

<b>REPORT REFERENCE NO.</b>	RC/18/7
<b>MEETING</b>	RESOURCES COMMITTEE
<b>DATE OF MEETING</b>	8 FEBRUARY 2018
<b>SUBJECT OF REPORT</b>	2018-19 REVENUE BUDGET AND COUNCIL TAX LEVELS – SUPPLEMENTARY REPORT
<b>LEAD OFFICER</b>	Treasurer and Chief Fire Officer
<b>RECOMMENDATIONS</b>	<i>That the contents of this paper be considered alongside the 2018-19 revenue Budget and Council Tax Report and that recommendations to the Fire and Rescue Authority on Council Tax levels be based upon the latest information contained herein</i>
<b>EXECUTIVE SUMMARY</b>	<p>Since the publication of the agenda and papers for the Committee on 31 January 2018, updated information has been received from billing authorities regarding Council Tax and National Non Domestic Rates income.</p> <p>This report contains those updated figures with narrative behind the changes since the original report.</p> <p>The Committee is asked to consider the contents of this paper when making their recommendation to the full Authority on Council Tax.</p>
<b>RESOURCE IMPLICATIONS</b>	As indicated in the report.
<b>EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)</b>	Not applicable.
<b>APPENDICES</b>	None
<b>LIST OF BACKGROUND PAPERS</b>	Nil.

## 1. INTRODUCTION

- 1.1 Since the publication of the agenda and papers for the Committee on 31 January 2018, updated information has been received from billing authorities regarding Council Tax and National Non Domestic Rates (NNDR) income. The table below shows the updated figures with narrative behind the changes since the original report. The funding changes outlined do not impact on the precept levels for a Band D property as outlined in the original report.

Based on Option B - Council Tax Increase of 2.99% to £84.01	Per Resources Committee Paper	Per Authority Paper (update to RC meeting)	Change	Note
	£m	£m	£m	
<b>TOTAL FUNDING 2017-18</b>	<b>72.596</b>	<b>72.596</b>	<b>0.000</b>	
Reduction in Formula Funding	(1.293)	(1.355)	(0.062)	a
(Reduction)/Increase in Retained Business Rates from Business Rate Retention System.	(0.219)	0.675	0.894	b
<u>Changes in Council Tax Precept</u>				
- increase in Council Tax Base	0.711	0.721	0.011	c
- resulting from an increase in Band D Council Tax	1.461	1.462	0.000	
- Decrease in Share of Billing Authorities Council Tax Collection Funds	(0.228)	(0.228)	0.000	
<b>Net Change in precept income</b>	<b>1.944</b>	<b>1.955</b>	<b>0.011</b>	
<b>TOTAL FUNDING AVAILABLE 2018-19</b>	<b>73.029</b>	<b>73.871</b>	<b>0.842</b>	<b>d</b>
<b>NET CHANGE IN FUNDING</b>	<b>0.433</b>	<b>1.275</b>	<b>0.842</b>	
<u>Adjustments to net budget requirement:</u>				
- Cumulative budget variances	0.145	0.061	(0.084)	e
- Section 31 grant treated as income	0.122	(0.114)	(0.236)	f
<b>Change to Revenue Contribution to Capital Expenditure</b>	<b>(2.451)</b>	<b>(1.289)</b>	<b>1.162</b>	<b>g</b>
<b>NET REVENUE BUDGET REQUIREMENT</b>	<b>73.029</b>	<b>73.871</b>	<b>0.842</b>	<b>h</b>

### Notes on changes to net revenue budget requirement since last reported

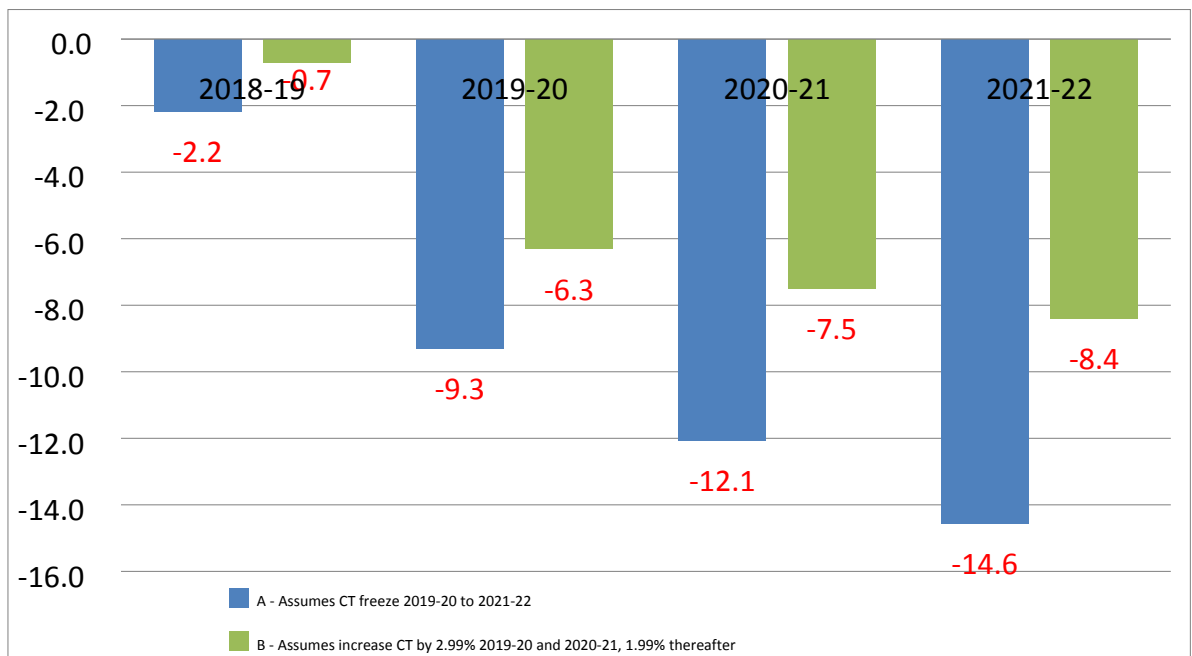
- Formula Funding is split in to two elements – National Non-domestic rates (NNDR) top up grant and Revenue Support Grant. The amount of NNDR top up grant is revised to take account of changes in final figures received from Billing Authorities
- There has been a significant increase since last year to NNDR income receivable directly from Billing Authorities. Officers have been notified of these figures between 1 and 7 of February. The most significant increase relates to the surplus available from South Hams District Council, which has improved by £0.653m due to an NNDR appeal on Langage Power Station being found in the Council's favour
- On receipt of final figures for Council Tax Bases from Billing Authorities, an increase of £0.011m is now reported – a total of 1.5% growth in Council Tax Base since last year

- d. The combined changes to central government funding, Council Tax and NNDR income mean that there is £0.842m more funding available
- e. Budgeted income from investment activity has been increased by £0.084m to reflect advice from our Treasury Management advisors that Authorities should anticipate returns of 0.6% in 2018/19
- f. The amount of Section 31 grant receivable to offset Small Business Rates Reliefs is calculated as a result of the information received from Billing Authorities and has therefore been updated to reflect most recent figures, an additional £0.236m of income
- g. The total impact of the increased funding of £0.842m, Investment income of £0.084m and Section 31 grant income of £0.236m is £1.162m. The Authority will therefore not need to reduce the Revenue Contribution to Capital budget as much in order to balance the budget for 2018/19
- h. The revised net revenue budget requirement is £73.871m (based on Option B, a Council Tax increase of 2.99%) or £72.409m (based on Option A, a Council Tax Freeze)

1.2 The total savings requirement for 2018/19 has reduced to £1.3m under Option B or £2.8m under Option A. Each 1% increase in Council Tax is equivalent to £0.487m.

1.3 Given that there is sufficient Revenue Contribution to Capital to cover both savings requirements, the committee is asked to disregard previous recommendations to balance the budget involving use of reserves.

**CHART 1 – REVISED FORECAST BUDGET SAVINGS REQUIREMENT (CUMULATIVE) 2018 TO 2022 (BASE CASE) - £MILLIONS**



- 1.4 Chart 1 illustrates that further savings will be required beyond 2018-19 to plan for a balanced budget over the next three years to 2021-22. Should the Authority decide to freeze Council Tax in 2018-19 (Option A) and the following three years then the MTFP forecast that further savings of £14.6m need to be planned for.
- 1.5 As is stated earlier in this report each 1% increase in Council Tax results in additional precept of £0.487m. Should it be agreed to increase Council Tax by 2.99% in 2018-19 (Option B) and by the maximum increase (not subject to a decision at this meeting) in each year from 2019-20 to 2021-22 then the saving target by 2020-22 would be reduced from £14.6m to £8.4m.

**AMY WEBB**  
**Director of Finance (Treasurer)**