

CABINET MEMBERS REPORT TO COUNCIL

25 September 2019

**COUNCILLOR ERIC SEWARD - CABINET MEMBER FOR FINANCE,
REVENUES & BENEFITS**

For the period August to September 2019.

1 Progress on Portfolio Matters.

Spending Review 2019 – the [Spending Round 2019](#) announcements were made on 4 September by Sajid Javid and set out the Government's spending plans for 2020/21. The detail of the announcements can be accessed [here](#). This is a one-year spending review and only covers the period 2020/21, the multi-year spending review is expected to be announced next year.

While the announcements brought some good news for the Local Government sector as a whole (although it could have gone much further), the real win and the bulk of the additional money was understandably focused towards social care which saw access to funding increase by £1.5b (£1b through a new grant and £0.5b through the adult social care precept).

We have also received confirmation that the Fair Funding Review, Business Rates Review and business rates reset have all been deferred by 12 months to 2021/22.

The key issues for us

Council tax - we are currently assuming that districts will again be allowed to increase council tax by the higher of £5 or 2.0% as in previous years although this has not as yet been confirmed and a technical consultation paper is expected in the near future on all the council tax proposals, including the adult social care precept.

New Homes Bonus (NHB) - NHB isn't mentioned other than in relation to a specific technical adjustment. Without any announcement about alternative plans it's probably safe for us to assume that the NHB will continue to operate under the same methodology as used for 2019/20.

Rural Services Delivery Grant - This grant isn't mentioned separately so again we are currently assuming that there will be no change in 2020-21.

Business Rates – the baseline funding levels for business rates will be increased by inflation so effectively the current business rates retention

system will stay in place for a further year and we won't now see any baseline reset in 2020/21 which again is good news although we will need to undertake some further detailed modelling to try and better understand what this means to us in cash terms.

Revenue Support Grant (RSG) – this is still subject to further clarification.

The finance team will need to model the impact of these proposals as more details are released over the coming weeks but it does look positive in terms of the forecast £2m budget deficit for 2020/21. However this is still all subject to confirmation and will be taken account of as part of updating the Medium Term Financial Strategy and the budget setting process.

While this may give us a little bit of breathing space there is still a lot of work to do in terms of addressing any future year's deficits and this still comes with the uncertainties around the Business Rates Review, Fair Funding Review and the 2020 Spending Review.

P4 BM report – the first budget monitoring report of the year went through Cabinet and O&S earlier this month and is currently forecasting a small overspend but the finance team will continue to monitor this position as we progress through the financial year.

2 Forthcoming Activities and Developments.

2019/20 Business Rates Pilot – the monitoring of the business rates pilot commenced during August and this will enable us to see how the pilot is progressing. However as indicated within previous reports this additional one-off income will only be taken account of once the final year end position is established.

Medium Term Financial Strategy (MTFS) – The MTFS will be presented to Members later in the autumn and will consider the financial challenges facing the Council over the next 4 years. This work will be used to inform the budget preparation for 2020/21.

Budget training – the finance team are looking to schedule in some further training sessions for Members on the budget process later in the year following the success of the sessions provided last autumn.

3 Meetings attended

Nothing further to report.