



Budget Proposals 2020/21

**Presentation by the Deputy Leader of the Council
and Cabinet members for Finance & Performance
Management and Corporate Transformation**

**Performance Management Board
29th January 2020**

Corporate Strategy

New Corporate Strategy 2020 to 2024 to be agreed in March

- Connecting People & Places
- Enhancing Our Environment
- Supporting our Communities
- Promoting Prosperity
- Delivering & Innovating

Annual Plan will set priorities under these themes

Budget Strategy

- Medium–Term Plan covering 4 year period
- Use New Homes Bonus for investment
- Reduce costs & increase income
- Maintain our good services
- Minimise impact on customers
- Manage our risks
- Deliver Investment Strategy
- Low council tax authority

Background

- Initial Budget proposals agreed at Cabinet 18th December
- Considered by Performance Management Board 27th November
- Report for Cabinet 10th February published
- A small number of changes and confirmations received, as follows:

Finance Settlement

Provisional allocations issued on 20th December – confirmation of Final allocations awaited:

Provisional figures for 2020/21 (One-year settlement based on roll-forward from 2019/20)

- Revenue Support Grant - Nil
- Business Rate Baseline - £3.486m
- Possibility of Negative RSG adjustment – Withdrawn
- Council tax referendum principles – less than 2% or £5 whichever is higher for 2020/21 (Shire District Councils)

Finance Settlement

- Council to participate in Essex Business Rate Pool for 2020/21 – potential share of growth – £634k to the Council
- Homelessness Reduction Grant for 2020/21 is £121k compares to £55k in current year.
- Flexible Homelessness Support Grant frozen at current level of £198k.
- Proposal that these grants are earmarked for Housing
- Housing Benefit and Council Tax Support Administrative subsidies estimated at £504k.

Finance Settlement

New Homes Bonus

- Calculation same as for 2019/20
- Year 10 allocation - £337,541 (but no legacy payments - 20/21 only)
- Total amount receivable in 2020/21 is £0.907m
- Baseline at 0.4% - 245 homes (based on Band D equiv.)
- Growth (Oct 18 to Oct 19) – 459
- NHB calculated on 214 homes; and
- Premium payment for 135 affordable homes
- Government to consult on scheme after 2020/21

Business Rates Retained

Final taxbase calculations agreed by Corporate Director:

2019/20

- £4.836m which is £1.405m above Baseline

2020/21

- £5.003m which is £1.515m above Baseline

These are £18k lower and £56k higher, respectively, compared to figures contained in the December Report

Business Rates – Discretionary Reliefs

Support for High Streets – Retail Relief scheme:

- Business rate relief for Shops, Restaurants, Cafes and Drinking Establishments for 2019/20 and 2020/21
- Currently 1/3rd relief, after other mandatory and discretionary reliefs applied, for eligible businesses with a Rateable Value less than 51,000
- Queen's Speech to Parliament in December indicated intention to increase relief to 50% for 2020/21 – awaiting confirmation from Government

Other Discretionary Reliefs to continue:

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

Assumptions Updates

Pay Award

- Currently no agreement at National level - provision of 2% per annum allowed

Council Taxbase

- Set at 53,373 (53,046 assumed in December – increase of 327)

Council Tax Sharing Agreement with major preceptors

- Two-year agreement for 2020/21 and 2021/22 – share maintained at 14% providing target achieved (sliding scale down to 12% if target not achieved)

Changes - Expenditure

Housing Development and Local Plan Growth

- Increase in proposed Provision to £600,000 from £500,000 (funded from New Homes Bonus)

Balance of the People & Places element of the CHIP Fund to be used to fund:

- Health & Community 2 posts for fixed 2-year period to provide focus on Health and Leisure Development and Community Engagement and Facilities. Budget request of £94,730 per annum including a project allowance.
- Education and Skills Board – an allocation of £15,000 to enable the Board to deliver projects to support its aims.

Changes - Income

Fees and Charges

- Levels proposed to recover cost or general increase of 2.4%

Housing Benefit and Local Council Tax Support Administration Subsidy

- Reduction of £28,340 expected over current year (less than previously allowed)

Efficiency Factor is to be increased by £100k rather than £150k as included in initial proposals

Local Council Tax Support Scheme

- 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 £7.192million for 2020/21
- Retain Exceptional Hardship Fund with independent financial assessments undertaken by the Citizens Advice Bureau

Council Tax & Financial Profile

	20/21	21/22	22/23	23/24
Council Tax (Band D)	£184.68	£188.37	£192.06	£195.84
Increase	2.75%	2.00%	1.96%	1.97%
Revenue Account				
Shortfalls	Nil	£395k	£174k	£334k
Addition to Balances	£222k	-	-	-

Anticipated shortfalls for 2021/22 onwards are subject to change - 75% Business Rate Retention scheme and outcomes of the Fair Funding Review and Spending Review 2020

Council Tax

Long-Term Empty Homes Premium

- Current premium charge of 100% on homes empty for 2 years+

Maximum charges from April 2020 at council's discretion:

- 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)

Reaffirm decision to implement maximums together with the offer to refund the increase for the 12 months prior to the home being occupied

Council Tax

Care Leavers – Council Tax Exemption

- Proposal from Essex CC for all Essex billing authorities to use discretionary power to introduce an exemption for young people, under 21, leaving care. Propose to introduce but awaiting final details of scheme. Reduced council tax to be met pro rata precepts (e.g. ECC about 72% and BDC about 12%)

Reserves & Balances

- Anticipated earmarked reserves
as @31st March 2021 £14.154m
- Anticipated unallocated balances
as @ 31st March 2021 £5.981m

Capital Programme

Capital Programme 2020/21

- Proposed new schemes - total value - £2.747million
- Estimated value of Programme is £42.664million

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

Next stages

- Cabinet 10th February 2020
- Council 17th February 2020