

APPENDIX B

13 DECEMBER 2018

UPDATE TO THE COUNCIL BUDGET 2019/20

This briefing paper provides an update on the 2019/20 budget following the publication of the Provisional Local Government Finance Settlement 2019/20 on 13 December 2018. The Council Budget report to the Executive on 18 December 2018 was prepared prior to this date so this information should be read in conjunction with that report. The impact of this information on the Council's budget proposals is set out below.

Provisional Local Government Finance Settlement 2019/20 and the Multi-Year Funding Deal

The funding the County will receive from government next year is largely in line with the four year deal which the authority agreed to in October 2017. The main exception is a positive one whereby our Rural Services Delivery grant is expected to be over £1.3m higher next year than agreed as part of the four year deal. This increase is analogous to one made in last year's provisional settlement. Our grant will now be £6.935m next year in recognition of the additional costs of providing services in rural areas.

The table below shows the 2019/20 major funding streams from government, both as originally indicated as part of the four year deal, and as announced on the 13 December 2018 with the difference between the two. This shows a total increase in funding of just under £1.5m.

	<u>2019/20 Original</u>	<u>2019/20 Provisional Settlement</u>	<u>Difference</u>	<u>Notes</u>
	£	£	£	
Business Rates Baseline Funding Level	109,597,860	109,676,913	79,053	Provisional settlement
Revenue Support Grant	20,138,594	20,138,594	0	Provisional settlement
Rural Services Delivery Grant	5,565,063	6,934,924	1,369,861	Assumption based on ministerial statement
New Homes Bonus Grant	2,104,177	2,143,824	39,647	Provisional settlement
			1,488,561	

It was also announced that there is a surplus amount in the national Business Rates Levy Account and this will be distributed to authorities next year. The indicative amount for Lincolnshire County Council is £1.683m.

Business Rates Pilot Bid

The County wide business rate pilot bid for next year submitted by all 8 Lincolnshire authorities together with North Lincolnshire Council was not approved. Fifteen such bids have been approved for 2019/20 with just two of these in respect of authorities who had pilot status in 2018/19. The non-approval, whilst disappointing, was in line with our expectations given the success in getting a bid approved for the current

year. This Council will revert to a business rates pooling arrangement with all 7 Districts for the year ahead.

Confirmation of One-Off Funding Announced in Budget

The provisional settlement reaffirms an announcement made by the Chancellor in his Autumn Budget that further one year funding will be available next year for both adult care winter pressures (£3.368m for Lincolnshire) and for additional adult and children's social care pressures (£5.754m for Lincolnshire). This latter sum will assist in funding the ever increasing demand for these services and the increasing unit cost of provision which is driven substantially by further increases in the national living wage.

Also previously announced in the Chancellor's Autumn Budget was an additional £13.7m capital funding for highways maintenance ('pothole funding') which, whilst available in the current year, is expected be of some benefit next year in terms of improving the condition of the road network.

Council Tax

The core level of council tax which can be levied prior to triggering a referendum will be 3% for next year (plus 2% for the adult care precept). The provisional budget approved for 2019/20 by Full Council in February 2018 was predicated on only a 2% maximum referendum threshold for core council tax next year. The Council will have to decide whether to use all or some of this additional flexibility. An additional 1% council tax income is worth around £2.8m pa in the income base of the Council.

Future Funding Consultations

Further consultation papers on the proposed 75% business rate localisation from April 2020 and the related national Fair Funding Review were also released along with the Provisional Settlement. These will be analysed over the coming weeks – the consultation response date for both is 21 February 2019.