

Budget 2020/21 Update 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:

- (i) The Provisional Settlement set out in paragraph 2.3 be noted;
- (ii) The increased Revenue Spending Targets for 2020/21 as set out in paragraph 3.4 are approved;

1. Introduction

- 1.1. At the December meeting of Cabinet Members set Revenue Spending Targets for 2020/21 that represented an overall increase of £31.9 millions or 6.4%. At that time the Provisional Local Government Finance Settlement had not been announced and due to the General Election, its timing was uncertain.
- 1.2. The state opening of Parliament took place on Thursday 19th December and on the 20th December, the Secretary of State for the Ministry for Housing, Communities and Local Government, Rt. Hon. Robert Jenrick MP, made a written statement to Parliament on the Provisional Local Government Finance Settlement 2020/21.
- 1.3. The Provisional Settlement is as expected and there is therefore an opportunity to increase the Spending Targets that were set in December. Increased Targets are set out in paragraph 3 of this report.

2. Provisional Local Government Finance Settlement 2020/21

- 2.1. The 2020/21 local government finance settlement is for one year only. It is, as expected, based on the Spending Round 2019 funding levels announced in September and the subsequent Consultation.
- 2.2. The main points are set out below:
 - 2.2.1. **Council Tax** – As previously announced at Spending Round 2019, the council tax referendum limit will be 2% for local authorities with social care authorities allowed a 2% social care precept. The provisional settlement confirmed districts will be allowed to apply the higher of the referendum limit or £5;
 - 2.2.2. **Business Rates Retention** – The three elements of the Business Rates Retention system (Baseline Need, NNDR Baseline and Tariff/Top Up amounts) have all increased by 1.63%, in line with the September 2019 CPI inflation figure;

- 2.2.3. **Revenue Support Grant** - As outlined in the technical consultation, RSG (for those authorities that still receive RSG in 2019/20) has increased in line with the Business Rates Retention system (+1.63%);
- 2.2.4. **Social Care Support Grant and Improved Better Care Fund** – Originally announced at Spending Round 2019, with further details provided in the technical consultation, the provisional settlement confirms the previously proposed national amounts and allocation methodologies;
- 2.2.5. **Rural Services Delivery Grant** – The 2020/21 national allocation of £81m and the methodology for distribution remain unchanged from 2019/20;
- 2.2.6. **Business Rates Pilots** – As expected, no new business rates pilots were announced for 2020/21, with all areas apart from the original 2017/18 pilot areas reverting to the 50% scheme. The 2017/18 pilot areas are to remain at 100%, or 37% for the Greater London Authority.

2.3. The Provisional Settlement for the County Council is:

	£000
Revenue Support Grant	546
Business Rates Central Government Top Up	80,654
Business Rates assumed Local Element	21,997
New Homes Bonus	3,526
Rural Services Delivery Grant	7,455
Social Care Support Grant	20,160
Improved Better Care Fund	28,271

3. 2020/21 Targets

- 3.1. Cabinet in December approved Revenue Spending Targets that totalled just under £530 millions which represented an increase of £31.9 millions or 6.4%.
- 3.2. Although the Final Settlement will not be received until late January or February the risk of the figures being very different is low. The December Targets were set in the context of great National uncertainty and were therefore cautious, as the Provisional Settlement is as expected there is now an opportunity to increase the Targets further to support key services.
- 3.3. Increased Revenue Spending Targets for 2020/21 are set out in paragraph 3.4. These now total just over £541 millions which represents an increase of £11.3 millions on the December Targets and an increase of £43.1 millions or 8.7% on 2019/20.
- 3.4. The Target for Adult Care & Health has increased by £7.7 millions which will allow for £6 millions of additional demand and price pressures and £1.7 millions for the recently announced enhancement of the National Living Wage. The Target for Children’s Services has increased by £2.5 million which is made up of £1 million for Public Health nursing, £500,000 for Social Care and £1 million for SEND personalised transport. The increased Targets also include £60,000 for additional legal support within Corporate Services and £1 million within Highways, Infrastructure and Waste to help with Drainage issues on the Highway network.

3.5. Increased Targets:

	2019/20 Adjusted Budget *	Inflation & Pressures	Savings & additional Income	2020/21 Budget	Net change	
	£000	£000	£000	£000	£000	%
1 Adult Care & Health	236,544	28,772	(5,058)	260,258	23,714	10.0%
2 Childrens Services	135,307	12,709	(1,171)	146,845	11,538	8.5%
3 Community Health, Environment & Prosperity	38,788	1,075	(150)	39,713	925	2.4%
4 Corporate Services	34,681	2,649	(170)	37,160	2,479	7.1%
5 Cross Council Savings Strategies	(1,941)	1,691	0	(250)	1,691	-87.1%
6 Highways, Infrastructure Development & Waste	54,718	3,740	(950)	57,508	2,790	5.1%
				0	0	
	498,097	50,636	(7,499)	541,234	43,137	8.7%

* Adjusted for permanent virements

Mary Davis County Treasurer

Electoral Divisions: All
 Cabinet Member: Councillor Stuart Barker
[Local Government Act 1972: List of Background Papers](#)
 Spending Round 2019 & Provisional Settlement 2020/21
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