

Agenda Item 6

02 JANUARY 2020

UPDATE TO THE COUNCIL BUDGET 2020/21

This briefing paper provides an update on the 2020/21 budget following the publication of the Provisional Local Government Finance Settlement 2020/21 on 20 December 2019. The Council Budget report to the Executive on 7 January 2020 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 2020/21

The funding the County will receive from government next year is largely in line with the funding proposals outlined in the Local Government Finance Settlement 2020/21 Technical Consultation released on 9 October 2019. There are some instances where the inflation allowed for in our modelling was higher than that given in the Provisional Settlement.

The table below shows the 2020/21 major funding streams from government, both as originally budgeted for in the Medium Term Financial Plan (MTFP), and as announced on the 20 December 2019 with the difference between the two. This shows a total decrease in funding of £0.4m compared to the funding assumed in the MTFP.

Changes in Funding following Provisional Finance Settlement 2020/21

	MTFP 2020/21	Provisional Settlement 2020/21	Difference
	£	£	£
Business Rates Top-up Grant	91,455,555	91,302,226	- 153,329
Revenue Support Grant	20,501,089	20,466,718	- 34,371
Rural Services Delivery Grant	7,059,753	6,934,924	- 124,829
New Homes Bonus	2,182,413	2,091,292	- 91,121
Social Care Support Grant	14,731,549	14,731,468	- 81
Total Change in Funding			- 403,731

Council Tax

The Provisional Settlement confirmed that Councils with adult social care responsibilities can again raise an additional council tax precept in 2020/21 of up to 2%. The core level of council tax which can be levied prior to triggering a referendum was confirmed at 2.0% for next year. This means that council tax can be increased for next year by up to 4.0% without holding a referendum. Our budget proposals include a council tax increase of 3.5% for 2020/21 (2.0% adult social care precept plus 1.5% core council tax).

Impact on the Budget Proposals for 2020/21

We have taken the opportunity to revise the contribution to General Reserves next year from £200,000 to £150,000 so that the level of General Reserves in 2020/21 will be aligned to the financial risk assessment carried out in October 2019. The shortfall arising from the funding announced in the Provisional Settlement, net of the change to the contribution to General Reserves, will be met by reducing our contribution to the Development Fund. As a result of this and the funding changes outlined above, our overall budget position for 2020/21 remains balanced as follows:

Impact on Budget 2020/21

	£
Budget Position 2020/21 per Budget Report Executive 7 January 2020	-
Change in Funding per Provisional Settlement	- 403,731
Reduction in Contribution to General Reserves	50,000
Reduction in Contribution to Development Fund	353,731
Revised Budget Position 2020/21	-

The contribution to the Development Fund will now be £1,446,722 (reduced from £1,800,453). This revised figure, added to the £10.180m which will be transferred to the Development Fund from Earmarked Reserves which are proposed to be released, gives a total amount for the Development Fund of £11.627m. This is sufficient to fund the Development Initiatives shown in Appendix G to the Budget Report, which total £11.310m.

Table A in the Budget Report is set out below, taking account of the changes outlined above:

SUMMARY REVENUE BUDGET	2020/21 £m
EXPENDITURE:	
Net Base Budget	461.283
Cost Pressures (<i>including inflation</i>)	44.123
Savings & Additional Income	-14.842
Other Movements (PH Grant & BCF Grant)	-1.221
Total Expenditure	489.343
Use of Reserves	-
Contribution to Development Fund	1.447
Transfer to/from General Reserve	0.150
Budget Requirement	490.940
INCOME:	
Business Rates Local Retention	121.965
Revenue Support Grant	20.467
Other Grants	34.141
County Precept	314.367
Total Income	490.940

Any further changes arising i.e. from budgetary figures supplied by the District Councils at the end of January or from further announcements relating to other grants not covered by the Provisional Settlement, will be reflected in the next Budget Report to the Executive on 4 February 2020.

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