

Overview and Scrutiny Committee – Monday 30 January 2017**Agenda Item 6.1 Refers****Revenue Budget 2017/18 – Update**

1. Since Cabinet considered the draft 2017/18 Revenue Budget on the 14 December 2016, there have been announcements from the Government regarding a number of funding streams for the Council. This note updates Members of the impact of these announcements.

Revenue Support Grant

2. On the 15 December 2016, the Government confirmed the Council's Revenue Support Grant settlement for 2017/18. The total grant will be £570,000 inclusive of £49,000 Rural Services Delivery Grant and £71,000 Transition Grant. This is consistent with the four year settlement deal announced by the Government in December 2015.

New Homes Bonus Grant

3. The Government has also announced the provisional amounts of New Homes Bonus Grant to be awarded to each Council. For Rother the amount of grant will be £1,117,000 and takes account of the effect of the changes brought in by the Government for next year. This included a reduction from six to five years for the grant to be paid and an assumed 0.4% annual increase in the Council taxbase before any grant is paid. The latter is estimated to cost the Council approximately £25,000 in lost grant based on the 2017/18 taxbase. From 2018/19, the period the grant will be paid over will be further reduced to four years. It has been assumed that, as in previous years, the balance of grant above £1m, namely £117,000 will be set aside in earmarked reserves.

Business Rates

4. The Government has confirmed the Business Rate Retention baseline for the Council for 2017/18 at £2,218,000. This is used by the Government in determining the safety net for the Council i.e. the minimum income the Council can retain from business rates before the Government will provide additional funding. For Rother the safety net will be £1,885,000 for 2017/18. The estimated retention of business rates included in the draft Revenue Budget is £2,559,000 including compensatory grants in relation to additional reliefs previously granted by the Government. This estimate has been updated to take account of the financial effect of the national business rate revaluation and for any changes to the additional reliefs such as increasing Rural Rate Relief from 50% to 100%. Based on work to date it looks likely that retained business rate income will increase over the 2016/17 financial year to £2.7m. However there will inevitably be a significant number of appeals against the new rateable values that apply from April 2017. Nationally, the expectation is that overall rateable values will reduce by 4.7% as a result of settling appeals and this has been factored into the forecast income. Final estimates are expected before Cabinet consider the final draft Revenue Budget at their meeting on the 13 February 2017.

5. Members will recall that the Council is part of a Business Rates Pool with the other district and borough councils, county council and fire authority. Each year there are two opportunities to review the continuation of the pool, October and January. In October, the decision was taken to continue with the pool unchanged. This was based on the financial information that was available at the time. Since this time, the degree of uncertainty regarding the financial position of the pool has increased. The latest forecast for 2017/18 suggests that there will be little or no financial benefit of remaining as a pool. This is largely caused by the increase in appeal provisions required as a result of the national revaluation of business rates. This looks set to increase by more than £6m next year across the county and will offset any expected benefit from retaining the Government's share of any levy. The Chief Finance Officers from each Council therefore agreed to dissolve the Business Rates Pool as from 1 April 2017. This decision was taken in accordance with the delegation to the Service Manager – Finance and Welfare in consultation with the Cabinet Portfolio Holder for Finance, Resources and Value for Money.

Housing Benefit Administration Grant

6. The draft Revenue Budget contained an estimate of £216,000 for Housing Benefit Administration Grant including funding for the effects of Universal Credit (UC). The total grant has been confirmed at £300,000 inclusive of £40,000 for UC and new burdens funding of £2,800 for the effects of changes to housing benefit regulations.

Summary

7. The above information and other minor changes identified since December have been consolidated into the 2017/18 draft Revenue Budget, as shown at Appendix A. This shows a balanced Revenue Budget for next financial year.

**Rother District Council
2017/18 Revenue Budget Summary**

	2016/17 Budget £ (000)	2017/18 Budget £ (000)
Community and Economy	4,334	4,071
Corporate Services and Human Resources	1,245	1,177
Executive Directors	781	795
Environmental Services	525	584
Finance and Welfare	2,331	2,660
ICT and Customer Services	1,834	1,903
Strategy and Planning and Development	904	933
Total Cost of Services	11,954	12,123
Interest from Investments	(135)	(235)
Contingency Items - Salary Turnover Savings		(100)
- Apprentices		48
Capital Expenditure Charged to Revenue	0	925
Net Cost of Services	11,819	12,761
Parish Precepts	1,319	1,319
Special Expenses	(715)	(715)
Business Rates	(2,540)	
Local Share of Business Rates		(7,125)
s31 Grants		(831)
Tariff		4,783
Levy Payment on Account		395
Revenue Support Grant	(1,073)	(450)
Non-Specific Revenue Grants		
New Homes Bonus Grant	(1,655)	(1,117)
Rural Services Delivery Grant		(49)
Transition Grant		(71)
New Burdens Grant		(3)
Local Council Tax Support Grant		(108)
Benefits Administration Grant		(257)
Council Tax Requirement (Parishes and Rother)	(7,367)	(7,629)
Other Financing		
Collection Fund (Surplus)/Deficit	171	(120)
Contributions to/(from) Earmarked Reserves	41	(783)
Contributions to/(from) General Fund Balance	0	0
Total Income	(11,819)	(12,761)
Total	0	0
Council Tax Requirement	(6,048)	(6,310)
Divided by Council Tax Base (Band D Equivalent)		37,260.97
Council Tax Charge		169.32

Reserves	2016/17 Budget £ (000)	2017/18 Budget £ (000)
Earmarked Reserves and General Reserves	12,364	12,405
Use of Reserves	41	(783)
Total Reserves	12,405	11,622
<u>Analysis of (Use of)/Contribution to reserves</u>		
To Fund Capital Expenditure		(925)
Local Development Framework		(150)
Estates Staffing		(19)
Revs and Bens Improvement Plan		(21)
New Homes Bonus Grant over £1m		117
Other Contributions		215
To Balance the Budget		
TOTAL		(783)