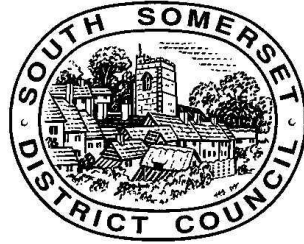


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District Executive - Thursday 4th January 2018

Supplementary Information

Agenda No	Item
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10.	<u>2018/19 Draft Budget and Medium Term Financial Plan Update (Pages 2 - 3)</u>
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The Government published the Provisional Local Government Finance Settlement on Tuesday 19 December 2017, after this report had been produced for publication.

This document details the implications for the SSDC draft budget position.

Agenda Item 10

2018/19 Draft Budget and Medium Term Financial Plan Update – Supplementary Information

Provisional Settlement 2018/19

1. The Government published the Provisional Local Government Finance Settlement on Tuesday 19 December 2017, after this report has been produced for publication.
2. The implications for the draft budget position are shown in the table below.

	2018/19 Draft Budget £000	Updated for Provisional Settlement £000	Difference £000
Revenue Support Grant	-268.9	-268.9	0.0
Rural Services Delivery Grant	-102.6	-133.4	-30.8
New Homes Bonus	-2006.4	-2007.2	-0.8
Business Rates Retention	-3,958.1	-3,980.3	-22.2
Total			-53.8

3. Revenue Support Grant (RSG): As determined through the multi-year settlement agreed in 2016, the Revenue Support Grant for 2018/19 has been confirmed and is in line with current estimates.
4. Rural Services Delivery Grant: This grant was expected to reduce from £133,400 in 2017/18 to £102,600 in 2018/19. However, through the provisional settlement this grant has been reinstated to the same amount as 2017/18, provided a one-off increase in funding in the budget of £30,800.
5. New Homes Bonus: The government has confirmed it does not plan to make any further changes to the grant calculations than those introduced in 2017/18. With the reduction in 'legacy payments' from 6 years to 4 years, and no grant given for the first 0.4% of housing growth, the grant amount for 2018/19 has been confirmed as £2,007,200. This is £800 more than our previous estimate.
6. Business Rates Retention: The baseline, tariff and S31 grant allocations within the business rates retention funding system have been updated to reflect the 2017 Revaluation of rateable values and the confirmed inflation uplift to the business rates multiplier.

Other key announcements with the Provisional Settlement

7. Revenue Support Grant: as part of the multi-year settlement agreed in 2016, a number of local authorities expected to see their share of funding through Revenue Support Grant (RSG) cut by more than 100%, resulting in "negative RSG". Our budget forecast for 2019/20 includes a negative RSG payment of £327,300. The Government has

indicated it intends to review this element of the settlement following strong opposition from local authorities, and will consult on alternative arrangements during 2018.

8. Council Tax: the limit for Council Tax increases has risen by 1%, to 2.99%. For shire districts such as South Somerset the limit is the greater of 2.99% or £5 on a Band D property. The limit for SSDC therefore remains at £5 (3.18%) in 2018/19 as previously expected, so there is no change to our budget position in respect of Council Tax.
 9. Business Rates Pool: the creation of a new Somerset Business Rates Pool has been agreed for 2018/19 under the current 50% retention system. The S151 Officers will review the up to date position to provide a final confirmation that the pool remains a viable proposition, with the formal decision to be confirmed with the final settlement. The SSDC draft budget does not include any pooling gains, which will be monitored and confirmed as part of the end of year position for 2018/19.
 10. 100% Business Rates Retention Pilot: Somerset was not included as one of the ten new pilot schemes for 2018/19.
 11. Fair Funding Review: The Government has confirmed it intends to continue with the review of the distribution of funding between local authorities, and is looking to implement any changes in April 2020. A technical consultation has been issued with a closing date of 12 March 2018.
 12. Capital Receipts Flexibility: Alongside the multi-year settlement the Government issued regulations enabling flexible use of income from capital receipts to pay for certain revenue costs that are incurred to enable local authorities to improve their financial sustainability. This flexibility was initially only for three years starting April 2016, but this has been extended for three further years, up to March 2022
 13. Planning Fees: The Secretary of State confirmed that local authorities will be able to increase planning fees by 20% where they commit to spending the additional income on their planning services.
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