

Budget 2019-2024

**Joint Panel Meeting
3 February 2020**

**Tina Stankley
Interim Head of Finance (Section 151 Officer)**

Borough Council of
King's Lynn &
West Norfolk



Headlines

- Outturn 2018/2019 additional £476k to reserves
- Revised Budget is £1.360m less than the original budget of £19.145m for 2019/20
- Additional renewable energy additional business rates, Race Bank, backdated to September 2017, of this £0.8m will now be transferred to major projects reserve in 2019/2020
- Revenue cost reduction target for 2019/20 is £337k achieved £278k to date

Headlines

- A 'funded budget' position for the period 2019-2024
- 'Funded' budget requires draw from general fund balance of £7.2m over the period. Planned approach to achieving early cost savings has enabled us to hold the general fund balance at a higher level than usual to provide for a planned and measured response to the reduction in grant funding
- By 2023/2024 general fund balance estimated to be £1.972m (minimum requirement of £929k)
- Target savings in 2023/2024 of £3.2m

Headlines

- 2019/2020 is final year of the 4 year funding settlement
- So for BCKLWN 2020/2021 will be last year of Revenue Support Grant and Rural Services Delivery Grant - only 1.2% of funding over the period 2019/2024
 - £1.1m of £93.4m total funding
- Delay until 2021/2022 in implementing reforms to the Business Rates Retention Scheme and the in implementing the outcomes of the Fair Funding Review

Headlines

- Service costs updated and increases contained, budgets held at 2019/2020 levels wherever possible.
- Growth items only where statutory requirement (includes minimum pay pledges). BCKLWN will meet or exceed the minimum wage rise



Headlines

- The Budget 2019-2024 will be considered Cabinet on 4 February 2020.
Council Tax setting and approval of the Financial Plan 2019-2024 at Council on 27 February 2020
- Funding reliance in future on income raised locally: Council Tax, Business Rates, Fees and Charges
- Significant risk from 2021/2022 – impact of reforms to Business Rates Retention Scheme and results of the Fair Funding Review

Headlines

- Proposed council tax increase of £4.50 on Band D property in 2020/2021
- Proposed £4.50 increase in council tax for following years of Financial Plan
- Car park charges increased in April 2018 – no across the board increases are being proposed. Proposal is to reinstate the 2-hour and 3-hour pricing structure from April 2020



Financial Plan 2019/2024

	Estimate 2019/20 (November Monitoring)	Revised Budget 2019/2020	Projection 2020/2021	Projection 2021/2022	Projection 2022/2023	Projection 2023/2024
	£	£	£	£	£	£
Total Service Expenditure	11,505,180	10,992,950	16,550,820	12,722,190	13,456,110	16,193,440
<u>Additional transfers to Earmarked Reserves</u>						
Cost reduction programme	1,423,850	1,423,850	0	0	0	0
Business Rates Renewable Energy	1,858,850	800,000	1,100,000	1,214,750	1,232,040	1,260,890
Financing Adjustment	1,591,870	1,793,140	1,691,090	1,630,920	1,505,740	1,408,210
Internal Drainage Boards	2,759,490	2,754,140	2,811,990	2,871,040	2,931,330	2,992,890
Council Tax Support to Parishes	20,970	20,970	20,970	0	0	0
Borough Spend	19,160,210	17,785,050	22,174,870	18,438,900	19,125,220	21,855,430
Reimbursement of Lump sum Pension Payment	1,517,000	1,517,000	(3,570,000)	1,759,000	1,811,000	0
Contribution (from)/to General Fund Balance	(1,646,830)	(271,670)	(163,260)	(1,242,810)	(2,573,930)	(3,278,260)
Borough Requirement	19,030,380	19,030,380	18,441,610	18,955,090	18,362,290	18,577,170

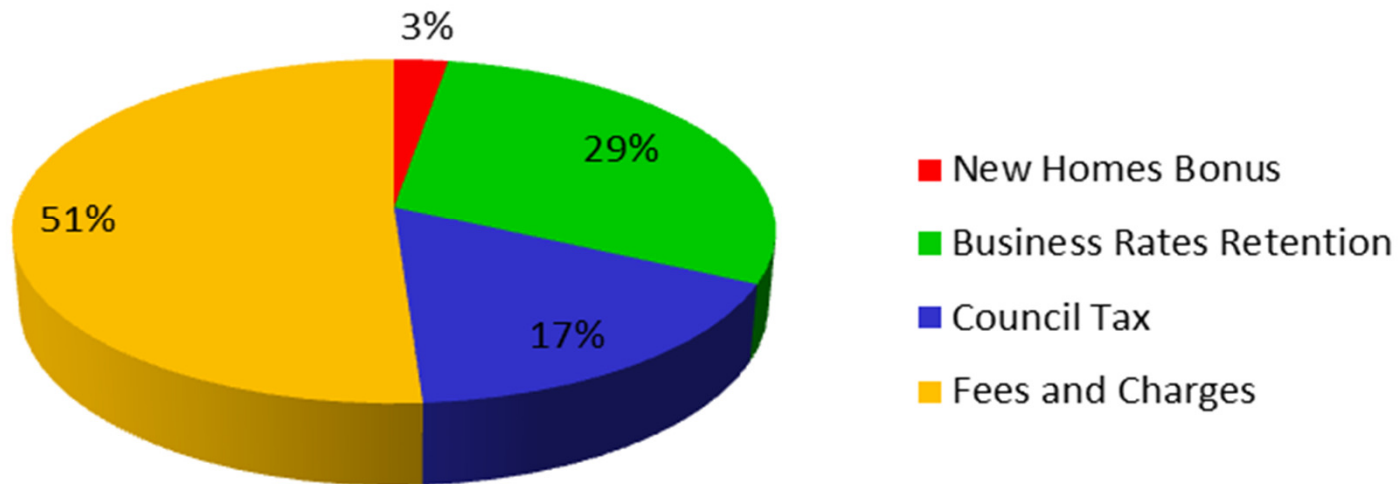


Financial Plan 2019/2024

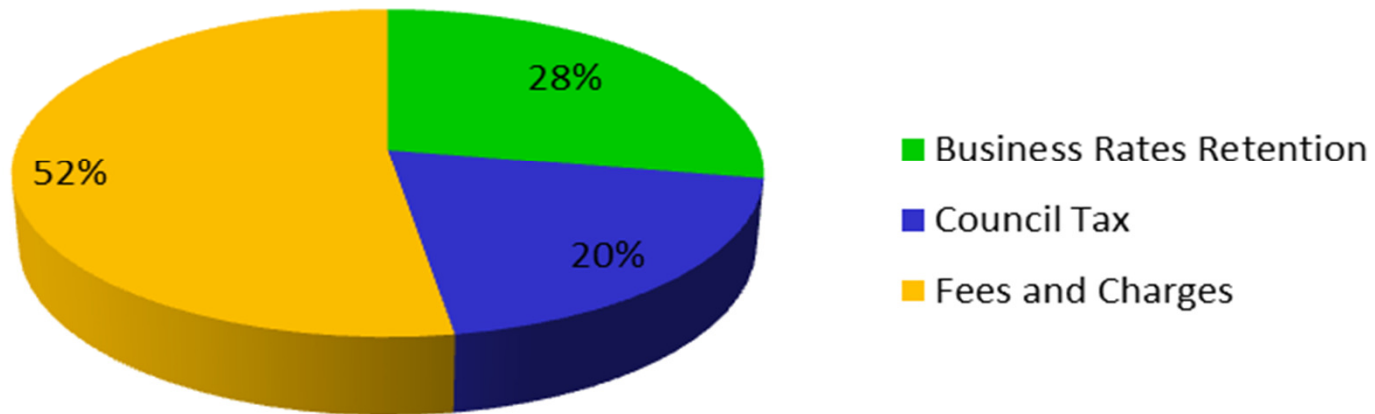
	Estimate 2019/20 (November Monitoring)	Revised Budget 2019/2020	Projection 2020/2021	Projection 2021/2022	Projection 2022/2023	Projection 2023/2024
	£	£	£	£	£	£
Revenue Support Grant	0		(624,620)		0	0
Rural Services Delivery Grant	0		(470,700)		0	0
New Homes Bonus	(1,019,860)	(1,019,860)	(898,180)	(475,220)	(321,400)	0
<u>Taxation</u>						
Business Rates Retention Baseline Funding	(6,480,230)	(6,480,230)	(5,491,230)	(5,601,060)	(5,713,080)	(5,827,340)
Business Rates Retention Additional Funding		0	0	(655,000)		
Business Rates Funding From Growth	(1,355,870)	(1,355,870)	(1,539,880)	(1,727,430)	(1,922,690)	(2,000,000)
Business Rates Renewable Energy	(2,571,460)	(2,571,520)	(2,640,370)	(2,693,180)	(2,747,040)	(2,801,980)
Business Rates Collection Fund Surplus	(1,061,060)	(1,061,060)		(330,000)	(330,000)	(340,000)
Council Tax Collection Fund Surplus	(100,000)	(100,000)		(422,200)	0	0
Council Tax band D	125.87		130.37	134.87	139.37	143.87
	51,179		51,980	52,280	52,580	52,880
Council Tax	(6,441,901)	(6,441,840)	(6,776,630)	(7,051,000)	(7,328,080)	(7,607,850)
Total Funding	(19,030,380)	(19,030,380)	(18,441,610)	(18,955,090)	(18,362,290)	(18,577,170)



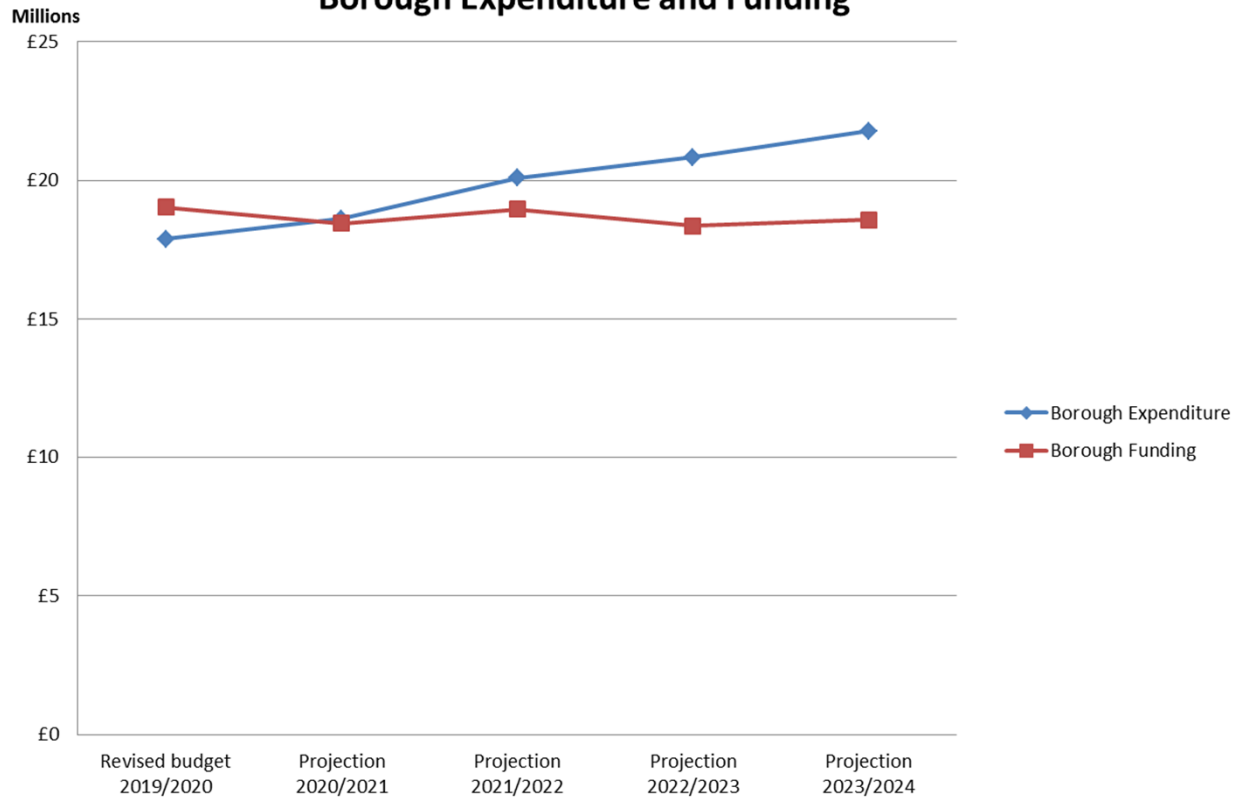
Budgeted Funding for 2019/2020



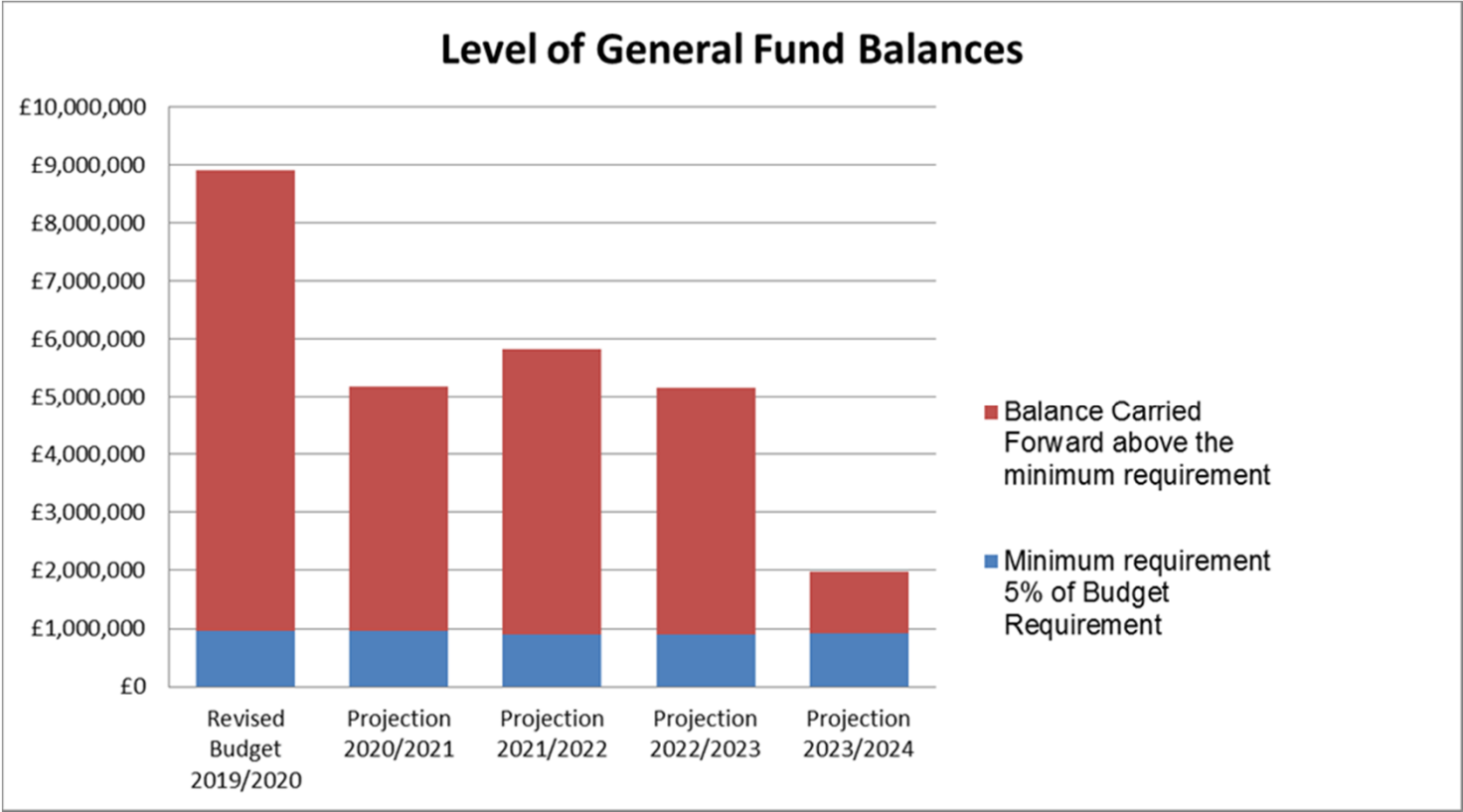
Forecast Funding for 2023/2024



Borough Expenditure and Funding



General Fund Balance



Delivering the Efficiency Plan

In taking up the offer of a four year funding settlement the Council was required to publish an efficiency plan. The Council's efficiency plan was approved at Council on 29 September 2016. Annual savings of £1.4m achieved.

Service Area	2019/2020 Saving £	2020/2021 Saving £
Personnel Service	0	0
Energy Efficiency	33,600	21,640
Parish Council Elections	4,270	0
Car Parking	30,000	30,000
Net saving from removing telephone line at Valentine Road offices in Hunstanton	6,000	6,000
Digital collection of information – savings in scanning costs	15,000	15,000
Realignment of budget between years	18,500	(1,500)
Review of ICT support contracts	6,000	6,000
KLIC	125,000	150,000
Savings to Date	238,370	227,140
Target savings	337,196	621,336
Variance (under) to Date	(98,826)	(394,196)



Delivering the Efficiency Plan

Target savings of £3.2m by 2023/2024 - the council will need to continue to identify further income generation/savings opportunities. Savings already identified and yet to be achieved:

Service Area	2020/2021 Saving £	2021/2022 Saving £	2022/2023 Saving £	2023/2024 Saving £
Target savings identified at budget setting February 2018 still to be achieved	118,340	78,540	150,000	150,000
Identified revenue savings from changes to leisure arrangements	215,880	302,880	369,880	369,880
Corporate Projects - identified new revenue income	111,660	262,620	346,700	1,087,330
Total identified savings	445,880	644,040	843,400	1,607,210



Local Government Finance Settlement 2020/2021

- One Year settlement announced this year.
- Presumed that there will be a four year settlement again with the introduction of the reformed business rates retention scheme and the outcome of the Fair Funding Review

Changes to Business Rates Discounts

As part of the Autumn Statement 2019 the Chancellor announced new and extended business rates discounts:

- An increase in the level of the retail discount from one-third to 50 per cent will apply in 2020/21 for eligible retail businesses occupying a property with a rateable value less than £51,000.
- The retail discount has been extended to eligible music venues and cinemas with a rateable value of less than £51,000
- The £1,500 business rates discount for office space occupied by local newspapers has been extended and will apply for an additional 5 years until 31 March 2025.
- The reintroduction of the pubs discount will provide a £1,000 discount to eligible pubs with a rateable value of less than £100,000 in 2020/21. This is in addition to the retail discount and will apply after the retail discount.



Business Rates Retention Reform

- Still the same questions as last year
- Frequency of resetting of baseline and what date will be used for initial baseline reset
- Impact of Valuation Office delays and decisions
- Will 100% of renewable energy growth be retained
- No new money
- Business rates growth will not be enough to meet cost growth
- How much will be 'top sliced' to address economic differences across the country and particular pressures e.g. adult social care
- Next valuation brought forward one year to 2021 and then three yearly



Business Rates Retention

- The 2019/2020 75% Business Rates Retention Pilots will not continue into 2020/2021
- The financial benefit to Norfolk as a whole from piloting 75% Business Rates retention is forecast to be around £7.8m representing the additional 25% share of growth that would be retained locally and shared between the Districts and County Council. The one off benefit for BCKLWN is £655k
- The Norfolk councils will remain in a pool but this will revert to the 50% Business Rates Retention scheme
- Implementation now expected from April 2021, although no date set for the legislative changes
- Taken cautious approach for later years of medium term financial plan
- Significant uncertainty and risk



Fair Funding Review

- Outcome of Fair Funding Review has also been delayed until 2021/2022
- Still the same questions as last year
- Expect winners and losers
- Unknown if/what transitional arrangements will be
- Aim to make more transparent and simple!



Fair Funding Review

- 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
- Funding from 2021/2022 has been calculated based on the existing 50% Business Rates Retention scheme.
- The Budget Setting Process next year will reflect the new business rates retention scheme and will be redistributed according to the outcome of the new needs assessment.

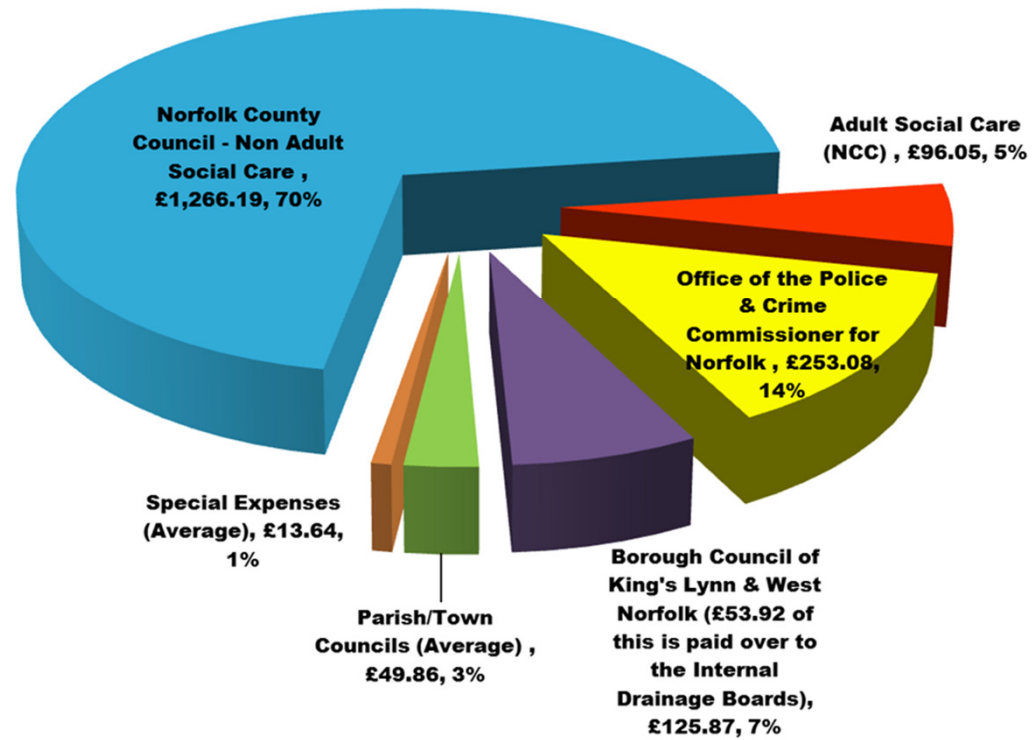


New Homes Bonus

- The government announced, as part of the Spending Round 2019, that it will fund the New Homes Bonus scheme in 2020/21, along with funding legacy payments associated with previous years' allocations.
- However there is no commitment to fund anything after this.
- Funding included in the Financial Plan

New Homes Bonus	£
2019/2020	(1,019,860)
2020/2021	(898,180)
2021/2022	(475,220)
2022/2023	(321,440)
2023/2024	0

**Breakdown of an average Band D Council Tax bill of £1,804.69
for 2019/2020**



Council Tax

The 'Referendums Relating to Council Tax Increase (Principles) (England) Report 2020/2021' published on 20 December 2019 state that for the borough council the principles for 2020/2021 are an increase of 2% or up to £5, whichever is higher.

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

Council Tax base 2020/2021 51,980 band D properties

Assumed annual increase of 300 properties from 2021/2022

Council Tax 2020/2021

The proposed levels of council tax for 2020/2021 includes a £4.50 increase on a Band D.

BAND	2020/2021	BAND	2020/2021
	£		£
A	86.91	E	159.34
B	101.40	F	188.31
C	115.88	G	217.28
D	130.37	H	260.74



Council Tax Discounts

The only change to the Council Tax discounts for 2020/2021 that were agreed at Council in November 2019

Change for 2020/2021:

- Apply the maximum increases to the long term empty property premium starting from 1 April 2020.

	2020/2021
Empty for between 2 and 5 years	100%
Empty for over 5 years	200%



Fees and Charges

- Fees and Charges – general average increase of 1.7% for 2020/2021, the projected level of inflation by April 2020
- Car park charges increased in April 2018, but no increases since then .No across the board increases are being proposed. Proposal is to reinstate the 2-hour and 3-hour pricing structure from April 2020



Internal Drainage Board Levies

- Future funding of IDB levies charged to the Council still uncertain
- Fair funding review needs to address IDB funding
- Financial Plan includes 1.7% increase for 2020/2021 and then 2.0% for all other years of the plan
- IDB levies 2020/2021 £2.8m – 13% of Borough spend of £22m
- The Council will pay £54.10 per Band D to meet the IDB levies in 2020/2021



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
- Promote innovation
- Delivery timescales and lead in times
- Deliver enhancements



Capital Programme 2019/2024

	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	£	£	£	£	£
Major Projects	19,460,000	44,646,660	20,800,000	20,540,920	16,000,000
Central and Community Services	3,343,440	2,430,000	2,360,000	2,360,000	2,360,000
Commercial Services	2,711,000	1,599,280	658,280	131,300	20,000
Environment & Planning	7,500	-	-	-	-
Finance Services	100,620	50,000	50,000	50,000	50,000
Total	25,622,560	48,725,940	23,868,280	23,082,220	18,430,000
Exempt Schemes (Major Projects)	4,809,300	24,415,240	16,708,000	4,284,000	-
Total Capital Programme	30,431,860	73,141,180	40,576,280	27,366,220	18,430,000



Major Projects

- Major Housing Projects
- Examples
 - Lynnsport,
 - Marsh Lane
 - NORA phase 4 (modular)
 - Salters road
 - Alexandra Way, Hunstanton
- Enterprise Zone – infrastructure and speculative units

Operational Schemes

- Private sector housing assistance – Disabled Facilities Grants
- Vehicles
- ICT
- Leisure facilities – equipment and buildings refurbishment

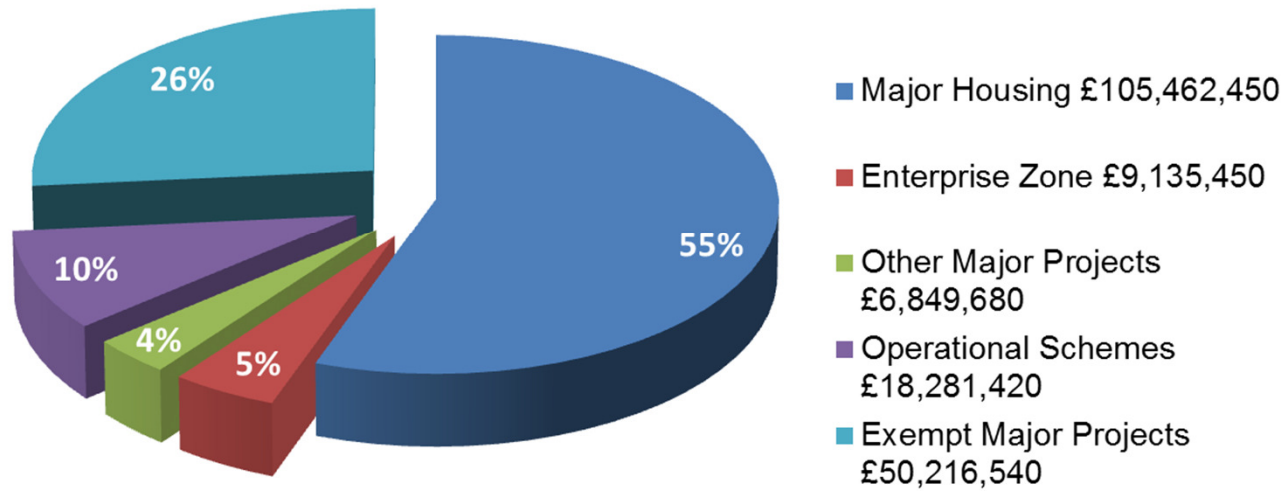


Corporate Capital Projects and Delivery of Efficiency Plan

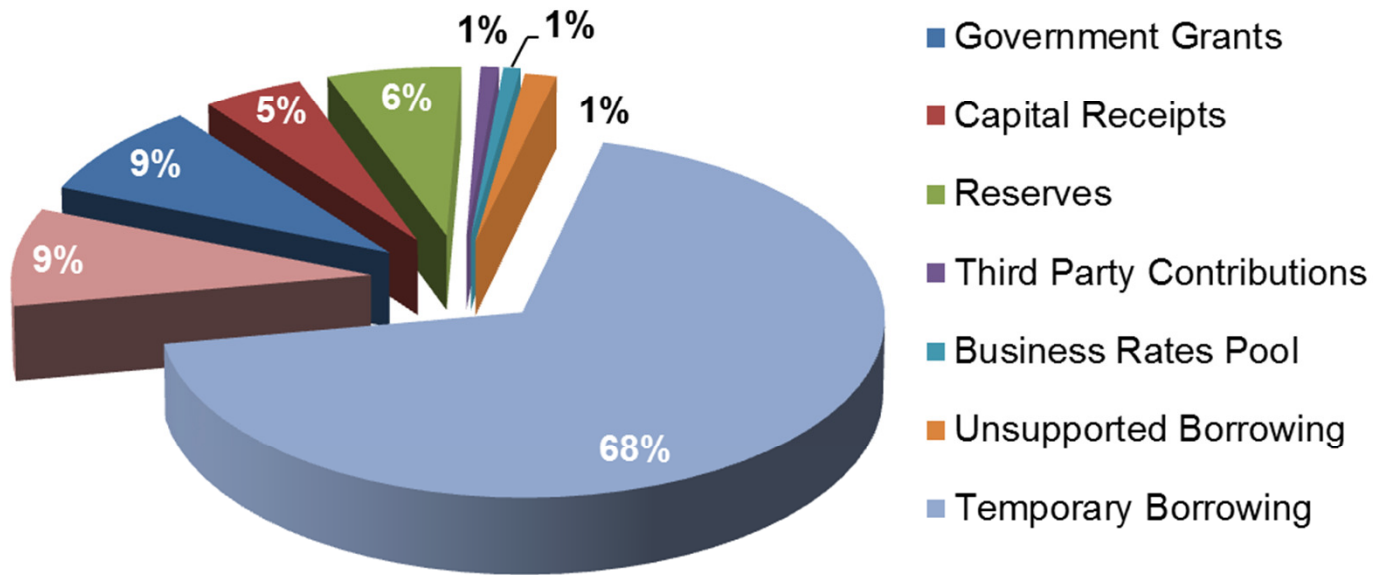
- Estimated new revenue income of £1.7m by 2023/2024 has been identified from capital investment opportunities and achievement is key to meeting the target savings
- Examples:
 - Cinema – Corn Exchange
 - Private rented housing – West Norfolk Property Ltd



Capital Programme 2019/2024



Capital Estimates 2019-2024 Funding



Questions?