



Budget Proposals 2019/20

Presentation by the Leader of the Council

**Overview & Scrutiny Committee
6th February 2019**

Background

- Initial Budget proposals agreed at Cabinet 26th Nov.
- Considered by O & S Committee 21st Nov.
- Report for Cabinet 11th Feb. published
- A small number of changes and confirmations received, as follows

Finance Settlement

Provisional allocations issued on 13th December and figures confirmed in Final allocations issued on 29th January:

Confirmed figures for 2019/20 (Final year of 4-year offer)

- Revenue Support Grant - Nil
- Business Rate Baseline - £3.43m
- Proposed Negative RSG adjustment – Withdrawn
- Business Rate Levy Account Surplus – one-off allocation of £52,638 for 2019/20
- Council tax referendum principles – less than 3% or £5 whichever is higher for 2019/20 (Shire District Councils)

Finance Settlement

- Essex unsuccessful in bid to pilot 75% Business Rate Retention for 2019/20
- Council to participate in Essex Business Rate Pool for 2019/20 – potential share of growth – £646k to the Council

Consultation documents issued (Responses by 21st Feb.)

- 75% Business Rate Retention
- Fair Funding Review

Support for High Streets

- £1.5billion – Business rate relief scheme and £675m Future High Streets Fund

Finance Settlement

New Homes Bonus

- No changes to scheme for 2019/20
- Year 9 allocation - £224,712
- Total amount receivable in 2019/20 is £1.25m
- Baseline at 0.4% - 244 homes
- Growth (Oct 17 to Oct 18) – 389
- NHB calculated on 145 homes; and
- Premium payment for 109 affordable homes
- Government to consult on scheme after 2019/20

Brexit Preparations Grant

On 28th January the Secretary of State for Ministry of Housing, Communities and Local Government announced funding for Local Government

District Councils to receive £35,000:

- Split £17,500 in 2018/19 and 2019/20

Business Rates Retained

Calculations have been updated:

2018/19

- £4.61m which is £1.26m above Baseline

2019/20

- £4.85m which is £1.42m above Baseline

These are £101k and £126k higher than in November Report

Business Rates – Discretionary Reliefs

Support for High Streets – new retail relief scheme:

- Business rate relief for Shops, Restaurants, Cafes and Drinking Establishments
- 1/3rd relief, after other mandatory and discretionary reliefs applied, for eligible businesses with a Rateable Value less than 51,000
- 2019/20 and 2020/21 only – Government to fund

Other Discretionary Reliefs to continue:

- Supporting Small Business (2017/18 to 2021/22)
- Discretionary Rate Relief (2017/18 to 2020/21)
- Newspaper Relief (2019/20)
- Rural Rate Relief (2019/20)

Assumptions Updates

Pay Award

- Second year of 2 year deal agreed April 2018
- 2% per annum for majority of paypoints
- Higher increases at the lower paypoints
- Rationalise number of spinal points across grades

Council Taxbase

- Set at 52,521 (increase of 541 or 1.04%)

Council Tax Sharing Agreement with major preceptors

- One-year agreement for 2019/20 – share reduced from 16% to 14%

Additions - Expenditure

Councillor Grant Scheme

- Following feedback propose to continue scheme - £1,500 per councillor per annum for two years (funded from earmarked reserve)

Housing Development and Local Plan Growth

- Provision of £500,000 (funded from New Homes Bonus)

Capital Salaries

- Officers working on capital projects – recharge reduced by £60,210

Changes - Income

Fees and Charges

- Set to recover cost or general increase of 2.4%

Disabled Facilities Grants

- Amount top sliced from Better Care Fund to meet cost of running scheme of £78,000 (equates to 9% of Better Care Fund allocation in current year)

Housing Benefit and Local Council Tax Support Administration Subsidy

- Reduction of £97,760 over current year (more than double that anticipated)

Local Council Tax Support Scheme

- Propose no changes to current scheme
- Claimants of working age pay a minimum of 24% of their council tax liability
- Claimants of pensionable age continue to receive support calculated using the former council tax benefit scheme
- Estimated cost of scheme is £7.104million for 2019/20
- Retain Exceptional Hardship Fund with independent financial assessments undertaken by the Citizens Advice Bureau

Council Tax & Financial Profile

	19/20	20/21	21/22	22/23
Council Tax (Band D)	£179.73	£183.24	£186.84	£190.53
Increase	2.99%	1.95%	1.96%	1.97%
Revenue Account				
Shortfalls	Nil	£539k	£7k	£163k
Addition to Balances	£128k	-	-	-

Anticipated shortfalls for 2020/21 onwards are subject to change - 75% Business Rate Retention scheme and outcomes of the Fair Funding Review and Spending Review 2019

Council Tax

Long-Term Empty Homes Premium

- Current premium charge of 50% on homes empty for 2 years+

New maximum charges from April 2019 at council's discretion:

- 1st April 2019 maximum of 100%
- 1st April 2020 maximums of 100% (2 to 5 years) and 200% (over 5 years)
- 1st April 2021 maximums of 100% (2 to 5 years), 200% (5 to 10 years) and 300% (over 10 years)

Proposed to implement maximums but with the offer to refund the increase for the 12 months prior to the home being occupied

Reserves & Balances

- Anticipated earmarked reserves
as @31st March 2020 £14.676m
- Anticipated unallocated balances
as @ 31st March 2020 £6.546m

Capital Programme

One addition to November report:

- Witham Swimming Pool – additional pool pod for access to pool (making one for each pool) - £12k

Capital Programme 2019/20

- Proposed new schemes - total value - £1.902million
- Estimated value of Programme is £30.34million

Major Capital Investment schemes will be presented to Members as the schemes progress and decisions are required

Next stages

- Cabinet 11th February 2019
- Council 25th February 2019