

Executive

Budget Update

Jan 2018

Impact of Settlement

- Local Government Funding Reform – consultation paper published
- Implementation 2020/21
- Business Rates Baseline reset 2020/21
- From 2020/21 all grants to be included in Business Rates Retention
- Business Rate retention at 75% - not 50% - but reset will reduce benefit of any growth
- Council Tax – referendum now at 3% (previously 2%) – 2018/19 & 2019/20
 - Increase included in Budgets £40k
- Business Rate Pilots – Worcestershire not approved as a pilot. Potential for further rounds of bidding
- Redditch to remain in GBS Pool for 2018/19
- No changes to NHB
- Consultation in Spring 2018 in relation to “negative “ grant – currently £330k in 2019/20

Impact of Settlement

- Local Government Funding Reform – consultation paper published – implementation 2020/21
 - Measuring need
 - Common cost drivers
 - Service specific cost drivers
 - Weighting formula
 - Advises that further detail on transition and locally raised income to follow in future papers
 - Set new baseline for funding allocations
 - Simple/ transparent/ Contemporary/ Sustainable/ Stable

New Homes Bonus

- No Change to Scheme for 2018/19
- Deadweight remains at 0.4%
- 2018/19 band D 31,617
 - 0.4% = 126.5 units
 - Growth 84 units
 - Therefore Below Baseline
 - Grant advised of £22k for 2018/19
 - Short **£196k** (£22k not £218k). £218k based on average of previous 3 years

Current Position

- Current Gap – £550k in 2018/19 - £1m in 2020/21
- Assumes 2% pay award for all staff
- Assumes income from new Leisure trading company
- Assumes 2.99% increase in Council Tax

Next Steps

- Further work on detailed savings / additional income to be prepared for Feb meeting
- Detailed rationale to demonstrate pressures
- Review of reserves statement
- Balances £1.8m – minimum £750k
- Balance the financial projections to 2021/22
- Agree budget February 19th 2018