

REVENUE BUDGET - PROPOSED BUDGET 2018/19

1.0 Purpose of Report

- 1.1 To enable the Policy & Finance Committee to consider spending proposals and make recommendations to Council for the 2018/19 Budget.

2.0 Introduction

- 2.1 This report sets out details of the proposed budget for the Council for the financial year 2018/2019. The budget proposals were formulated in accordance with the framework set out in the Council's Constitution with an original report being presented to the Policy & Finance Committee on 21 September 2017.
- 2.2 The level of discretionary fees and charges for services provided by the Council are considered as part of the budget process rather than being implemented piecemeal throughout the year. This is considered later in the report. The fees and charges will be included in the electronic budget book and circulated to all Members for the Council meeting on 8th March 2018.
- 2.3 The Local Government Finance Settlement ("the Settlement") provides key figures for Government Grant that forms a part of the Council's budget. The draft settlement was announced on December 19th 2017 and was confirmed by CLG on 6 February 2018.
- 2.4 Members will be aware that the Council is part of business rates pool with other Nottinghamshire Authorities. A projection of available resources under Business Rates Retention has been completed.
- 2.5 A sum of £1.1m NDR growth has been projected for 2018/19 which is broadly in line with projections for 2017/18. Additional income of £660k from renewable energy sources has been retained 100% by the District Council. It is anticipated that a £1.14m levy will be payable into the Nottinghamshire pool.
- 2.6 The level of appeals provision brought forward on 1/4/2017 is £9m. It is estimated that by 31 March 2018, £2.6m will have been charged to this provision due to reductions in rateable values as a result of businesses that have appealed the 2010 list rateable value. Of the remaining provision (£6.4m) it is forecast that £4m is required for the remaining 2010 list appeals and £2.4m is required for appeals to the first year of the 2017 list
- 2.7 This report has been prepared by the Resources Directorate in conjunction with the appropriate Committees and relevant budget holders.
- 2.8 In accordance with the Constitution, all Members, Directors and Business Unit Managers have been involved with the preparation of the budget.

3.0 Proposed Budget 2018/2019 - Finance Settlement Figures

3.1 The table below shows the figures for the years 2016/17 through to 2019/20. The key figure is the "Settlement Funding Assessment" which is part Revenue Support Grant and part retained Business Rates and forms the overall amount of funding receivable by the Council. It should be noted that funding for the Council Tax Support Scheme is no longer separately identifiable.

	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000
Revenue Support Grant	1,776,668	1,048,592	592,374	82,785
Retained Business Rates	3,365,803	3,434,519	3,537,702	3,616,166
Total Settlement Funding Assessment	5,142,471	4,483,111	4,130,076	3,698,951

3.2 The funding for 2018/19 is broadly consistent with that estimated and previously included in the Council's provisional estimates and no further savings need to be made as a result of the Settlement.

4.0 Council Tax Freeze Grant

4.1 There has been no announcement of a Council Tax Freeze Grant for 2018/19. The final grant payable for 2015/16 and grants for previous years have been consolidated into the NNDR/RSG settlement figures for Government Grant. It is not anticipated that this grant will be a feature of future budgets.

4.2 Where Councils do increase Council Tax, the Council Tax Requirement is used to determine the level which would trigger a referendum. DCLG have now issued the criteria for triggering a referendum which is that the relevant basic amount of council tax for 2018-19 is 3% or more, or the greater of 3% up to £5 more than its relevant basic amount of council tax for 2017-18. Both options would allow the level of Council Tax to be increased by up to 2.99% should Members consider this appropriate.

4.3 Once again, for Newark and Sherwood DC the relevant basic amount for each year includes Internal Drainage Board levies.

5.0 Proposed Budget 2018/2019 - General Principles

5.1 The draft settlement proposals for the next 2 years, 2018/19 to 2019/20 remains in line with the announcement in 2016/17 as a result of the Council accepting the 4 year settlement deal. There are also further proposals for the complete review of the local government finance system.

5.2 Reductions in Government grant are expected to continue and the Government are committed to phase out Revenue Support Grant but will continue to need Councils to contribute funding in order to meet the overall reductions in local government funding set in the Spending Review in 2016. Where this is the case the Government proposes to adjust the relevant Council's tariff or top up under the Business Rate retention scheme.

5.3 The appropriate bases agreed centrally and used in the preparation of the budget are:

- | | |
|---|---|
| (a) Average Interest Rate
re External Debt | The Council does not have any General Fund borrowing. It may, however, in order to deliver the actions in the Commercialisation Plan, need to borrow externally for General Fund related projects.

This will be on the basis of prudential borrowing and the cost will depend on the prevailing rates at the time the funding is needed. |
| (b) Debt Charges | Debt charges are based on the existing debt of the Council plus new debt to be incurred to finance the approved capital programme, and is calculated in accordance with the prudential system of local government capital finance. |
| (c) Employers
Superannuation | The actuarial review carried out as at 31 st March 2016 increased the employers cost to 14.5% from 2017/18. This percentage covers future service only and the additional monetary amount (Line 10) is to cover historic deficits. This figure is reduced by a contribution from the HRA in respect of the pension earned by employees who transferred to NSH when the company was set up. |
| (d) Employees | The budget has been prepared using a 2.5% increase for 2018/19 and 1% in future years to include pay, increments and all other salary costs. A vacancy provision of 3.5% of the total salary budget for 2018/19 has been made to allow for natural savings being made from posts remaining vacant before being filled. This amounts to £320,000 in 2018/19. |
| (e) General Inflation | Inflation is added in as appropriate but offset by savings elsewhere. |
| (f) Capital Charges | Under the Accounting Code of Practice, Local Authorities are required to show capital charges for the use of their assets based on the current market value. Members will appreciate however that these amounts have been included within the estimates to show the true cost of delivering local services and that they are required to be reversed at lines 24 and 25 to ensure that the overall Council Tax is not inflated. |

5.4 All other increases, apart from those for which central provision has been made had to be found by each Committee from within its target.

6.0 Proposed General Fund Budget 2018/2019 – Summary

6.1 The Council's annual general fund budget is shown in detail in the Appendices to this report. The overall position is summarised in Table 1:

TABLE 1	Estimate 2018/2019
	£
Total operating expenditure net of income	14,402,280
Less capital reversals	(2,245,070)
Net Service Expenditure	12,157,210
Other net Expenditure	(775,000)
Net Budget Requirement excluding Parishes	11,382,210

7.0 Service Expenditure after Reversal of Capital Charges Appendix A

7.1 Service expenditure after capital charges have been reversed (Lines 27 & 28) shows an increase of £325,550.

Line		2017/18	2018/19	Variance
5	Total service budgets	11,640,720	12,650,480	1,009,760
15	Other operating income & expenditure	2,000,340	1,751,800	(251,880)
27	Deferred charges	(469,700)	(599,360)	(129,660)
28	Capital Charges	(1,339,700)	(1,645,710)	(306,010)
	TOTAL	11,831,660	12,157,210	325,550

7.2 The main reasons for the increase in service expenditure are highlighted below:

- Inflation on overall staff costs, including the pay award amounts to £279k.
- Additional housing options staff £14k.
- The devolution grant payable to Newark Town Council has increased by £15k as a result of actual growth in the tax base being lower than anticipated.
- The budget for exhibitions and displays within Heritage, Culture & Visitors has been increased by £27k. Based on prior years' visitor numbers the income budget has been reduced by £30k.
- The tourism budget includes £40k for the Pikes & Plunder event.
- A new budget of £50k has been set up for development costs. This covers the cost of feasibility studies. Where these result in an approved capital project the cost will be charged against the relevant scheme.
- Council approved the setting up of a development company which has increased the budget by £114k.
- There is an increased cost of £26k for parking services admin following the transfer of a number of employees to Newark Town Council. A contract is now in place for cash collection at a cost of £17k.
- The non domestic rates charge for Newark car parks has increased by £52k.
- Additional vehicles and crew for extra refuse collection & street sweeping rounds has increased the budget by £100k.
- A new income management system is being procured at a cost of £35k.
- A budget of £15k has been set aside to meet the cost of safety repairs to Ollerton Hall.

7.3 The additional pressures identified in 7.2 have been offset by savings identified below:

- Outsourcing the dog control service has achieved savings of £20k
- Paragraph 5.3 (d) refers to the decision to increase savings from the vacancy provision by £170k.
- The impact of a full year budget for Castle House has increased the savings by £50k.
- The completion of the moving ahead project has achieved £112k savings.
- A target of £84k savings has been set for the first year of the commercialisation strategy.
- There is a one off saving of £55k as a result transitional arrangements for the Corporate Management team.

7.4 Officers and Members continue to work closely to look for savings in the provision of services including the maximisation of income where possible.

8.0 Employee Plan 2018 -19 (Appendix C)

8.1 The Employee Budget for 2017/2018, produced early in 2017, predicted a full-time equivalents (FTE's) establishment of 360.53 FTE's at 31 March 2018. However the expected employee establishment for 2017/18 is now 351.1 FTE's.

8.2 The anticipated establishment at 31 March 2019, will increase to 354.67 FTE's. (2017 - 351.1 FTE's); with full establishment costs of £11.43m (2017: £11.39m).

9.0 Review of Fees and Charges

9.1 A number of charges for services administered by the local authority are set by statute and the timing and review is therefore prescribed by Central Government. There remain however, a number of services where the Council does have the ability to review and if necessary amend its charges or charging regime.

9.2 In accordance with the Council's Constitution, each service area should consider the level of fees and charges to be implemented in the following financial year as part of the overall process of service planning and budget formulation.

9.3 The proposals for the levels of fees and charges to be implemented from 1 April 2018 are available on the Members' Extranet. The total estimates for fees & charges included in the 2018/19 budget are £4.446m (2017/18 £4.359m). These will be included in the electronic budget book circulated to all members at Council on 8th March 2017.

9.4 Building Control Fees and Charges

9.4.1 Fees for Building Control are set by South Kesteven as part of the Building Control Partnership. Once they are set they will be advertised on the Council's web site.

9.5 Planning Pre-Application Advice: £863k (includes all planning fees)

9.5.1 The Council provides a comprehensive pre application advice service, which includes amongst other things consultation with key stakeholders. The aim of this service is to deliver wherever possible, timely, responsive, constructive and reliable advice so as to save significant resources by allowing an applicant not to pursue schemes which are unacceptable, or have to be modified once they've been submitted.

- 9.5.2 The scales of fees for pre-application advice are shown in **Appendix E**.
- 9.5.3 The charges for street naming and numbering can be seen in **Appendix K**.
- 9.6 Car Parking Fees and Charges: £752k + £340k Lorry Park
- 9.6.1 There are no proposals to increase car parking fees & charges.
- 9.6.2 The fixed charge for lorry parking also remains unchanged.
- 9.6.3 Car parking charges can be seen in **Appendix F**.
- 9.7 Markets Fees and Charges: £10k
- 9.7.1 The Newark Riverside market charges are set out in **Appendix G**.
- 9.8 Culture Fees and Charges: £586k
- 9.8.1 Fees and charges for the Palace Theatre, National Civil War Centre, Resource Centre and Collections can be seen in **Appendix H**.
- 9.9 Parks and Amenities Fees & Charges: £15k
- 9.9.1 Fees for hire of parks & playing fields and Newark Castle grounds and undercroft are shown in **Appendix J**.
- 9.10 Licensing Fees – General: £174k
- 9.10.1 **Appendix L** provides a list of the discretionary fees for all types of licensing functions under the responsibility of the Homes & Communities Committee – Safety, Hackney Carriage and Private Hire.
- 9.10.2 The discretionary fees under the Gambling Act 2005 are shown in **Appendix M**.
- 9.10.3 Fees set by Statute under the Gambling Act 2005 are shown in **Appendix N** and fees set under the Licensing Act 2003 are shown in **Appendix O**. There are currently no proposals by Government to increase fees in 2018-19.
- 9.11 Environmental Health Fees and Charges: £77k
- 9.11.1 The Environmental Health Service has a range of services, some statutory and some discretionary, for which it imposes a charge. All charges are reviewed each year and where possible are compared to the other Local Authorities in the region and to the private sector if they are in competition as a direct service provider.
- 9.11.2 The tables set out in **Appendix Q** shows the current level of charges for licences and the proposed increase for 2018/19. Private water supplies and other miscellaneous Environmental Health charges are also set out in this **Appendix**.
- 9.11.3 Charges for the Dog Warden service (income £4k) are shown in **Appendix R**.

9.12 Trade Refuse Fees and Charges: £907k

9.12.1 Businesses within the district have to pay for the collection and disposal of the waste that they generate and the Council offers a competitive service. Costs, and therefore, charges are divided into collection and disposal, the latter of which is set by Nottinghamshire County Council as our Waste Disposal Authority.

9.12.2 Trade waste contract charges and charges for removal of bulky household waste are set out in **Appendix S**.

9.13 Other Fees and Charges

9.13.1 Local Land Charges fees (£140k) can be seen in **Appendix I** and have been increased in accordance with inflation. Please note that the charge for additional parcels LLC1 and CON29 have been changed since they were approved by Economic Development Committee. The fee previously included the total cost for both elements however it has now been split into two elements part of which is subject to VAT and part which is non vatable. Further information is shown in the table at **Appendix I**.

9.13.2 Charges for advertising in the 'Voice' Magazine can be seen in **Appendix P**. Public Conveniences charges (£1.5k) can be seen in **Appendix T** and the charges for recovery action taken on unpaid Council Tax and NNDR (£354k) can be seen in **Appendix V**.

9.13.3 Proposals for room hire charges at Castle House are shown in **Appendix U**: £5k

10.0 Capital Financing net of Interest Receivable (Lines 16 & 17)

10.1 The capital financing costs are the best estimate at this time. However due to their nature and composition they are subject to change on a regular basis. This reflects movements in the financial markets as well as changes to the predicted cashflow.

10.2 There is an decrease in Capital Financing costs, of £126,360 shown at line 16 in 2018/19. The decrease reflects the revised methodology of calculating the minimum revenue provision in line with regulations. Currently, officers have taken a decision to use internal resources where appropriate, rather than borrowing from the PWLB to reduce the burden of capital financing costs on the general fund.

10.3 The Council's Treasury Strategy is the subject of a separate report which is being considered by Audit and Accounts Committee prior to its submission to Council on 8 March.

10.4 The investment income reduction in 2018/19 reflects the continued historically low interest rates which can be earned and also the policy, outlined in 10.2 above of using funds available for investment to reduce the borrowing requirement. Interest receivable reflects the estimated interest to be earned based on the projected cash flow for the year 2018/19. It has been assumed that the average rate of interest earned on treasury investment during 2018/19 will be 0.5% with future years to be revised as market conditions either improve or deteriorate.

11.0 Contribution from/(to) Reserves (Line 29)

11.1 Each year the Section 151 Officer of a local authority is required under Section 26 of the Local Government Act 2005 to review the amount of reserves and provisions that the authority holds. This review is carried out primarily to ensure that reserves and provisions are not allowed to be 'run down' to an imprudent low level, taking into account their purpose and likely use. In undertaking this review it is also necessary to ensure that amounts do not become over provided for. With this in mind, a review of reserves held by the Authority has been undertaken.

11.2 It has been decided that contributions can be brought into the General Fund in 2018/19 to meet the revenue costs of administering the Growth Investment Fund.

11.3 The Council's earmarked reserves at 31 March 2017, at 31 December 2017, forecast to 31 March 2018 and forecast to 31 March 2019 are set out below.

	At 31 March 2017	At 31 December 2017	Forecast at 31 March 2018	Forecast at 31 March 2019
	£	£	£	£
Revenue Reserves	19,242,752	18,299,004	18,998,416	19,472,616
Capital Reserves	7,354,363	8,203,587	7,458,365	6,454,418
Ring Fenced Reserves	161,000	161,000	161,000	161,000
Total Reserves	26,758,115	26,663,591	26,617,781	26,088,034

11.4 A full list of reserves is provided at **Appendix D**

12.0 Section 31 Grants (Line 24)

12.1 Section 31 Grants are those grants payable by the Government where they have limited the amount of business rate collectable by a local authority – this is as a result of small business rate relief, retail relief, multiplier cap and business rate inflation cap.

12.2 The amount of Section 31 Grants receivable in 2018/19 is £1.5m. This is £555k greater than anticipated as a result of the Government's decision to double small business rate relief.

13.0 General Fund Balance

13.1. At its meeting in September 2017 Policy & Finance Committee approved a recommendation that the District Council should aim to maintain General Fund balances at 15% of Net Budget Requirement so for 2017/18 approximately £1.665m. The General Fund working balance at the end of the financial year 2016/17 was £1.7m. The equivalent amount for 2018/19 is £1.88m. In order to maintain the level of balances it is intended that other appropriate reserves will be used in the first instance to fund any one-off costs arising and balances will only be used when these reserves have been fully utilised.

14.0 Parish Precepts

14.1 Parish/Town councils are required to 'precept' for their net expenditure from the District Council's General Fund. Because of this, the amount of Parish Precepts forms part of the District Council Tax Requirement.

- 14.2 The Local Government Finance Act 2012 brought in changes to the way that Council Tax benefits are paid – now treating them as a discount. The Council Tax base now needs to take into account the Local Council Tax Support Scheme and this reduces the Council Tax Base. This impacts on all classes of local authority including town and parish councils as well as the District Council and major precepting authorities.
- 14.3 The precepts for parish/town councils are not fully known at this time. However tables including the actual parish precepts and grant funding will be circulated at the Council meeting on 8th March 2018.
- 14.4 The Government were considering extending the Council Tax referendum principles to larger town and parish councils but have decided to defer their proposals further whilst keeping the levels of those precepts set under close review.

15.0 Revenue Support Grant and Non-Domestic Rates (NDR) (Lines 19 to 23)

- 15.1 Under the NDR system, the Department of Communities and Local Government sets the rate in the pound payable. For 2018/19, the rate in the pound has been set at 49.3p (48.0p where Small Business Rate Relief applies).
- 15.2 For 2018/19, Newark & Sherwood District Council's retained business rates has been assessed as £3.538m and the Revenue Support Grant from central Government will be £0.592m, giving total funding of £4.130m. This does not include any additional revenue generated and retained by the Council, including any amount generated through the Nottinghamshire Business Rates Pool. Following the recent changes of the NDR valuations and the Government's change in the multiplier to reflect losses on appeals there is growth of £1.133m in the current financial year. In addition to this a sum of £660k in respect of new renewable energy hereditaments is retained 100% by the District Council as the authority who approved the planning permission.
- 15.3 Newark & Sherwood DC are part of the Nottinghamshire business rate pool and an estimate of £1.14m has been made (Line 23) of the levy payable to the pool based on 2018/19 assumed growth. At this stage it is not possible to calculate how much of this growth will be returned to NSDC as this depends on the performance of all the other authorities within the pool.
- 15.4 As detailed in paragraphs 2.6 the provision for NDR appeals reflects the risk of losses on appeals where the District Council's NDR base is made up of a small number of high value hereditaments such as Center Parcs and Knowhow.
- 15.5 In 2016/17 the government offered all authorities the certainty of a four year settlement detailing the minimum amount of RSG they will receive each year from 2016/17 until 2019/20. Details of the Council's Efficiency Plan were submitted to government prior to the deadline of 14 October 2016, and it is available on the Council's website. <http://www.newark-sherwooddc.gov.uk/budgets/> It should be noted however, that for this Council, the certainty of funding only applies to Revenue Support Grant and Rural Services Delivery Grant, which in 2019/20 will only amount to a total of £113k. Confirmation of the 4 year funding was received from CLG on 16th November 2016.

16.0 Council Tax Requirement

16.1 The Newark & Sherwood District Council Annual Revenue Budget for 2018/2019 is £11,382,210 as shown in Table 1 paragraph 6.1. This is offset by Government Grant of £592,370, retained NDR of £3,537,700, business rate growth of £1,133,200, and 100% renewable energy NDR of £660,000 less £1,142,500 payable as a levy to the pool. This leaves a net call on the Collection Fund before Parish Precepts are added of £6,601,440 (**Appendix A** Line 32).

17.0 Subjective Analysis

17.1 A subjective analysis showing the total service expenditure and income for 2018/2019 according to type is shown in **Appendix B**.

18.0 Risk Assessment and Sensitivity

18.1 Under Section 25 of the Local Government Act 2004 the statutory Section 151 Officer, the Director of Resources, is charged with reporting on the robustness of the estimates made. This section fulfils that statutory requirement.

18.2 In considering the overall level of budget proposed and the sensitivity of income and expenditure levels it should be noted that:-

- A 1% increase in Council Tax is equivalent to a sum of £64,000 net expenditure
- A £1 increase in Council Tax is equivalent to a sum of £38,320 net expenditure

18.3 As with all District Councils the costs of staffing make up a considerable part of the budget. As shown in paragraph 5.4 an allowance of 2.5% has been made within the budget for a national pay award and any increments due. To the extent that any future national agreement exceeds that figure the impact will need to be met from Council reserves. For every 1% increase in staffing costs a further £114,500 would require to be found from the Council's balances to the extent that other savings or staff reductions could not be made to offset the increase. It is not considered that this presents a significant risk for 2018/19.

18.4 A substantial part of the net budget is dependent on the buoyancy of income streams thus offsetting the expenditure falling to be met from the General Fund and hence Council Taxpayers. Account has been taken within the 2018/19 budget of the levels of income which are considered to be achievable. However, any significant under performance on income will give rise to a subsequent increase in the net expenditure in the year and therefore place an unbudgeted demand on the Council's revenue balances. A 1% drop in income from fees and charges across all service areas would be equivalent to an amount of £44,460 or a tax increase of £1.16 or 0.7%.

18.5 Income from most income streams is currently meeting budget targets. The income budget for the National Civil War Centre – Newark Museum has been revised now that there is a known base of visitor numbers.

18.6 In 2018/19, it is essential that the incomes stream from all areas is monitored closely. The Corporate Management Team continues to scrutinise income levels on a regular basis.

18.7 Within the 2018/19 budget it has been necessary to find savings in order to keep the level of expenditure (and hence Council Tax) to an acceptable level. Some of these items are highlighted in Section 7.3 above. In order to maintain the long-term financial stability of the budget and future viability of services it is essential that the savings projected in this budget are fully achieved.

18.8 At the time of constructing the budget a number of uncertainties exist which could cause significant variation to the projected levels of expenditure and income reflected within the budget. The most significant areas in addition to those identified as income above are:

18.8.1 Interest Rates

The Authority pays and receives a significant amount of interest as reflected in lines 16 and 17 of **Appendix A**, comprising estimated capital financing costs £621,050 and investment interest £368,750. These amounts have been calculated taking into account various factors such as cash flow, level of capital receipts available, levels of anticipated balances and reserves, and the anticipated interest rates achievable during the year. To the extent that variations occur in the above areas, the level of interest paid and received in the year may fluctuate from that anticipated.

The impact of a 1% interest rates change is not significant in terms of the Council's overall budget.

18.8.2 General Inflation

Services are required to stand the impact of general inflation within their budget targets. Inflation rates were around 3% in September but the Bank of England increased the base rate of interest in November 2017. It is anticipated that this will bring the level of inflation back to its target level of 2%.

Inflation puts further pressure on non-pay budgets and there is a risk that this will impact on the level of expenditure in 2018/19. It should be noted that the allowance for inflation covers the period up to March 2019. At the time of writing this report the figure for CPI for January 2017 was not available; the figure for December 2016 was 2.7%.

18.8.3 National Living Wage

The National Living Wage (NLW) will increase to **£7.83** per hour from April 2018 for workers aged over 25.

The Council currently pay a non-contractual Living Wage supplement bringing all employees' hourly rates up to at least £8.45 per hour. In November 2017 the Living Wage Foundation raised its rate for workers outside of London to **£8.75** an hour, thereby keeping a significant gap between this voluntary scheme and the compulsory NLW. It should be noted that the Council will continue to make this voluntary payment at £8.45 until the new Pay Policy Statement is agreed at which time payment of the supplement will be reviewed and a decision will be made regarding whether to continue to pay it (at the new rate) or to cease payment at the end of this financial year.

The National Employers continue to work with the Trades Unions to implement a new pay scale that will meet the requirements of the rise of the National Living Wage. They made a final pay offer covering the period 1 April 2018 to 31 March 2020 to the Trades Unions.

The majority of employees - those on salaries starting at £19,430 per annum - would receive an uplift of 2 per cent on 1 April 2018 and a further 2 per cent on 1 April 2019, with those on lower salaries receiving higher increases.

The offer also includes the introduction of a new national pay spine on 1 April 2019. The total increase to the national pay bill resulting from this offer is 5.6% over two years (covering the period 1 April 2018 to 31 March 2020).

18.8.4 Apprenticeship Scheme

In addition to the Apprenticeship Levy (**Appendix A** Line 8) the Council will be required to fund additional apprentices within the organisation.

18.8.5 Reserves and Provisions

As referred to at paragraph 11.1 above, in carrying out the statutory review of Reserves and Provisions now necessary under the Local Government Act 2005. The position is set out in paragraph 11.1 to 11.4 above.

18.9 Provisional Local Government Finance Settlement

18.9.1 The Provisional Local Government Finance Settlement was issued on 19 December 2017.

18.9.2 As the Council accepted the multi-year settlement during 2016/17 for 4 years, the levels of RSG and retained Business Rates were already known to this authority as stated at paragraph 3.1.

18.9.3 The tariff that the Council pays as part of the retained Business Rates retention scheme is due to be updated, as the Government have changed the multiplier from RPI to CPI. Initial projections suggest that this will mean the Council pays £11k more in tariff.

18.9.4 Council Tax Referendum principles have been amended to keep in line with inflation. This means that Councils have the ability to increase Council Tax Band D by the higher of £5 or 2.99%, prior to triggering a referendum rather than the higher of £5 or 1.99% previously.

18.10 Funding for rural authorities is a top priority for the Government. Due to this, the Government announced they would be increasing funding for the Rural Services Delivery Grant (RSDG) by £15m from £50m to £65m, and set to stay at that level during the remainder of the multi-year settlement (2018/19 and 2019/20). During the 2017/18 financial year, the Council received £0.03m in RSDG. Provisional allocations for 2018/19 and 2019/20 are £0.03m in each financial year.

19.0 RECOMMENDATIONS

It be recommended to Council on 8 March 2018 that:

(a) the Employee Plan shown in Appendix C be noted;

(b) the following amounts be now calculated by the Council for the year 2018/2019 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011:

- (i) **£78,804,460** being the aggregate of the amounts which the Council estimates for items set out in Section 31A(2)(a) to (f) of the Act (the gross District Council expenditure for 2018/19);
 - (ii) **£67,422,250** being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3)(a) to (d) of the Act (the gross District Council income for 2018/19); and
 - (iii) **£11,382,210** being the amount by which the aggregate at (a)(i) above exceeds the aggregate at (a)(ii) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax Requirement for the year;
- (c) the figures shown as (b)(i) and (b)(iii) above to be increased only by the amount of Parish Precepts for 2018/2019;
 - (d) the budget figures included in the report be the Council's budget for 2018/2019 and Medium Term Financial Plan for 2018/2019 to 2022/2023; and
 - (e) the fees and charges shown in Appendices D to U be implemented with effect from 1st April 2018.

Reason for Recommendations

To enable Policy & Finance Committee to make recommendations to full Council of the amounts to be calculated in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011 for the purposes of setting Council Tax levels for the year 2018/2019.

Background Papers

Summary of Discretionary Fees and Charges for 2018/19

For further information on the budget please contact Amanda Wasilewski on extension 5738 or Nick Wilson on extension 5317.

Nick Wilson
Business Manager – Financial Services