

Committee: Cabinet

Date: 30 November
2017

Title: Finance Update and Budget Consultation
Outcomes 2018/19

Portfolio Holder: Councillor Simon Howell, Cabinet Member for
Finance & Administration

Key decision: **No**

Summary

Finance Update

1. The first Autumn Budget will take place on the 22nd November followed by the announcement of our provisional finance settlement in early December.
2. This is the third year of the multi-year settlement (a four year deal giving certainty of the levels of grant to be received).
3. In 2017/18 amendments were made to the distribution of the New Homes Bonus and further consultations have been undertaken in 2018/19.
4. The Council has entered into an agreement with all the Essex Authorities (with the exception of Thurrock) to apply to become a pilot area for 100% Business Rates Retention in 2018/19.

Budget Consultation

5. The council carried out two consultations on the priorities for the 2018/19 budget, one for Residents and one for Local Businesses.
6. The resident's consultation generated 1,779 (an increase of 164% compared to last year) responses and 21 (a decrease of 74% compared to last year) local businesses responded.
7. The priorities identified by respondees in both consultations were aligned, these being a clean and tidy district and planning how the district will develop.

Recommendation

8. No recommendations; this report is for information only and for members to note.

Financial Implications

9. None.

Impact

Communication/Consultation	None
Community Safety	None
Equalities	None

Health and Safety	None
Human Rights/Legal Implications	None
Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

Background

Finance Update

10. The Council's budget is supported by the following income/funding streams;

- Business Rates Income
- New Homes Bonus
- Council Tax
- Rural Services Delivery Grant
- Service Generated Income through our schedule of 'fees and charges'

Four Year Settlement

11. The 2016/17 settlement gave councils the opportunity to enter into a four year funding agreement, which would give greater certainty on future funding by giving settlement figures up to and including the financial year 2019/20.

12. It is proposed that unless there are any exceptional circumstances these funding commitments would not be altered.

13. Uttlesford took this opportunity along with 97% of other councils and it included Revenue Support Grant, Rural Services Delivery Grant and the Business Rates baseline and top up/tariffs.

14. 2017/18 was the final year that Uttlesford received Revenue Support Grant, this has now been withdrawn in 2018/19 and the calculations relating to the baseline need were adjusted to account for this. Although it is difficult to see a direct correlation between the two and there is still a reduction in our overall funding levels.

Business Rates Income

15. The Business Rates Retention Scheme is currently administered on 50% being retained within the local area, on a 40:10 split with Essex County Council (9%) and Essex Fire Authority (1%).

16. The current scheme allows for Local Authorities to retain 50% of all growth within the district. The growth is calculated as total income collected above our baseline need and we are then required to pay a levy charge on the total growth of 50% to central government.

17. Uttlesford are currently a member of the Essex Business Rates Pool, members of a pool combine their funding under the business rate scheme, effectively adding their numbers together for all elements of the funding calculation, such as the tariff and top-ups. The benefit to be gained is that collectively, it produces a lower percentage levy charge and this allows us to benefit further from the growth income.
18. In September 2017 central government announced that they were inviting further applications for authorities to become pilot areas for 100% business rates retention. The preferred criteria for applications are;
 - a. Two tier Areas
 - b. Functional Economic Areas
 - c. Promote Financial Stability
 - d. Evidence of how the growth will be reinvested
19. An application was submitted on 27 October 2017 which included all Essex Authorities, plus County and Fire but excluded Thurrock. A full report was submitted to Cabinet in October and can be viewed via the following link;
[100% Business Rates Pilot Cabinet October 17](#)
20. If the Essex wide bid is successful this would enable 100% of growth income to be retained within the local area.
21. If the bid is unsuccessful the authorities participating in the pilot bid will form a new pool, which still allows for a retained benefit in our levy payment albeit at a lower value.
22. The announcement of which areas have been successful in becoming a pilot will be announced as part of the provisional settlement in early December.

New Homes Bonus

23. In 2017/18 government amended the New Homes Bonus scheme, by introducing a 'deadweight factor' of 0.4% (this is deemed as natural growth) and a change of scheme from 6 years to 4 years, with 2017/18 being a transitional year reducing to a 5 year scheme.
24. Further consultation is being carried out for the 2018/19 funding allocations and this includes the continuation of the deadweight factor at 0.4%. Plus a proposal to withhold or reduce payments for properties where planning permission is granted on appeal.
25. The financial implications of the consultation are currently being assessed.

Consultation Outcomes

26. The council carried out two consultations one for Residents and one for local businesses on their views for the budget priorities for the 2018/19 financial year.
27. The full budget consultation reports are attached as follows
Residents – Appendix A
Local Business – Appendix B

28. The resident's consultation generated 1,779 (an increase of 164% compared to last year) responses and 21 (a decrease of 74% compared to last year) Local Businesses responded.

29. The following consultative methods were employed for the residents survey;

- Telephone survey (503 responses) undertaken by a professional market research company, NWA Social and Market Research Ltd on behalf of Uttlesford District Council
- Open public consultation. (1,145 responses)
 - The survey was distributed to every household in the district as an insert into the Council's magazine *Uttlesford Life*. A small number of additional copies of *Uttlesford Life* were distributed to libraries and the council's CIC points across the district
 - The survey was also promoted on the council's website from 4 to 25 September via an interactive form
- The budget questions were also included as part of Uttlesford Voices 15 (151 responses), the half yearly consultation questionnaire sent out to 500 members of the Uttlesford Citizens Panel.

30. The following consultative methods were employed for the local Businesses survey;

- a. Open public consultation. The survey was promoted by email to all enterprises registered on the Uttlesford Business Directory and was available from the Uttlesford District Council website
- b. The survey was also publicised to all businesses registered to receive the council's dedicated business e-newsletter
- c. The budget questions were also made available as a printed survey if requested. However, no paper questionnaires were requested.

31. The table below represents the priorities of each of the consultations; this shows that both residents and businesses are aligned in what they feel the council should focus on.

Key Services Priorities		
	Residents	Businesses
Emptying your bins and running the recycling service	1 st Priority (94.44%)	1 st Priority (90.48%)
Emptying bins for some businesses (paid for service)	N/A	2 nd Priority (84.62%)
Sweeping the streets, litter picking, clearing up fly-tipping and emptying public litter and dog bins (it was indicated that Town/Parishes are responsible for public litter bins)	2 nd Priority (87.67%)	= 3 rd Priority (83.33%)
Planning how the district will develop in the coming decades, including where new housing and businesses will be located	3 rd Priority (86.30%)	
Deciding planning applications and making sure new buildings and extensions are built according to approved plans and following building regulations	N/A	
Giving advice on work to listed buildings and work to protected trees	Lowest Priority (63.09%)	Lowest Priority (57.14%)
Other Services Priorities		
	Residents	Businesses
Working with the police and other organisations to keep Uttlesford safe	1 st Priority (90.31%)	1 st Priority (88.10%)
Enforcement work including prosecuting people for not paying Council Tax or council house rent, benefit fraud, fly-tipping	2 nd Priority (86.94%)	N/A
Promoting and supporting businesses in the area	N/A	= 2 nd Priority (83.33%)
Collecting Council Tax for Essex County Council, Uttlesford District Council, the police, the fire service, town or parish councils and collecting business rates	3 rd Priority (83.07%)	= 2 nd Priority (83.33%)
Collecting stray animals, microchipping dogs and cats and dealing with complaints from the public about pet and animal-related issues	Lowest Priority (60.45%)	Lowest Priority (56.41%)

Budget Proposals

32. Initial thoughts relating to the budget preparation process include proposals to support the consultation responses and a summary of these are listed below;

- a. Increase in the provision of litter pickers and delivery of refuse and recycling bins
- b. Allocation of funds to support Garden Community Delivery
- c. Increased resources for Planning enforcement and
- d. Increased resources for Building Control relating to the growth in businesses sited at the airport (offset by increased income)

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
None – this is a report for members to note			