

Budget & Resources Scrutiny Committee

Spending Review Update

17 December 2020



Overall Headlines Local Gov

- Increase in Spending Power of 4.5%
 - £300m **One Off** Social Care (£150m new funding / £150m existing)
 - £700m ASC Precept (3% 2021/22)
 - Rolled forward £1bn Social Care Grant from 2020/21.
 - 2% General Council Tax Increase 21/22
 - CPI Increase to RSG and Business Rates Funding Baseline – 0.5%

Overall Headlines Local Gov

- COVID-19 Support for Councils 21/22
 - Sales, Fees and Charges Compensation Scheme extended by 3 months to 30 June 2021.
 - One-off S31 Grant of £1.55bn to support Councils in meeting the additional costs of COVID-19.
 - Council Tax Support Grant for Major Preceptors worth £670m.

New Homes Bonus 1 Further Year (No Legacy Payments) estimated £2.4m.

MKC Draft Budget

Base Budget

- 0.5% increase to RSG and Business Rates Baseline £0.260m (As expected)
- 1.99% Increase to General Council Tax £2.452m (As expected)
- 3% ASC (split 0.51% 21/22 and 2.49% 22/23)
- Pay Freeze above £24k – saving of £1.6m from 21/22 on previous forecast

Use of One-offs

- Sales, Fees and Charges Compensation Scheme – used in full as a one-off in 21/22 £2.000m estimated.
- COVID-19 General s31 Grant – Applied in 21/22, and 22/23, assumed share of £8m based on Tranche 4 allocation (TBC).
- Social Care Grant estimated at £1m share held in Contingency (One-Off)
- **MKC share of £1bn rolled forward was already in the MTFP – no change**

TBC –Pending further Information

- Council Tax Support Grant for Major Preceptors worth £670m
- £2.4m estimated share of New Homes Bonus – one-off funding not yet allocated.

MKC Budget Challenge 21/22

- Pre Covid we had a £14m budget deficit to 23/24
- Draft Budget now includes an additional: £14.181m
 - COVID-19 £12.513m Increased service pressures.
 - £1.668 Non COVID-19 service pressures
- £5.9m Losses on Council Tax and Business Rates impacted by COVID-19

MKC 21/22 Balancing Act.....

Baseline

- Business Rates Reset Deferred £7.800m
- New and Revised Budget Reductions and Income Proposals £9.183m (movement of £5.466m)
- Non Essential Spend Base savings £0.595m
- 0.51% ASC Precept £0.630m
- Pay Freeze >£24k saved £1.6m

One-Off Measures


- Sales, Fees and Charges Compensation £2.000m
- S31 COVID-19 Grant £0.879m
- BCF Funding pressure saved £1.6m for 2 years

Provisional Finance Settlement

Headline Summary	Draft Budget	Provisional Settlement	Change
	£m	£m	£m
Revenue Support Grant	-5.620	-5.623	-0.003
New Homes Bonus - 2021/22	-2.420	-2.471	-0.051
New Homes Bonus - Legacy Payments	-2.751	-2.751	0.000
Social Care Grant (rollover grant)	-4.830	-4.830	0.000
Social Care Grant (£300m))	-1.135	-0.326	0.809
Core Spending Power - Lower Tier Services Grant Allocations	0	-0.337	-0.337
COVID-19 s31 Grant	-8.383	-7.064	1.319
Total	-25.139	-23.402	1.737
2021/22 Allocations Not Announced:			
Public Health Grant			
Flexible Homeless Grant			
Domestic Abuse Grant			
CTS Grant (£670m total)			

Key Dates – MKC Budget

- 14 December – Draft Budget published/Budget Consultation starts
- 15 December – Cabinet: Council Tax Base & LCTRS Funding
- 17 December? – Provisional LGFS (one year only), referendum principles confirmed
- 22 December – DD: Draft Budget
- 31 January – Statutory deadline to set Council Tax Base
- 2 February – Cabinet: Final Budget
- 24 February – Council: Final Budget & Set Council Tax



**Thank you,
Any
Questions?**