

- Proposals for local authorities to retain 75% of Business Rates (from 2020/21). The original proposal was authorities to retain 100%.
- 3.7 Alongside the provisional settlement, the government also launched a separate consultation on the Fair Funding Review, for implementation in 2020/21. The consultation seeks views on how to simplify the existing scheme and also on the cost drivers and data sets to be used to evaluate need in each service.
- 3.8 A number of additional risks and issues have arisen since the agreement of the draft Budget, which need to be reflected in the Final Budget. These are summarised, together with any funding adjustments, in Table 1 and detailed further in **Annex B**.

Table 1: Changes to Ongoing Budget Proposals

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
Investing in Communities	0.740	(0.250)	0.000	0.000
Inflationary Pressures	0.280	0.465	0.167	0.179
Demand Pressures	0.119	0.000	0.000	0.000
Government Funding	(0.090)	(1.955)	2.045	0.000
Council Tax Increase (1%)	(1.050)	(0.033)	(0.034)	(0.035)
New Budget Amendments	0.505	0.004	0.004	0.004
Historic Budget Amendments	0.584	0.035	0.000	0.000
Debt financing Changes	(0.893)	0.000	(0.200)	(0.200)
Budget Reductions/Income Re-profiling	(0.195)	(0.035)	0.000	(0.353)
TOTAL CHANGES	0.000	(1.769)	1.982	(0.405)

Advanced Payment of Employer Pension Contributions

- 3.9 Under current Pension regulations, it is possible to pay employer pension contributions in advance rather than monthly. The Council is able to pay the employers contributions for 2018/19 and 2019/20 on 1 April in one lump sum at a projected cost of £21m.
- 3.10 Payment of the 2018/19 contribution in advance, would generate a discount of 2.7% and payment of the 2019/20 contributions, would generate a discount of 8.2%. Based on projected employer contribution liabilities, it is estimated that this payment in advance would generate a one-off saving of £1.243m over the two years. After taking into account the estimated small loss of interest on this cash balance, the net saving is estimated at £1.158m, as illustrated in Table 2.
- 3.11 Whilst there is a clear financial benefit that can be earned by making a payment in advance, this is based on projected returns on the pension fund over this period, using the Actuaries projected returns over the valuation period. In reality, actual returns will vary from this and could be higher or lower than the Actuarial estimate that has been used.