

Final Settlement 2015/2016

1. The final Local Government Finance Settlement for 2015/2016 was announced on 3rd February 2015.
2. As part of this, Government announced an additional £74m nationally for upper tier authorities to assist with pressures on local welfare and health and social care provision. The additional funding has been included within Revenue Support Grant funding and equates to an additional £0.621m Revenue Support Grant for Sunderland.
3. While this additional funding is welcomed it should be noted that:
 - £0.621m additional funding represents only a small contribution to the additional costs which the council needs to meet in respect of demand pressures being experienced in health and social care.
 - The council Revenue Support Grant is still being cut by £26.5m (27.5%), illustrating that the grant element within the funding system which is intended to recognise low income resources and high needs is being significantly cut and continues to impact to a greater extent on the more deprived areas of the country.
4. Final position:
 - The Final Settlement has confirmed a net increase in Government overall funding of £0.618m:
 - Settlement Funding Assessment (SFA) - Revenue Support Grant (RSG)
The final SFA for 2015/2016 is £147.832m including the increase of £0.621m in Revenue Support Grant to £69.895m as set out at paragraph 2 above. This still represents an overall net reduction in RSG compared to 2014/2015 of £26.472m (27.5%).
 - Revenue Spending Power
The Government assessed Revenue Spending Power has increased by a net £0.618m in total to £289.179m reflecting the increase in RSG and a minor reduction in New Homes Bonus redistributed and Local Council Tax Support and Housing Benefits Administration subsidy. The overall reduction in Revenue Spending Power compared to 2014/2015 is now £11.625m or 4.02% which still remains significantly higher than the national average reduction of 1.7%.
 - Council Tax Referendum Principle
Government has confirmed that a referendum principle will apply to all principal local authorities, Police and Crime Commissioner and Fire and Rescue Authorities for any proposed increase in Council tax of 2% and above. This means any increase above this level will require a referendum to give the local electorate the opportunity to approve or veto the increase.
5. The net additional funding will be incorporated within the final budget position for 2015/2016 and used to support the implementation of the Care Act and provide transitional support to the achievement of in year reductions.

