

Budget 2019/20
Report of the County Treasurer

Please note that the following recommendations are subject to consideration and determination by the Cabinet (and confirmation under the provisions of the Council's Constitution) before taking effect

Recommendations:

It is recommended that:

- a) The Provisional Settlement of £101.5 millions be noted;
- b) The Council Tax increase that will trigger the need for a Referendum be noted as 3% for 2019/20; and
- c) Members note that the Devon application to be a 75% Business Rates Pilot in 2019/20 has not been successful.

1. Introduction

- 1.1 The Provisional Local Government Finance Settlement has been announced and is detailed below. In summary, the level of funding is broadly as expected. The Provisional Settlement also sets out some other grants the authority will receive, and these are set out in paragraph 2.5.
- 1.2 As the Provisional Settlement is as expected the 2019/20 Budget Targets set at the December Cabinet can remain unchanged.

2. Provisional Settlement

- 2.1 The Provisional Local Government Settlement for 2019/20 was announced on 13th December a week later than originally scheduled due to the ongoing Brexit debates. 2019/20 is the final year of the four-year settlement and the core funding Provisional settlement of £101.5 millions is as expected. As the authority was a 100% Business Rates Pilot in 2018/19 a direct comparison of our core funding is more difficult but on a like for like basis the 2019/20 Provisional Settlement represents a reduction, in cash terms, of £13.5 millions or 11.7%.
- 2.2 The provisional settlement has set the Council Tax increase that will trigger a referendum, excluding the Social Care Precept, at 3% for 2019/20; the same level as 2018/19.
- 2.3 The Adult Social Care Precept regulations have remained unchanged. In 2016/17, the Social Care Precept was capped at 2% per annum for the period 2016/17 to 2019/20. Members may recall that Government changed these regulations in 2017/18 and allowed Authorities to increase the precept to a maximum of 3% per annum over the period 2017/18 to 2019/20 as long as the total increase over the three years did not exceed 6%. The Council increased the Adult Social Care Precept by 3% in 2017/18 and 2% in 2018/19 leaving 1% available for 2019/20.

- 2.4 The Grants set out below were also announced as part of the Provisional Settlement, however, others are still awaited and members will be updated as part of the budget report in February.

	2018/19	2019/20	Increase / (decrease)
	£000	£000	£000
Refund from National Business Rates Levy Account	0	1,550	1,550
New Homes bonus	3,808	3,656	-152
Rural Services Delivery Grant	7,455	7,455	0

- 2.5 The Provisional Settlement also confirmed the Winter Pressures Grant of £3.6 millions, the Adult Social Care Grant of £6.1 millions and the Improved Better Care Fund Grant of £24.7 millions; all as expected.
- 2.6 The Department for Education has, since the Settlement, announced an additional £350 millions for Special Educational Need; of which £100 millions is Capital. The detail of this announcement is still awaited but early indications are that Devon's share of the revenue element could mean an additional £1.5 millions in both 2018/19 and 2019/20.
- 2.7 The timing of the Final Settlement is not known but if events follow the same pattern as recent years then the Final Settlement should be received in sufficient time for consideration at the scheduled budget meetings in February.

3. 2019/20 75% Business Rate Retention Pilots

- 3.1 In the summer the Government invited Local Authorities to apply to become 75% Business Rate Pilots. It had been hoped that the 2018/19 100% Pilots would continue into 2019/20 but this was not the case. Following the success of the Devon Pilot this year, the Devon authorities submitted a bid to join the new pilot scheme in 2019/20.
- 3.2 As part of the Provisional Settlement the Government has announced which applications have been successful and will therefore become 75% Pilots. Devon has unfortunately not been selected as one of the pilot areas; this is very disappointing but not entirely unexpected.

Mary Davis
County Treasurer

Electoral Divisions: All
Cabinet Member: Councillor Stuart Barker
Local Government Act 1972: List of Background Papers
Provisional Settlement 2018
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