


## Urgent Decision Record – Warwickshire County Council Response to the Local Government Finance Settlement 2020-21 Technical Consultation

<b>Cabinet Portfolio Holder taking the decision</b>	Councillor Peter Butlin Deputy Leader (Finance & Property)
<b>Date of Decision</b>	30 Oct 2019  

### Decision Taken

That the Deputy Leader (Finance and Property):

- 1) Approves the County Council's draft response to the Local Government Finance Settlement 2020-21 Technical Consultation attached as an Appendix; and
- 2) Authorises the Strategic Director for Resources to make any amendments in response to later information and insight, providing these are consistent with the content and principles of this draft response, prior to the submission of the response on Thursday 31 October 2019.

### Reasons for Decisions

Responses to consultations require the approval of the appropriate Portfolio Holder.

### Background Information

The Government has previously announced an ambitious programme of reforms to the local government finance system. These reforms include:

- Increasing the proportion of business rates retained by the sector, to ensure local authorities have more control over the money they raise and powerful incentives to grow and reinvest in their local economies;
- Introducing reforms to the business rates retention system, to increase stability and certainty; and
- Reviewing the funding formula that determines funding allocations through the annual local government finance settlement, based on a fairer and more up-to-date assessment of councils' relative needs and resources.

Whilst progress has been made, the Government believes it is not yet in a position to properly engage and consult on each area before final decisions are made. Local authorities have also raised concerns about any last minute changes to the system given the need for certainty and stability to enable budget planning for the next financial year. Reflecting this, the one-year Spending Round and the plans for a more substantial Spending Review exercise in time for 2021-22, the Government is proposing to implement a 'roll-forward' settlement for 2020-21, which will provide stability for the majority of funding sources for local government.

In 2020 the Government plans to carry out a multi-year Spending Review, which will lay the groundwork for the reforms, aiming to implement these reforms in 2021-22.

The consultation included a comment that the reforms would include a "full reset of business rates retention baselines". Given that Warwickshire has achieved above average growth in business rates since the current system was introduced in 2013-14 there is a risk that a full reset will mean we lose potentially all of the historic growth delivered to date and the assumption in the Medium Term Financial Strategy that the changes to the system will be neutral may not hold good.

Therefore, although it is not specifically a consultation question, the draft response includes reference to the view that the introduction of the business rates retention reforms in 2021-22 should not financially penalise those authorities who have invested to drive business rates growth (a key objective when the current system was introduced). There will be other opportunities to make this point when the detailed consultation on the proposed new system is undertaken in 2020.

### Financial Implications

There are no direct financial implications for the authority. The key principle in considering the County Council's responses to the consultation questions is to make sure our responses support the best potential financial outcome for the Council and Warwickshire as a whole. The outcome of the consultation will form part of the Provisional 2020-21 Local Government Finance Settlement and be published in December and form part of The Council's resource base for the 2020-21 budget and 2020-25 MTFS.

<b>Report Author</b>	Virginia Rennie
<b>Assistant Director</b>	Lisa Kitto
<b>Strategic Director</b>	Rob Powell
<b>Portfolio Holder</b>	Councillor Peter Butlin

## Checklist

<b>Urgent matter?</b>	Ye. Owing to closeness of deadline
<b>Confidential or Exempt?</b> (State the category of exempt information)	No
<b>Is the decision contrary to the budget and policy framework?</b>	No

### List of Reports considered

Link to published proposed decision report:

<https://democratic.warwickshire.gov.uk/cm5/Calendarofmeetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/4890/Committee/586/Default.aspx>

### List of Background Papers

None

### Members and officers consulted or informed

Portfolio Holder – Councillor Peter Butlin

Corporate Board

Legal – Jane Pollard

Finance – Lisa Kitto

Democratic Services – Paul Williams

Cllr Peter Butlin, Cllr Adrian Warwick, Cllr Parminder Singh Birdi, Cllr Maggie O'Rourke, Cllr Sarah Boad, Cllr Jerry Roodhouse, Cllr Richard Chattaway, Cllr Jonathan Chilvers