



Revenue Estimates 2017-2022

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(Section 151 Officer)



The Budget 2018-2022 will be considered by Cabinet in February 2018.

The Budget presentations to the Environment and Community Committee, Regeneration and Development Committee and Corporate Performance Panel will provide details of the key areas of the 2018-2022 budget setting process.

Any recommendations from these meetings will be considered by Cabinet as part of the budget setting process.



Revenue 2018/2022 - Headlines

- 2018/2019 will be third year of the 4 year offer announced – for BCKLWN applies to Revenue Support Grant and Rural Services Delivery Grant only
- Expectation that Revenue Support Grant will end from 2020/2021
- Assumed that no Rural Services Delivery Grant from 2020/2021 although fair funding review may address some of the funding pressures of delivery of services in rural areas

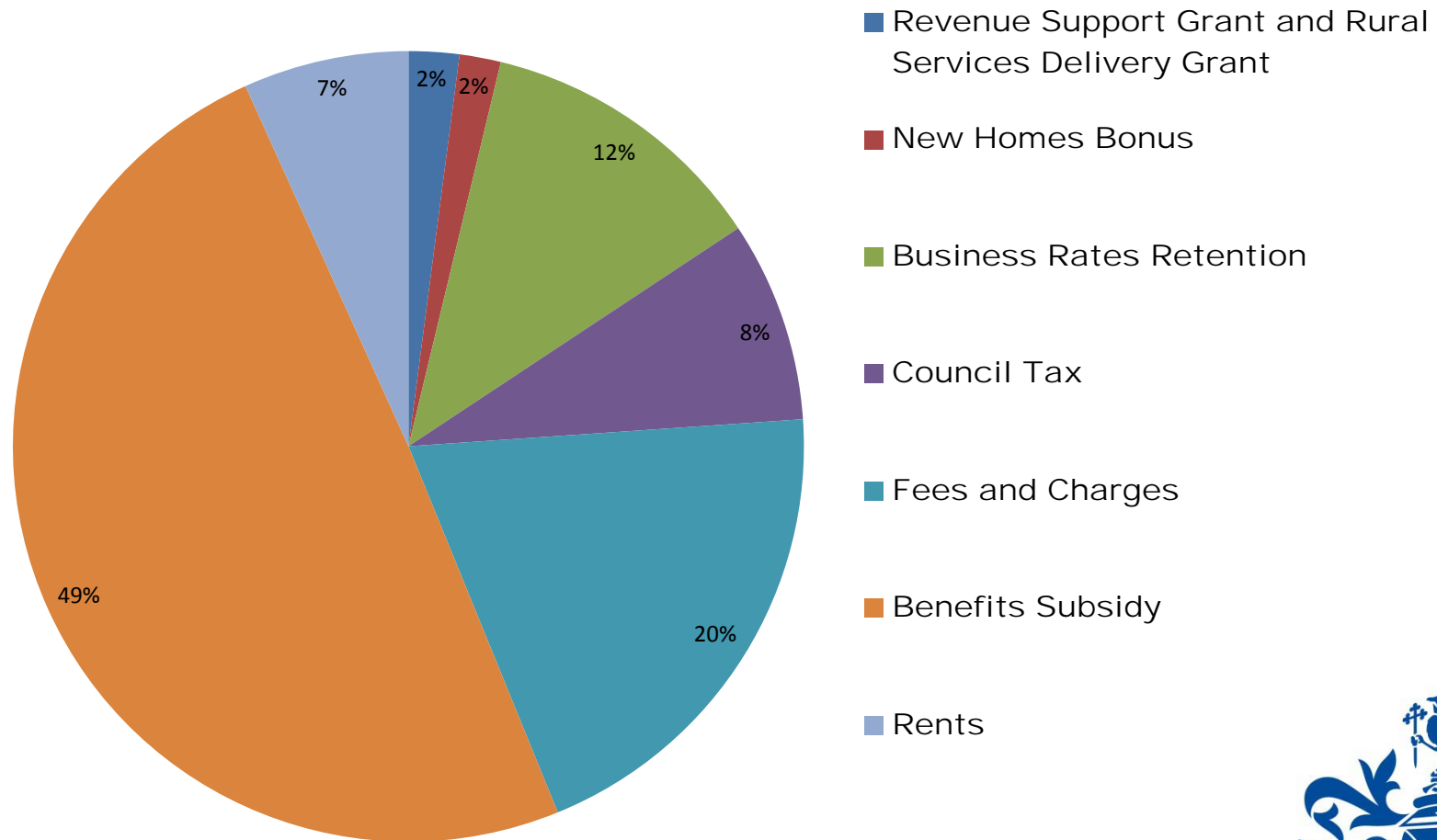


Revenue 2018/2022 - Headlines

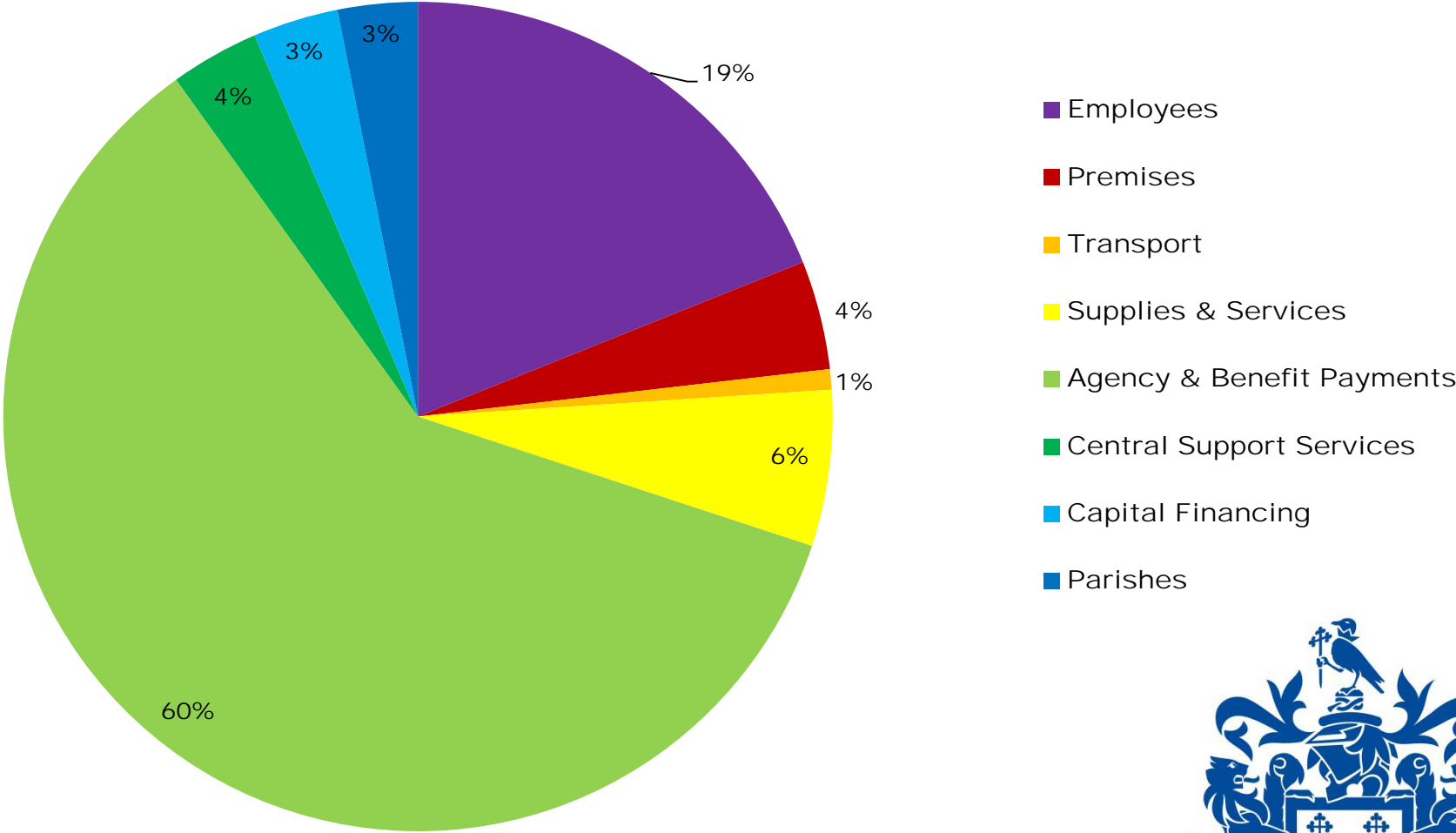
- Funding reliance in future on income raised locally
 - Council Tax
 - Business Rates
 - Fees and Charges
- Financing settlement for local government due to be announced in week before Christmas
- **Funding uncertainty from 2020/2021 presents significant risk**



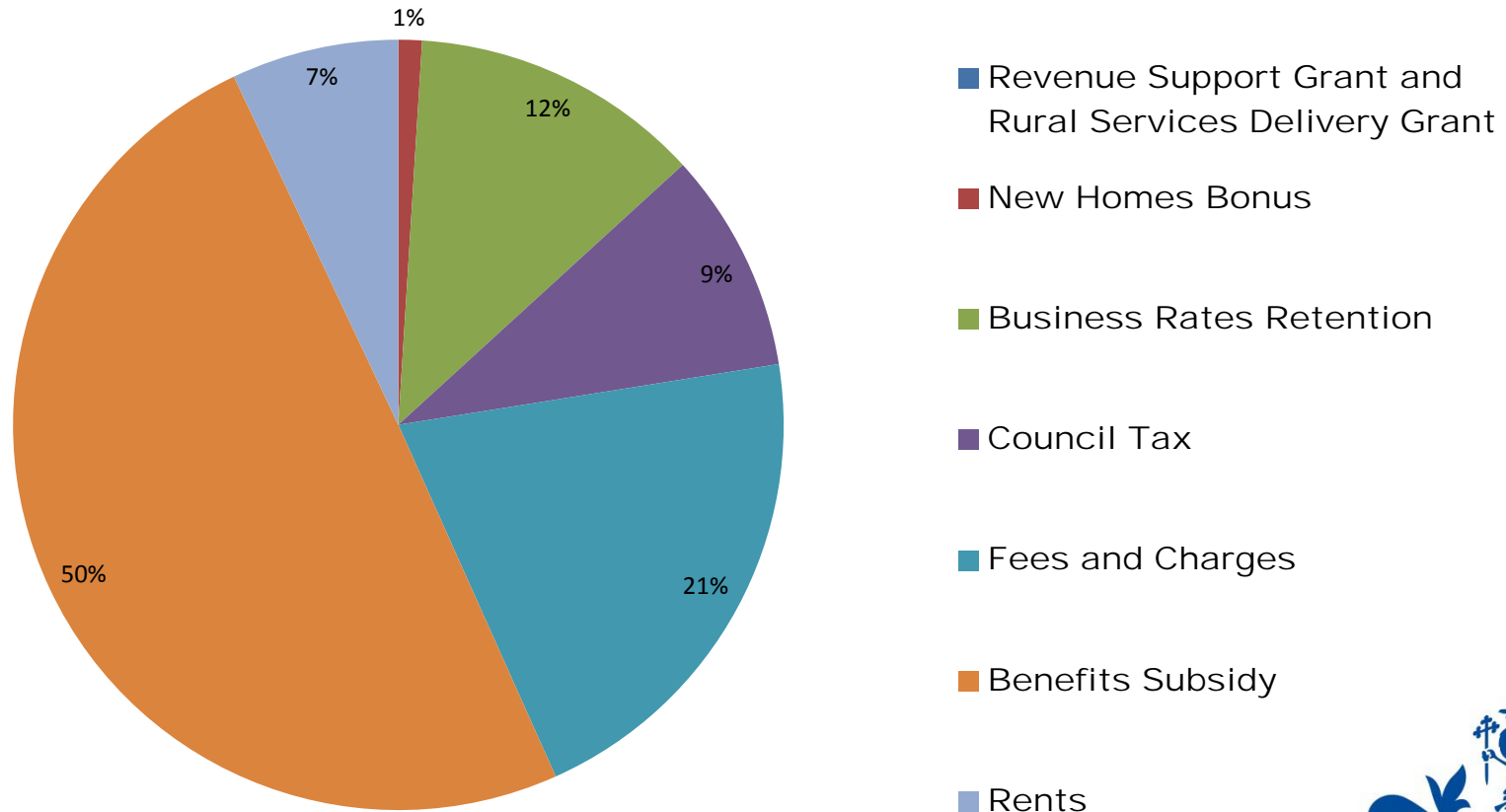
Council Funding 2018/19



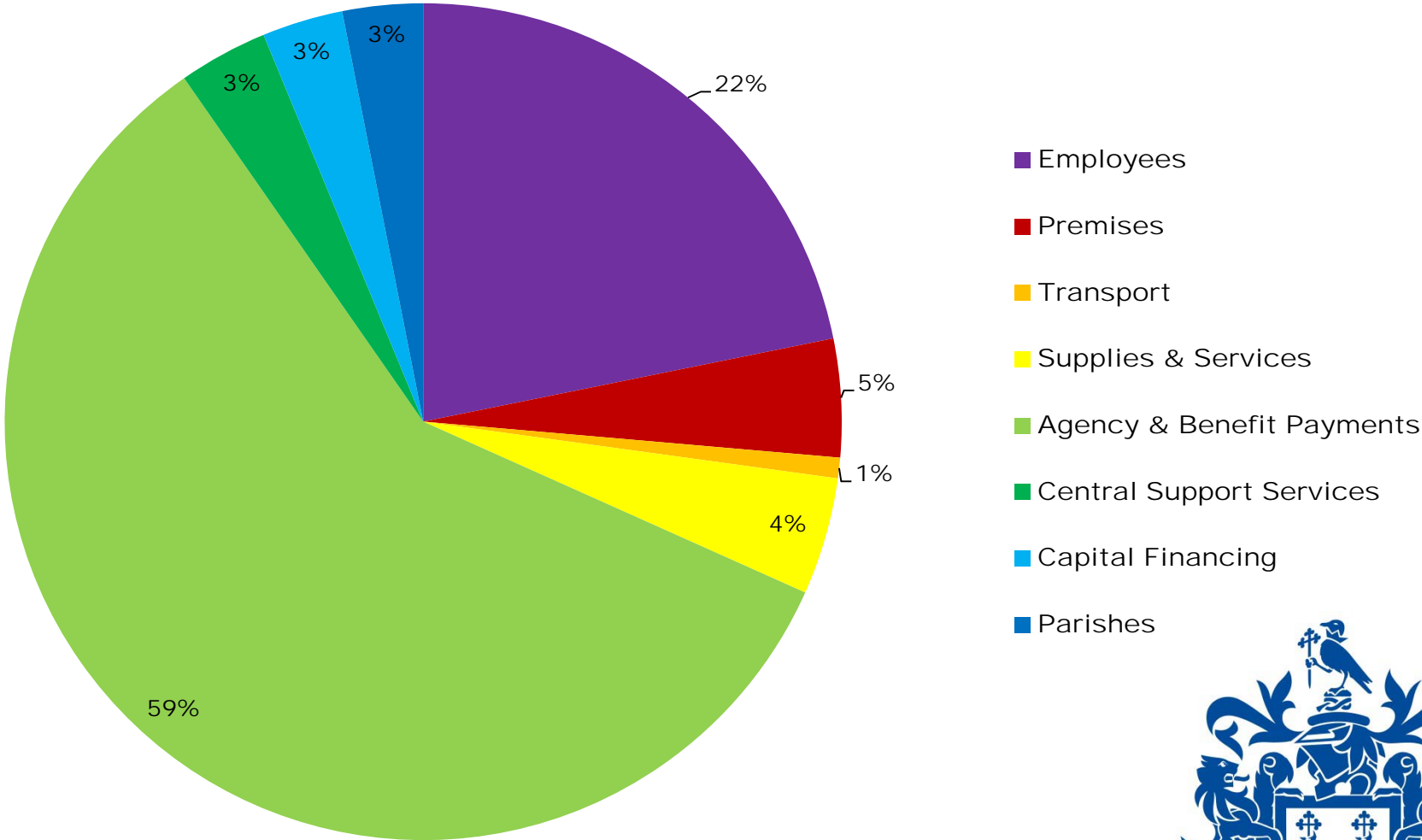
Council Expenditure 2018/19



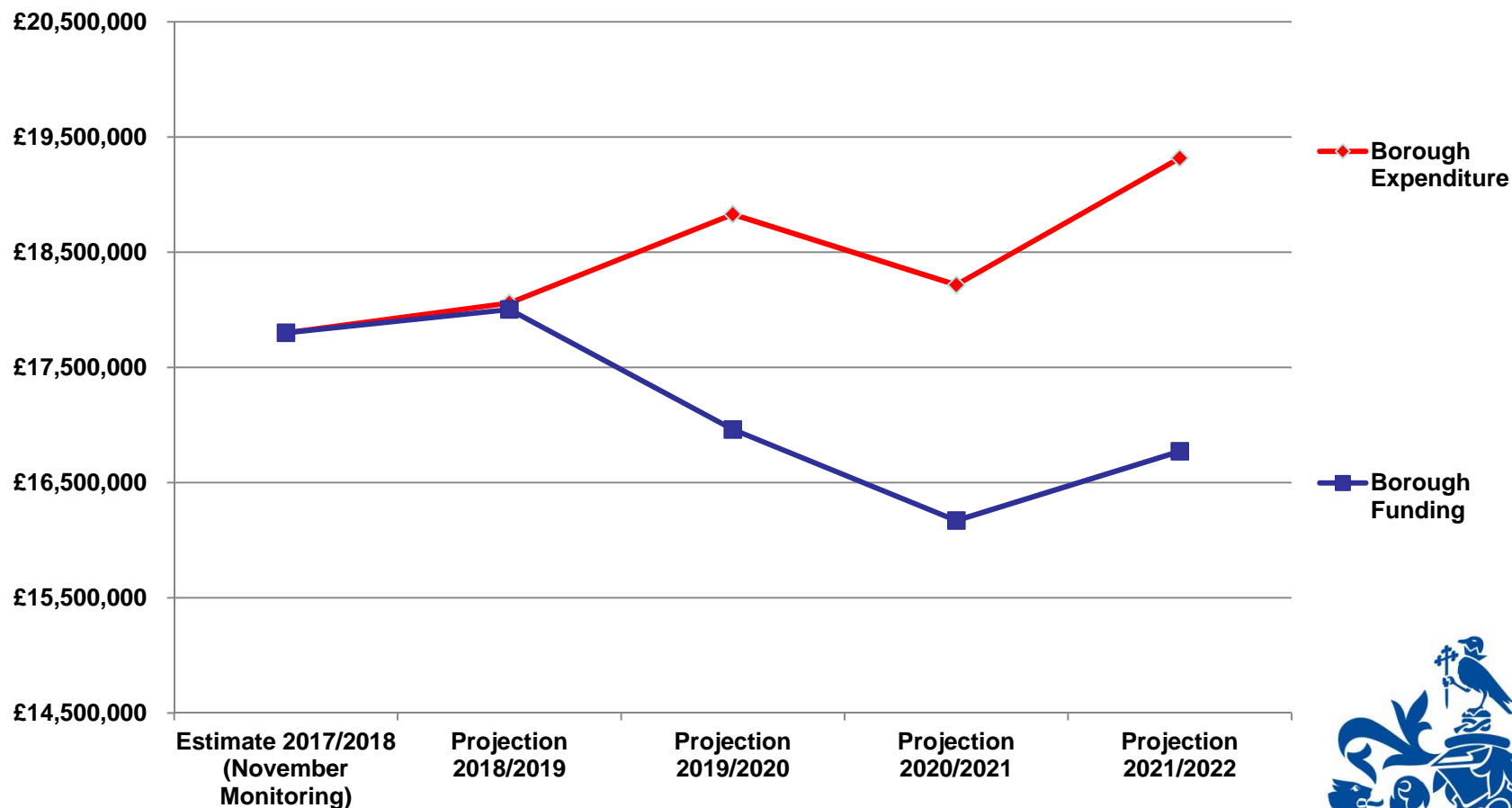
Council Funding 2021/22



Council Expenditure 2021/22



Council Expenditure vs Funding



100% Business Rates Retention

Still uncertainty around the implementation of 100% business rates retention

- What additional responsibilities will transfer
- Reset of baseline – how much current growth will be removed
- Will 100% of renewable energy growth be retained
- What date will be used for the initial baseline reset and impact for ‘new’ growth
- How much will be ‘top sliced’ to address economic differences across the country and particular pressures eg adult social care



100% Business Rates Retention

- Frequency of resetting of baseline
- Impact of Valuation Office delays and decisions
- No new money
- Further pilots in 2018/2019
- Implementation still expected in 2020/2021

- Taken cautious approach for later years of medium term financial plan

- Significant uncertainty and risk



100% Business Rates Retention Pilot

- Norfolk authorities have submitted an application to operate a 100% Business Rates Retention Pilot application for 2018/2019 – no detriment clause included
- Estimated additional one off gain for this Council of circa £800k
- Propose that these funds be invested in schemes which will generate on-going revenue income/savings
- Actual gain depends on growth achieved and will not be confirmed until July 2019



Fair Funding Review

- Outcome of Fair Funding Review not yet known
- Expect winners and losers
- Aim to make more transparent and simple!
- Expect income which can be generated locally to be taken into account; council tax, fees and charges
- Still uncertainty on how IDB funding will be reflected
- We await further information



New Homes Bonus

- The 2018-19 Local Government Finance Settlement proposals include further revisions to distribution of New Homes Bonus
- In 2017/2018 revisions made:
 - reduce the number of years for which legacy payments are made from 6 years to 5 years in 2017-18 and then to 4 years from 2018-19 and
 - set a national baseline for housing growth to sharpen the incentive for councils to deliver more new homes. The Government chose to set the initial baseline in 2017-18 at 0.4% below which the Bonus will not be paid.
- Expectation that further funding will be directed to adult social care



New Homes Bonus

- The Government decided not to take forward proposals linking the New Homes Bonus to planning reforms in 2017-18 but confirmed that it would consider withholding the part of the Bonus from authorities not planning effectively for new homes from 2018-19.
- Under the current scheme, councils receive the same reward for homes granted permission by the authority as they do for development granted on appeal by the Planning Inspectorate (PINS).



New Homes Bonus

- The Government is considering an alternative approach which looks at the quality of decision making by planning authorities. This approach would link New Homes Bonus allocations to the ratio of successful appeals to residential planning decisions (major and minor) over an annual period using data collected by the Planning Inspectorate (PINS).



New Homes Bonus

Calculation basis:

the number of successful appeals/appeals allowed by PINS
divided by

the number of decisions made

equals a percentage reduction to be applied to the New Homes Bonus allocation

- Based on the previous 12 months this would result in an estimated 1% reduction for this Council. For every £100k of new home bonus a reduction of £1k.
- **However ...**

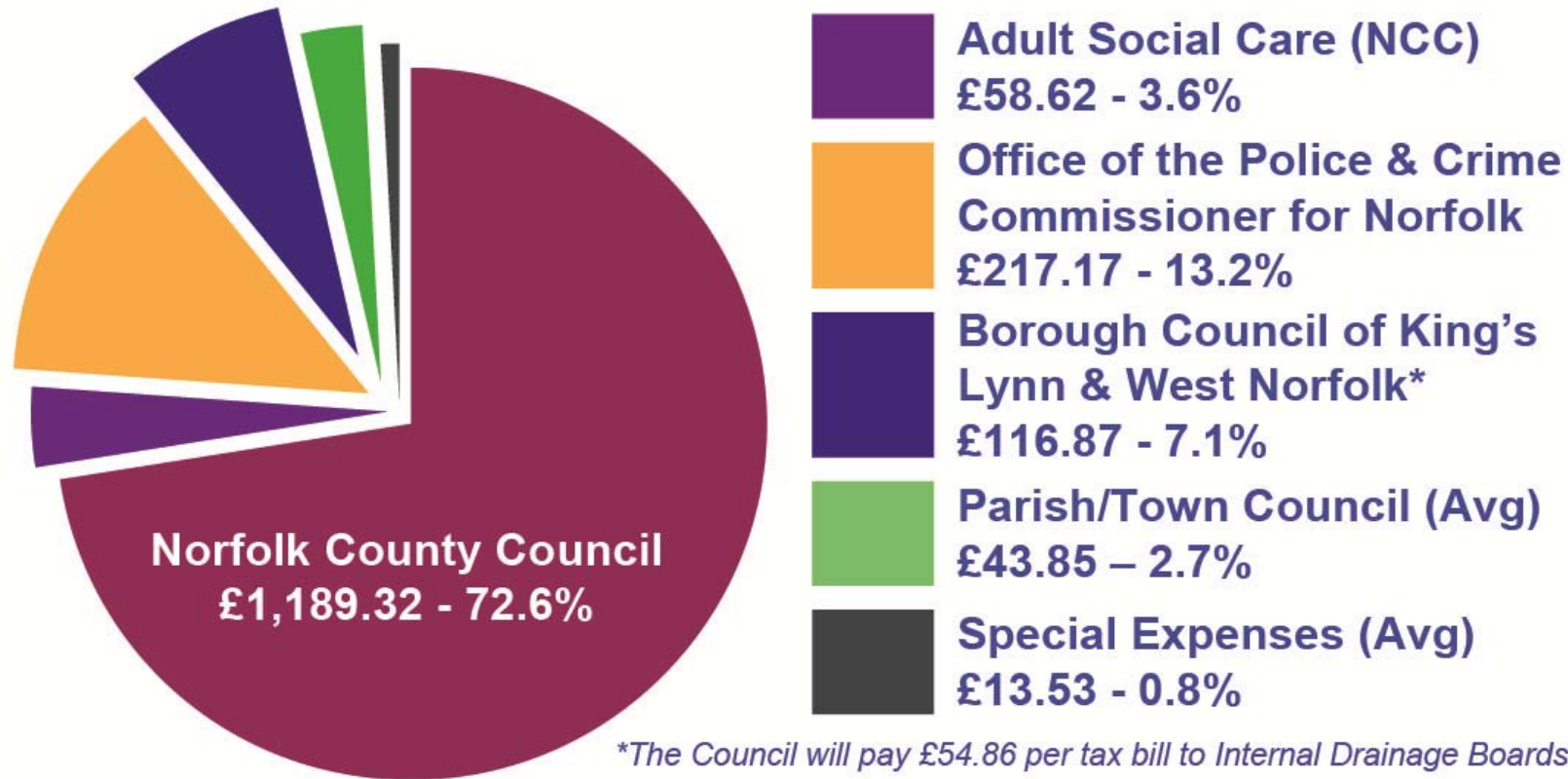


New Homes Bonus

- The number of units involved in the decisions is not considered in this methodology, nor is there a link drawn with specific appeal outcomes on specific developments, rather it is a more general approach to link the quality of decision making within the authority over a period of time.
- The Government has stated that:
 - reducing the New Homes Bonus payment in line with the number of homes allowed on appeal, is still under consideration.



Council Tax 2017/2018



Council Tax

Proposed referendum principles for council tax for 2018/2019

- a continuation of the Adult Social Care precept of an additional 2% with additional flexibility to increase the precept by 1% to 3% in 2018-19, provided that increases do not exceed 6% between 2017-18 and 2019-20.
- shire district councils would be allowed increases of less than 2% or up to and including £5, whichever is higher

This will apply to the overall increase in general council tax and special expenses



Council Tax

It is proposed that council tax is increased by £4.50 on a Band D property for 2018/2019. This increase complies with the referendum principles which also includes any increase in special expenses.

BAND	2017/2018	BAND	2017/2018
	£		£
A	80.91	E	148.34
B	94.40	F	175.31
C	107.88	G	202.28
D	121.37	H	242.74



Council Tax

For future years of the financial plan it is proposed to apply annual increases of £4.50 in council tax where these comply with the referendum principles which also includes any increase in special expenses.

Tax base for 2018/2019 is 49,466

Financial Plan 2016-2021 included 49,124 for 2018/2019.

This is an increase of 342



Council tax referendum principles for town and parish councils

Government expects town and parish councils to:

- demonstrate restraint when setting precept increases that are not a direct result of taking on additional responsibilities
- make precept decisions more transparent to local tax-payers
- consider all available options to mitigate the need for council tax increases, including the use of reserves where they are not already earmarked for particular purposes or for “invest to save” projects which will lower on-going revenue costs.

Any revised proposals will be set out at the time of the provisional local government finance settlement later in the year.



Fees and Charges

Fees and Charges – general increase in line with RPI

Proposed that car parking charges are increased from 1 April 2018, last increase was 1 April 2016.

Council has absorbed the increase in business rates on car parks from the 2017 revaluation which will be circa £100k in 2018/2019

Planning fees – Government white paper in February 2017 proposed 20% increase to be ring fenced to planning – yet to be implemented



Autumn Budget

- Universal Credits rollout for this Council moved back from July 2018 to November 2018
- 50% council tax levy on long term empty homes increased to 100%, requires primarily legislation so expectation that can be applied from April 2019



Internal Drainage Board Levies

Future funding of IDB levies charged to the Council still uncertain

Fair funding review needs to address IDB funding

King's Lynn IDB advised 2% increase for 2018/2019

Remaining boards not yet advised levies for 2018/2019



Revenue 2018/2022 - Headlines

Budget monitoring for 2017/2018 – budget overall on track
(as at October monitoring £103k favourable variance)

Budget currently being updated for report to Cabinet in
February 2018

Will reflect any know changes and revised inflationary
factors

Impact of universal credit roll out and re-tender of
refuse and recycling contract not yet known



Revenue 2018/2022 - Headlines

Expectation of delivery of 'funded' budget for 2018-2022

Requires estimated draw from reserves of £6.5 over the period

Proactive approach by this Council to secure savings early means holding sufficient general fund balance to fund the estimated budget gap through to 2022

The outcome of the fair funding review and 100% business rates retention process is significant risk



Budget Gap/Target Savings

Cost reduction/additional income targets will be reviewed as part of budget process

Target savings/additional income of £2.6m will be required by 2021/2022

Revenue target savings of £0.9m have been identified by 2020/2021 which have still to be delivered.

Focus of corporate capital projects to achieve new income streams – achieved circa £325k DWP relocation and H&M investment which are included in the updated budget 2017-2022



Capital Programme - Objectives

- Provide assets (acquisition, construction or enhancement)
 - to deliver the Council's key priorities
 - to deliver against the Council's Efficiency Plan
 - appropriate to the delivery of the Council's services



Capital Programme - Challenges

- Limited capital resources
- Need to reduce revenue costs, prioritise schemes which:
 - Reduce revenue expenditure
 - Increase or generate new revenue income
 - Increase council tax base
- Statutory requirements and managing demand
 - private sector housing assistance
- 'Maintain - reduce – improve' existing service levels
- Take advantage of technology and digital strategy
- Opportunity cost of decisions



Capital Programme - Challenges

- Prioritising competing schemes
- Funding arrangements
 - Use uncommitted resources
 - Take out additional borrowing
- Review current programme v new opportunities
- Ageing assets and systems eg Oasis, IT hardware and software
- Promote innovation
- Delivery timescales and lead in times
- Deliver enhancements

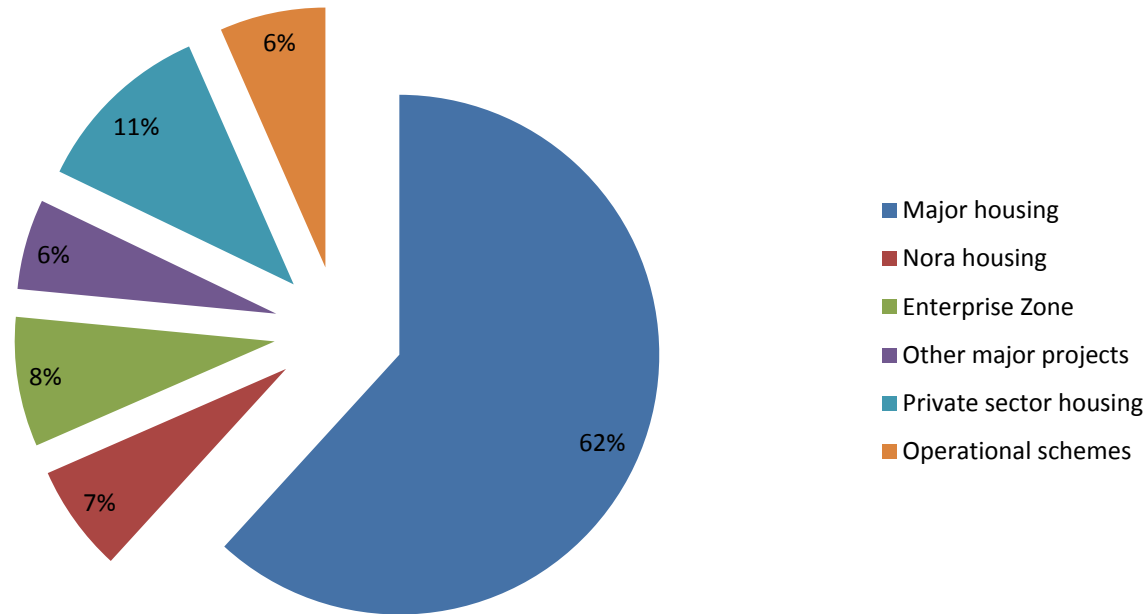


Capital Expenditure

Capital Outturn Report to Cabinet June 2017

2017/2021 total expenditure £101m

2017/2021 Expenditure

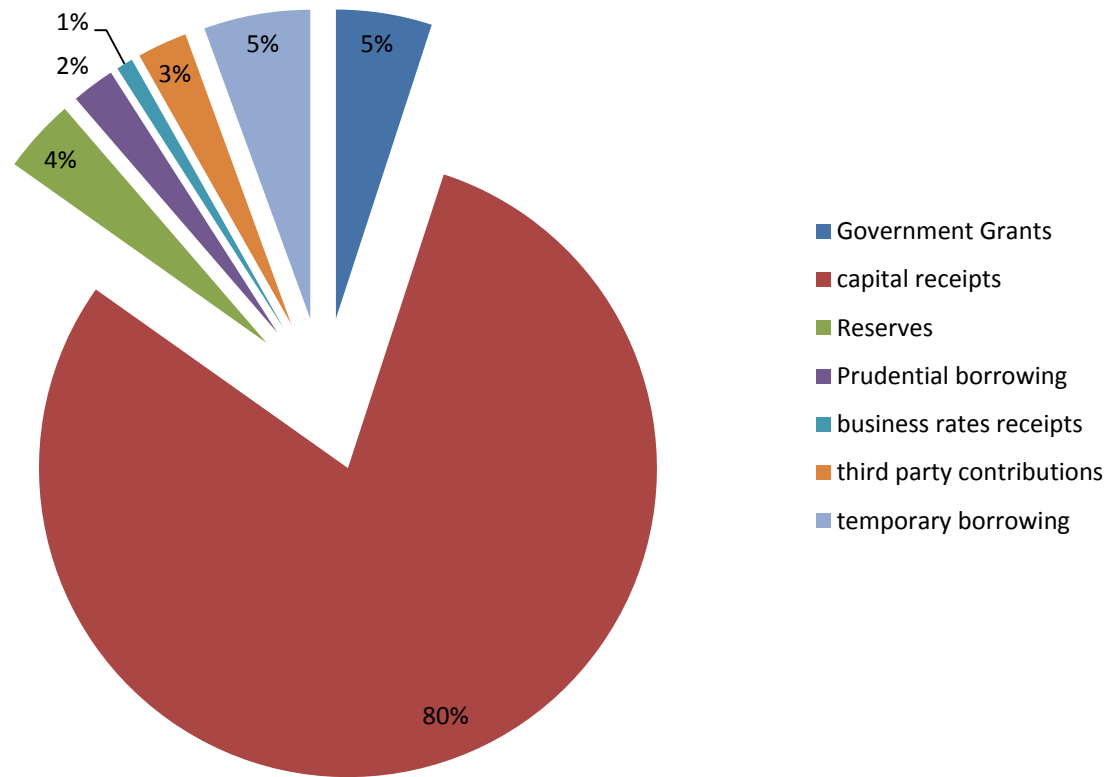


Capital Programme - Funding

Capital Outturn Report to Cabinet June 2017

2017/2021 total resources £108m

2017/2021 Funding



Questions?

