Central Government announced an increase in the entitlement to the rights for free travel to some schools. Further detail on how this scheme will operate and the grant that will be made available to the County Council to support this additional expenditure has not been provided yet. Confirmation has also not been provided at the point of writing this report of the existing grant award.

Infrastructure and Transport Investment

10. Central Government provided more details on the £23 billion National Productivity Improvement Fund (NPIF) announced in the Autumn Statement in 2016. The Budget papers included further details of how the fund will be invested including:

- The launch of a £690m fund to tackle urban congestion. The Budget papers state that this funding will be “competitively allocated to local authorities”. The County Council will be providing an application to Central Government for a share of this funding
- Confirmation that the County Council will receive £2.7 million from the Regional allocations within the previously announced £220 million NPIF investment for pinch points on the strategic road network within Worcestershire.

Local Business Rates Reliefs

11. Central Government will provide £300 million over four years to support those businesses most affected by the revaluation of business rates, due to take effect from April 2017. District Councils within Worcestershire have been allocated £1.8 million. Central Government has issued a consultation on how the scheme should be implemented.

12. Whilst the operation of such a scheme is a District Council function, the County Council, under the existing 50% business rates retention system, will suffer a reduction in business rates receipts resulting from the increased award of discretionary relief equivalent to 9% of the value of the relief given. Central Government expects billing authorities to discuss options with their major precepting authorities at an early stage and to consult them before adopting any scheme. Central Government has signalled its intention to pay compensation for lost business rates to billing and major precepting authorities in the form of a Specific Grant up to the maximum of the allocation set out in Paragraph 11.

13. The County Council will work alongside District Councils on responding to the Consultation by 7 April 2017 as well as the design of a Locally Administered Business Rate Relief for Revaluation scheme to ensure there is no net loss to the County Council of Business Rates as a result of this local implementation.

Local Growth Deal 3

14. Following the announcement of the Midlands Engine Strategy on 9th March 2017, each LEP within the Midlands Engine received formal notification of its allocation for 2017/2018 – 2020/2021. For Worcestershire's LEP this equated to the allocation of an additional grant totalling £17.5 million for the following projects:

- A38, Bromsgrove - £7.5 million

- Pershore Northern Link Road - £5 million
- Engineering Faculty at Heart of Worcestershire College - £4 million
- Churchfields, Kidderminster - £1 million

15. This brings the total funding for Worcestershire's LEP from the 3 growth deal schemes to £71.7 million.

16. Central Government has confirmed that each LEP will continue to receive £0.5 million of core funding. This provides a base level of funding for all LEPs to cover overheads and running costs. This core funding for 2017-2018 is supported by matched funding from local partners including District Councils and the County Council.

17. The Secretary of State for Business, Energy and Industrial Strategy ("BEIS") has confirmed the allocation of £0.2 million to the County Council, as Accountable Body for Worcestershire's LEP for the "Growth Hub". This funding will allow the partnership to continue to give advice to businesses by supporting the further development of growth hubs, aligned to Government's objective to simplify access to support for businesses.

Mr S E Geraghty
Chairman

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Background Papers

In the opinion of the proper officer (in this case the Head of Legal and Democratic Services) the following are the background papers relating to the subject matter of this report:

Agenda and background papers for the meetings of the Cabinet held on 6 April 2017.