

**Overview and Scrutiny Committee – Monday 28 January 2019**

**Agenda Item 5.1 Refers**

**Draft Revenue Budget 2019/20 – Update**

**Local Government Settlement 2019/20**

1. The local government settlement was announced on the 13 December 2018, after publication of the draft revenue budget 2019/20 report to Cabinet. As the Council no longer receives any Revenue Support Grant, the settlement is solely focused on business rate retention and specific grants.
2. The Council's baseline for business rates has increased for 2019/20. However, as the estimated retained business rate income of £3m is in excess of the baseline for 2019/20, there is no financial benefit from this increase. The Government also confirmed that East Sussex has been approved for the 75% retention pilot scheme as approved by Cabinet on the 19 December 2018. The financial impact of being in a pilot will be reviewed following calculation of the Council's NNDR1 return at the end of January. This will use the latest rating list and take account of any other changes to reliefs and discounts (small business rate relief being the major one) that the Government have made.
3. The Government announced the 2019/20 New Homes Bonus grant for Rother at £449,000 compared to an assumed income in the draft revenue budget of £417,000. This has been reflected in the revised Appendix A attached to this update. The financial forecast assumes this grant will decline to zero by 2022/23. The Government has said however, that it wants to explore how to incentivise housing growth most effectively, for example by using the Housing Delivery Test results to reward delivery or incentivising plans that meet or exceed local housing need. The Government has said it will consult widely on any changes prior to implementation.

**Council Tax and referendum limit**

4. The proposed Council tax increase included in the draft revenue budget had been prepared on the accepted premise that the increase was limited to up to 3% or £5 whatever was the greatest. Cabinet queried this and following review of the 2019/20 referendum principles, the allowed increase for Shire Districts is up to 3% up to a maximum of £5. To ensure the Council remains within this limit, the revised Appendix A assumes an increase of £4.94 for 2019/20.

Robin Vennard  
Assistant Director, Resources

**Draft Revenue Budget 2019/20 to 2023/24**

	Revised 2018/19 Budget £ (000)	2019/20 Budget £ (000)	2020/21 Budget £ (000)	2021/22 Budget £ (000)	2022/23 Budget £ (000)	2023/24 Budget £ (000)
Executive Directors & Corporate Core	2,043	2,078	2,080	2,081	2,083	2,084
Environmental Services	740	729	729	729	729	729
Strategy and Planning	930	964	964	964	964	964
Acquisitions, Transformation and Regeneration	376	335	336	337	338	340
Housing and Community Services	5,420	6,833	6,942	7,055	7,169	7,286
Resources	3,286	3,433	3,432	3,433	3,433	3,433
<b>Total Cost of Services</b>	<b>12,795</b>	<b>14,372</b>	<b>14,483</b>	<b>14,599</b>	<b>14,716</b>	<b>14,836</b>
Interest from Investments	(362)	(512)	(512)	(512)	(512)	(512)
Capital Expenditure Charged to Revenue	2,360	2,542	868	238	318	238
<b>2020 Savings</b>						
(i) increase income - investment in property fund £3 million	(150)					
(ii) Increase income - investment in property	(240)	(876)	(2,257)	(2,257)	(2,257)	(2,257)
(iii) MRP	0	104	201	206	211	216
(iv) Interest payments	97	564	874	869	863	857
<b>Budget Pressures</b>						
Homelessness		72	72	72	72	72
Salary Inflation			191	97	98	99
Waste Collection and Street Cleansing additional cost		750	750	750	750	750
Financial Savings - Appendix E		(653)	(686)	(686)	(686)	(686)
<b>Net Cost of Services</b>	<b>14,500</b>	<b>16,363</b>	<b>13,984</b>	<b>13,376</b>	<b>13,573</b>	<b>13,613</b>

## Appendix A

	Revised 2018/19 Budget £ (000)	2019/20 Budget £ (000)	2020/21 Budget £ (000)	2021/22 Budget £ (000)	2022/23 Budget £ (000)	2023/24 Budget £ (000)
<b>Parish Precepts</b>	1,549	1,549	1,549	1,549	1,549	1,549
<b>Special Expenses</b>	(715)	(728)	(743)	(757)	(772)	(772)
<b>Business Rates</b>						
Local Share of business rates	(7,141)	(7,290)	(7,436)	(7,585)	(7,737)	(7,891)
s31 Grants	(1,350)	(1,378)	(1,406)	(1,434)	(1,462)	(1,492)
Tariff	4,926	5,029	5,130	5,232	5,337	5,444
Levy payment on account	617	630	643	655	669	682
<b>Revenue Support Grant</b>	(73)		0	0	0	0
<b>Non-Specific Revenue Grants</b>						
New Homes Bonus Grant	(714)	(449)	(84)	(12)	0	0
Rural services delivery grant	(38)	(49)	0	0	0	0
Local Council tax Support Grant	(100)	(100)	(100)	(100)	(100)	(100)
Benefits Administration Grant	(233)	(233)	(233)	(233)	(233)	(233)
Homelessness Grant - New Burdens	(41)	(43)	(43)	(43)	(43)	(43)
Flexible Homeless Support Grant	(203)	(275)	(275)	(275)	(275)	(275)
<b>Council Tax Requirement (Parishes and Rother)</b>	(8,129)	(8,369)	(8,699)	(9,039)	(9,389)	(9,759)
<b>Other Financing</b>						
Collection Fund (Surplus)/Deficit	(5)	273	0	0	0	0
Contributions to/(from) Earmarked Reserves	(2,850)	(4,930)	(2,287)	(1,334)	(1,117)	(723)
Contributions to/(from) General Fund Balance	0	0	0	0	0	0
<b>Total Income</b>	<b>(14,500)</b>	<b>(16,363)</b>	<b>(13,984)</b>	<b>(13,376)</b>	<b>(13,573)</b>	<b>(13,613)</b>
<b>Funding Gap</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>