

REPORT REFERENCE NO.	RC/19/3(a)
MEETING	RESOURCES COMMITTEE
DATE OF MEETING	7 FEBRUARY 2019
SUBJECT OF REPORT	2019-20 REVENUE BUDGET AND COUNCIL TAX LEVELS – SUPPLEMENTARY REPORT
LEAD OFFICER	Director of Finance (Treasurer)
RECOMMENDATIONS	<i>That the contents of this paper be considered alongside the 2019-20 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>
EXECUTIVE SUMMARY	<p>Since the publication of the agenda and papers for the Resources Committee on 30 January 2019, finance officers have received updated information 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>
RESOURCE IMPLICATIONS	As indicated in the report.
EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)	Not applicable.
APPENDICES	None
LIST OF BACKGROUND PAPERS	Nil.

1. **INTRODUCTION**

1.1 Since the publication of the agenda and papers for the resources committee on 30th January 2019, finance officers have received updated information from billing authorities regarding Council Tax and National Non Domestic Rates income.

1.2 The table below shows the updated figures with narrative behind the changes since the original report.

1.3 The funding changes outlined do not impact on the precept levels for a Band D property as outlined in the original report.

	Per Resources Committee Paper	Per Authority Paper (update to RC meeting)	Change	Note
Based on Option B - Council Tax Increase of 2.99% to £86.52				
	£m	£m	£m	
TOTAL FUNDING 2018-19	73.871	73.871	0.000	
Reduction in Formula Funding	(0.776)	(0.776)	0.000	a
(Reduction)/Increase in Retained Business Rates from Business Rate Retention System.	(0.083)	(0.175)	(0.092)	b
<u>Changes in Council Tax Precept</u>				
- increase in Council Tax Base	0.694	0.700	0.006	c
- resulting from an increase in Band D Council Tax	1.524	1.525	0.001	d
- Decrease in Share of Billing Authorities Council Tax Collection Funds	(0.002)	(0.002)	0.000	
Net Change in precept income	2.216	2.223	0.007	
TOTAL FUNDING AVAILABLE 2019-20	75.227	75.143	(0.085)	e
NET CHANGE IN FUNDING	1.356	1.273	(0.085)	
<u>Adjustments to net budget requirement:</u>				
- Cumulative budget variances	(0.198)	(0.163)	0.035	f
- Section 31 grant treated as income	(3.326)	(3.742)	(0.416)	g
Change to Revenue Contribution to Capital Expenditure	(0.183)	0.112	0.295	h
NET REVENUE BUDGET REQUIREMENT	75.227	75.142	(0.085)	i

Notes on changes to net revenue budget requirement since last reported

- a. Formula Funding is split in to two elements – National Non-domestic rates 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
- b. There has been a reduction of £0.173m income from the business rates system, £0.092m greater than the previous version of the budget report as the majority of Billing Authorities submitted their figures after the 30th January

- c. On receipt of final figures for Council Tax Bases from Billing Authorities, an increase of £0.006m is now reported – a total of £0.700m or 1.39% growth in Council Tax Base since last year
- d. Final Council Tax figures confirm an increase to the Council Tax surplus of £0.001m
- e. The combined changes to central government funding, Council Tax and NNDR income mean that there is £0.085m less funding available
- f. Based on the latest understanding of the Service's risk profile, it is anticipated that insurance premiums will rise by £0.035m in the next financial year, the budget has been amended to reflect this
- g. 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 £0.416m of income
- h. The total impact of the decreased funding of £0.085m, additional expenditure of £0.035m being more than offset by the additional £0.416m of Section 31 grant income is an increase of £0.295m. The Authority will therefore be able to increase the Revenue Contribution to Capital budget in balancing the budget for 2019/20
- i. The revised net revenue budget requirement is £75.142m (based on Option B, a Council Tax increase of 2.99%) or £73.617m (based on Option A, a Council Tax Freeze)

1.2 The total savings requirement for 2019/20 has reduced to £2.2m under Option B or £3.7m under Option A. Each 1% increase in Council Tax is equivalent to £0.510m.

1.3 The Committee is asked to consider the impact of the changes to funding and the spending requirement in determining a recommendation for the Authority.

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

1.4

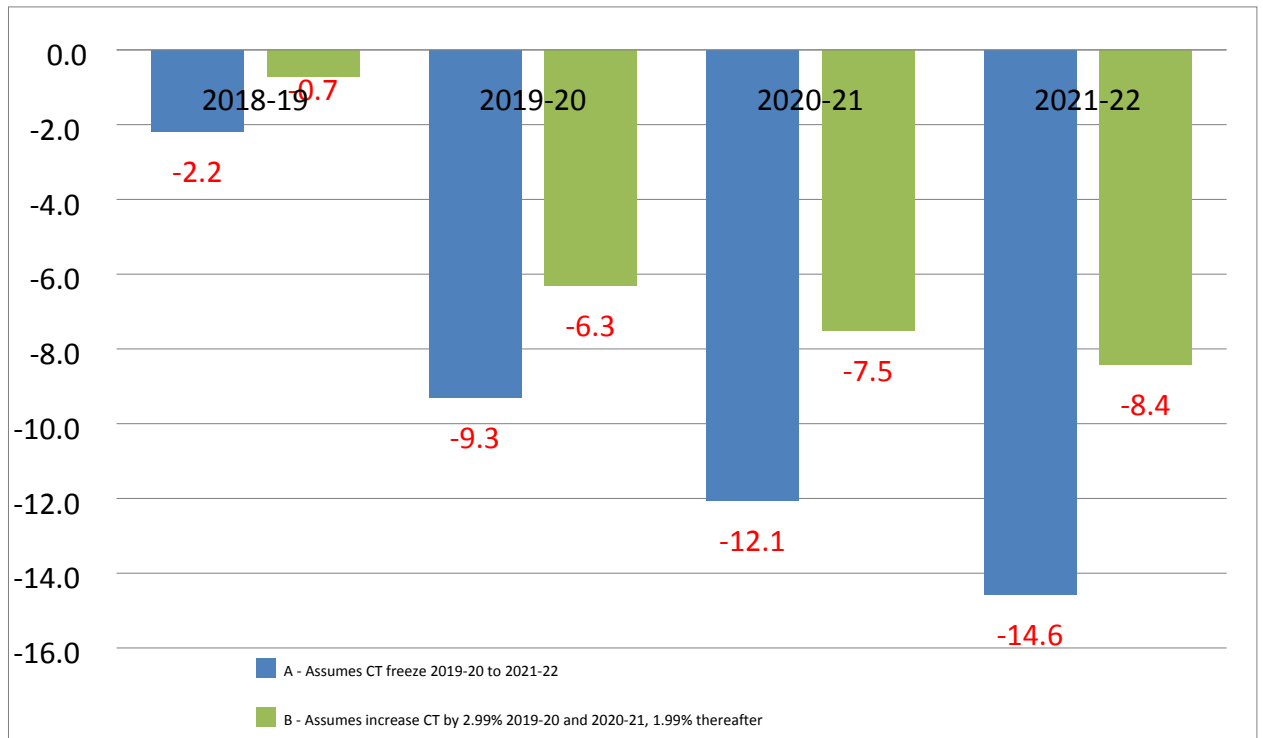


Chart 1 above illustrates that further savings will be required beyond 2018-19 to plan for a balanced budget over the next three years to 2021-22. Should the Authority decide to freeze Council Tax in 2018-19 (Option A) and the following three years then the MTFP forecast that further savings of £14.6m 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
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