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Executive Board, 19th December 2018

Agenda Item 18 (Initial Budget Proposal for 2019/20)

Supplementary Information

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EXECUTIVE BOARD – 19TH DECEMBER 2018 ADDENDUM TO AGENDA ITEM 18 – INITIAL BUDGET PROPOSALS FOR 2019/2020 report

Since the publication of the Initial Budget Proposals for 2019/20 report the Government announced the provisional Local Government Financial Settlement for 2019/20 on 13th December. The key features of this settlement as they effect the initial budget proposals for 2019/20 are outlined below along with the implications for Leeds City Council.

1. 75% Business Rates Retention

a) The Secretary of State announced that Leeds City Council's application to pilot 75% business rates retention as an expanded North & West Yorkshire business rates pool in 2019/20 has been successful, alongside 14 other pilots across England. This means that Leeds City Council will go from retaining 100% retention of business rates growth in 2018/19 to 75% retention in 2019/20.

b) The success of this bid safeguards an estimated £7.97m of funding included in the Council's Initial Budget Proposals (IBP), in which it was assumed that the pilot would be successful. Overall, the pilot brings additional funding to the Region of £29m, of which £6m will be used by the pool to fund regional projects with the remaining growth being returned to member authorities to enhance their financial sustainability.

2. Settlement Funding Settlement (SFA) 2019/20

a) There will be a reduction in SFA between 2018/19 and 2019/20 of £15.23m which is £0.11m less than the reduction anticipated in the Council initial budget proposals.

3. Winter Pressures and Social Care Grant

a) The provisional Local Government Financial settlement confirmed Leeds's allocation of the £240m and £410m that the Chancellor had announced in his autumn budget statement in October 2018. The £240m is to be spent on winter pressures in Adult Social Care and is primarily aimed at reducing 'bed-blocking' in the NHS whilst the £410m supports both Adult's and Children's Social Care.

4. Council Tax increases

a) For 2019/20 the Government has announced that core Council Tax, excluding the Adult Social Care (ASC) Precept, can increase by up to 3% without the need for a referendum. This is the same limit as 2018/19 and in line with assumptions in the Council's initial budget proposals.

b)The Adult Social Care precept levied on the Council Tax, which can only be used to fund adult social care, gave single tier authorities like Leeds the ability to increase Council Tax by up to 6% in total between 2017/18 and 2019/20. The Government confirmed that this flexibility would remain for 2019/20. To date Leeds has used 5% of the 6% ASC Precept

flexibility and the initial budget proposals assumes the remaining 1% will be utilised in 2019/20.

Recommendation:

1. That Executive Board note the implications of the provisional Local Government Financial settlement upon the 2019/20 initial budget proposals.