From: Paul Carter, Leader
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Subject: **KCC Autumn Budget Statement**

Classification: **Unrestricted**

Summary: This report sets out KCC's fiscal assumptions underlying the forthcoming 2016/17 budget proposals and Medium Term Financial Plan (MTFP). The assumptions have been drawn up ahead of the Chancellor's Autumn Statement and 2015 Spending Review (both due to be announced on 25th November). A verbal update on these key announcements and their impact on our assumptions will be made at the meeting although the local government finance settlement, which includes much of the detail, will not be announced until later in December (date yet to be confirmed). The updated assumptions from this report and subsequent announcements will be used as the basis of the national financial and economic context and budget strategy sections in the draft MTFP and draft 2016/17 budget due to be published on 11th January.

Recommendation(s):
Cabinet is asked to note the fiscal assumptions underpinning the forthcoming budget and MTFP and the potential impact of the Chancellor's announcements on 25th November.

Members are reminded that Section 106 of the Local Government Finance Act 1992 applies to any meeting where consideration is given to a matter relating to, or which might affect, the calculation of Council Tax.

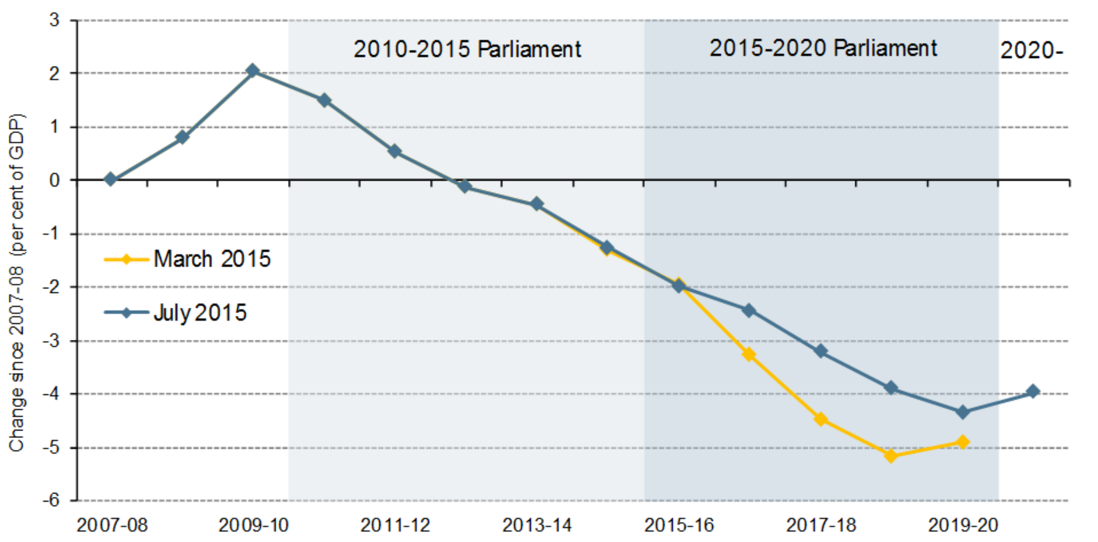
Any Member of a Local Authority who is liable to pay Council Tax, and who has any unpaid Council Tax amount overdue for at least two months, even if there is an arrangement to pay off the arrears, must declare the fact that he/she is in arrears and must not cast their vote on anything related to KCC's Budget or Council Tax.

1. Introduction

1.1 Setting the Council's revenue and capital budgets continues to be exceptionally challenging due to increasing spending demands and reducing funding. 2016/17 looks likely to be the most difficult yet due to a number of other contributory factors (many of which have unknown consequences). The most significant of these factors is that we do not have any spending plans from central government beyond 2015/16, other than projections calculated by the Office for Budget Responsibility (OBR), which underpinned the Chancellor's summer budget statement.

1.2 Reproduced below is a chart from the OBR's latest "economic and fiscal outlook" which shows the predicted trend for Resource DEL if the government is to meet its deficit reduction target over the lifetime of the current parliament. Resource DEL represents the portion of public spending delegated to government departments, this includes the grant funded elements for local government services i.e. the element funded out of un-ring-fenced grants[1] and ring-fenced specific grants e.g. Dedicated Schools Grant, Public Health Grant, grants to fund capital expenditure on roads and infrastructure, Asylum Grant, etc.[2] The other portion of public spend is Annually Managed Expenditure (AME) which principally includes welfare spend but also includes locally financed spending for local government services i.e. the element funded out of Council Tax and retained business rates .

Chart 1.6: Resource DEL as a share of GDP in successive Parliaments



Note: RDEL series excludes major historical switches with AME. Details are in the supplementary fiscal tables on our website.
Source: OBR

1.3 The OBR forecast suggests reductions in spending as a % of Gross Domestic Product (GDP) are likely to be similar to those over the previous parliament. However, we will not know the impact for individual departments until after the Spending Review announcement. The Resource DEL is likely to be protected for some services (health, schools, defence, overseas aid), this means the reductions for unprotected departments (including grant funded local authority activity which is the largest unprotected budget) would be greater. The Institute for Fiscal Studies (IFS) has predicted the reduction could be as much as 12.6% in real terms for unprotected departments (excluding the impact of additional spending demands).

1.4 This report is not solely focussed on funding assumptions from central government. The report also includes analysis of funding assumptions from other sources i.e. Council Tax and Business Rates. This analysis includes an initial assessment of the Chancellor’s announcement about the future of business rates, although much of this is conjecture as the detail hasn’t been determined.

1.5 The report also considers the impact of additional spending demands on the budget in order to complete the picture on fiscal assumptions. During recent consultation we have been emphasising the reality that additional spending

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[1] Reported as part of Resource DEL for the Department for Communities and Local Government (CLG)
[2] Reported under Resource DEL for the relevant department e.g. Department for Education (DfE), Department of Health (DoH), Department for Transport (DfT), Home Office, etc.

demands have been a bigger factor in contributing to the £433m savings we had to make since 2010 than funding reductions from central government. The fiscal assumptions suggest this trend will continue and if anything shift even further towards the need to find ways to fund additional spending demands.

2. Central Government Funding

2.1 The published MTFP for 2015/18 included our assumptions about the level of funding in the Local Government Finance Settlement for 2016/17 and 2017/18. These assumptions are shown in table 1 below. The settlement includes Revenue Support Grant (RSG) and Business Rate Baseline (BRB). It is worth noting that under the changes made in 2013/14 both RSG and BRB include a number of former separate grants[3] as well as the previous Formula Grant (which itself included the transfer of various other grants in 2011/12). These transfers have been explained in full in previous versions of the MTFP and are summarised in Appendix 1 which sets out on the best possible like for like basis the impact of reductions and transfers over the last 5 years.

Table 1	2015/16	2016/17 Assumption		2017/18 Assumption	
	£m	£m	%	£m	%
Total Settlement	331.545	304.8	-8.2%	274.0	-10.0%
of which:					
Revenue Support Grant	161.005	130.0	-19.3%	95.0	-26.9%
Business Rate Baseline	170.540	174.8	2.5%	179.0	2.5%
of which:					
Top-up	122.939	126.0	2.5%	129.0	2.5%
Local Share (9%)	47.601	48.8	2.5%	50.0	2.5%

2.2 The assumptions have generally been rounded to the nearest £million as it would be pointless to show these to any greater degree of accuracy (on the basis this could imply a level of precision which is not merited). For 2016/17 we also assumed a further £5m of separate grants[4] would be transferred into the RSG/BRB settlement, which effectively means the reduction is close to the 10% assumed for 2017/18. In preparing the MTFP for 2016/19 we are assuming a further 10% reduction in the overall settlement for 2018/19 reducing it from £274m in 2017/18 to £247m in 2018/19. These assumptions are within the 25% to 40% range departments were asked to consider in the Spending Review and will be updated following announcements of the Spending Review and provisional Local Government Finance Settlement.

2.3 Since we made the original assumptions in the published MTFP it is now likely that the uplift on BRB could well be less than the 2.5% we assumed. We will not know until the business rate multiplier is confirmed in December (this is usually based on September RPI, which this year was only 0.8%). We also have no indication whether the overall settlement will reflect a lower

[3] Including Council Tax Freeze, Early Intervention Grant, Learning Disability Grant, Council Tax support, etc.
[4] Business Rates Compensation, Extended Free Travel, Lead Local Flood, etc.

business rate multiplier, or whether there will be compensation via a lesser reduction in RSG than assumed.

2.4 Since the current arrangements were introduced in 2013/14 the individual grants within the settlement have not been recalculated and have simply been reduced pro rata. CLG have been criticised about this approach, in particular the National Audit Office (NAO) report “financial sustainability of local authorities” published in November 2014 concluded that authorities had faced a 37% reduction in central government funding in real terms[5]. The report also concluded (among other things):

- *CLG’s main indicator of the change to local authority income does not give it a measure of the scale of financial challenge facing local authorities over time* – criticism of spending power calculation
- *Authorities that depend most on government grants have been affected most by government funding reductions and reforms* – criticism of pro rata reductions
- *CLG expects local government to manage future funding reductions by transforming the way they deliver services but has limited understanding of the size and timing of resulting savings*
- *CLG used partial information to comment to HM Treasury on a proposed 10% reduction in the main component of government funding to local authorities in 2015/16* – criticism of input into previous Spending Review
- *CLG does not monitor the impact of funding reductions on services in a coordinated way*

2.5 We endorse all of these NOA conclusions and that as a consequence there are real concerns about the financial sustainability of some local authorities. Our only issue is that the NAO did not also take into account in their report the additional spending demands which authorities have faced over the last 5 years. We are optimistic that CLG has had regard to these NAO conclusions and submissions made as part of current Spending Review leading to better targeted funding changes in future settlements. This gives us cause to be hopeful that settlements could be better than the 10% reduction per annum currently included in fiscal assumptions outlined in in table 1 and paragraph 2.2.

2.6 KCC has a standing policy that we must change ring-fenced spending in line with any changes in specific grants from CLG and other government departments. This ensures a fiscally neutral impact and that the council does not end up topping-up funds following specific grant reductions from the overall funding available through the settlement, Council Tax/Business rates, and any other un-ring-fenced grants which constitute the council’s net budget requirement. Specific grants usually get announced around the same time as the local government finance settlement although have also been known t follow some time later.

3. Other Sources of Funding

[5] Compatible with the 30% reduction in cash terms shown in appendix 1 after taking into transfers

Council Tax

3.1 The county's share of Council Tax is the most significant source of funding. In 2015/16 Council Tax funded over 60% of the net budget requirement. The Council Tax assumptions comprise of 3 key elements:

- The tax base – largely governed by legislation with discretionary aspects determined by district councils
- The band D tax rate – determined by county/district/police/fire/parish for their particular areas
- Collection fund balance – calculated by districts

3.2 The tax base is calculated by district councils. We usually receive notification of provisional base calculations during December and the final tax base calculations have to be supplied by the end of January. The key elements of the tax base are the number of properties on the Valuation Office Agency (VOA) list, number of exemptions, single person's discount and impact of council tax reduction schemes. Other lesser issues which affect the tax base are empty property discounts, losses on collection and estimated new builds. Table 2 shows the composition of the 2015/16 tax base estimate.

Table 2	Number of Dwellings	Band D Equivalent
Total on VOA List	644,583	635,704.13
Exemptions	12,163	-10,952.78
Disabled Reductions	*3,502*	-569.65
Net Dwellings	632,420	624,181.70
25% Single Persons Discount (SPD)	*208,872*	-46,923.73
Council Tax Reduction Schemes (CTRS)	*78,567*	-65,188.45
Empty Properties	*3,291*	-2,594.15
Other Discounts & Premiums	*2,021*	-262.28
Estimated New Dwellings	2,235	2,520.85
Contributions in Lieu		512.67
Losses on Collection		-8,541.08
Net Collectable Tax Base	634,655	503,705.54

Note figures in italics are not included in the totals for number of dwellings

3.3 The tax base has been steadily increasing over a number of years, with annual growth typically around 0.7%, mainly due to increased number of properties on VOA list. We have traditionally taken a cautious approach to planning for tax base increases and allowed 0.5% per annum increase within the fiscal assumptions for future years.

3.4 In each of the last 2 years we have witnessed larger increases (1.7% per annum). The higher than usual increase between 2013/14 and 2014/15 was put down to the one-off impact of transitional arrangements for Council Tax Reduction Schemes (CTRS)[6]. Analysis of the change in the tax base between 2014/15 and 2015/16 shows that around half is due to increase in the number of dwellings, around a third is due to less support being provided through CTRS, and the remainder due to other changes in discounts/exemptions and collection rates. This indicates that issues around the level of CTRS discounts are having an ongoing impact on the tax base and increases from new dwellings are slightly higher than historical trends.

3.5 We have been working with district councils to develop common arrangements for the calculation tax base estimates. The aim is to provide better information about the underlying factors behind tax base changes (demography, economic factors, local policy choices, etc.) as well as providing a more robust estimate. In particular we need to develop a better understanding of how employment levels and welfare reforms impact on CTRS now that schemes are embedded.

3.6 In the published MTFP for 2015/18 we had allowed for the customary 0.5% increase for new dwellings, but at the time we did not have sufficient information to include any impact on CTRS. We are now satisfied that we can increase this assumption to 1% in the revised budget plans for 2016/17. This is less than the 1.7% we have seen in the last 2 years as there are still concerns that welfare reforms proposed for 2016/17 could result in an increase in CTRS claims and discounts. We have agreed with districts to undertake a fundamental review of CTRS for 2017/18, and pending the outcome we have left future assumptions of tax base growth at 0.5% for future years.

3.7 The fiscal assumption for the KCC band D rate is based on an annual increase which does not exceed the referendum threshold (currently 2%). The referendum threshold has to be approved by parliament each year. In our current fiscal model the only increased funding likely to be available to fund additional spending demands comes from increased tax base and increases in the band D rate. Over the period of the current MTFP (2015/18) and the proposed MTFP (2016/19) this increased funding is not sufficient to cover all the anticipated additional spending demands. This means that additional savings need to be found not only to compensate for the anticipated funding reductions from central government, but also to cover the shortfall between spending demands and locally raised taxation.

3.8 We have also seen the in-year collection fund surpluses increase in recent years. In 2013/14 KCC's share of the declared surplus from the previous year was £2.2m, in 2014/15 this rose to £4m, and in 2015/16 it was up to £7.1m. Whilst a surplus is better than a deficit we need to work with district councils to arrest this rising trend, particularly as we have no indication of the level of collection fund balances until very late in the budget cycle. One of the aims from developing common arrangements is to produce more robust tax base estimate on which the budget is set. This should ensure lower collection fund surpluses in future. Traditionally the fiscal assumptions in the MTFP are

[6] Transitional protection limited the reduction in working age benefits to 8.5% compared to the default scheme which replicated previous Council Tax Benefit arrangements

based on zero balance as any surplus/deficit is one-off funding with the ongoing impact factored into tax base calculation.

Business Rates

3.9 Currently KCC's share of the localised business rates is relatively small. In two tier areas the business rates proceeds are split 50:40:9:1 between central government/district councils/county council/fire authority. KCC's 9% share in the BRB is £47.6m (as identified in table 1) based on historical tax base. Our 9% share of the estimated yield for 2015/16 (as with Council Tax we rely on district council estimates of the business rate tax base) is £49.2m. The additional £1.6m represents KCCs share of the growth compared to historical base.

3.10 The fiscal assumption in the MTFP for the local share of business rates income includes the £1.6m from previous growth (as identified in paragraph 3.9) but no further growth assumptions for 2016/17 and beyond. The County Council's share of any future growth is sufficiently small to be considered as immaterial in the fiscal assumptions. We have entered into a pool with a number of Kent districts and the Fire authority. The pool has a number of benefits from partnership working and sharing of risks. The County Council receives a share of the additional income available to the pool arising from the pool's ability to retain a greater share of business rate growth. This additional income is factored into the fiscal assumptions, although as with the local share of business rates we have not included any estimate for future growth.

3.11 The business rate tax base is more volatile than the Council Tax base, not least due to the large number of outstanding appeals from the quinquennial review of rateable values. A safety net protects authorities from unmanageable reductions in business rate tax base. The safety net is calculated as 92.5% of the total BRB. This means that after taking account of the top-up arrangements KCC's local share of the business rate would have to fall to £34.8m before the safety net kicks in. A fall of this magnitude would have significant economic consequences far greater the £14m loss on funding to the County Council.

Other

3.12 Income from other sources e.g. charges for services, contributions from other agencies, etc., is used to net down expenditure and does not contribute towards the net budget requirement. Changes in this income are reflected in savings plans. The funding assumptions in the approved 2015/18 MTFP and the latest estimates for the draft 2016/19 plan are shown in table 3 below.

Table 3	2015/18 MTFP					2016/19 Draft MTFP					
	2015/16	2016/17		2017/18		2016/17		2017/18		2018/19	
	£m	£m	%	£m	%	£m	%	£m	%	£m	%
Council Tax											
Base	549.0	551.8	0.5%	565.6	0.5%	554.8	1.0%	568.6	0.5%	582.9	0.5%
Band D Rate		11.0	2.0%	11.3	2.0%	11.1	2.0%	11.4	2.0%	11.7	2.0%
Collection Fund	7.1	0.0		0.0		0.0		0.0		0.0	
Business Rates											
Baseline	47.6	48.8	2.5%	50.0	2.5%	48.8	2.5%	50.0	2.5%	51.0	2.0%
Share of Local Growth	1.6	1.6		1.6		1.6		1.6		1.6	
Collection Fund	0.5	0.0		0.0		0.0		0.0		0.0	
Pool Income	1.0	1.0		1.0		1.0		1.0		1.0	

4. Future Business Rates Retention

4.1 The Chancellor of the Exchequer has announced his intention to allow local authorities to retain all of the proceeds from business rates raised locally. We have very little information how this arrangement will work and CLG has already said that it expects detailed and inclusive consultation with local government throughout 2016. CLG expects the necessary legislation to be drafted at the earliest opportunity (although this will not include much of the detail which would follow in regulations) and new arrangements to be implemented by the end of the current Parliament.

4.2 The announcement included ending the current grants funded from business rates (principally RSG), whilst retaining the existing principle of redistribution as a core part of the system. The current redistribution ensures that funds from areas with a high business rate yield (and low resident population needs) are redistributed to areas with high resident population needs (and low business rate yield). This redistribution under the new system is likely to be based on enhanced system of tariffs and top-ups. KCC has previously supported the concept of redistribution (even though the business rate yield in the county is higher than the amounts returned through the existing grant mechanisms and tariffs/top-ups). The announcement also indicated the abolition of current levy arrangements but retention of some sort of safety net protection from reductions in business rate income.

4.3 The announcement was clear that local government would continue to contribute to the programme of "fiscal consolidation" during the period of the forthcoming Spending Review. It was also clear that the new arrangements would be fiscally neutral. In other words we can expect to continue to see further reductions in RSG prior to the introduction of new arrangements and the new arrangements would come with additional responsibilities commensurate with the additional business rate income to be retained by authorities.

4.4 The announcement also included the ability for local authorities to be able to reduce business rates that individual businesses are asked to pay (but no detail how this power might work). It also included the ability for elected mayors to increase the rate in £ by 2p to fund infrastructure investment (although no detail how this differs from the existing power for upper tier authorities to levy supplementary business rates for economic development purposes).

4.5 The announcement is welcome, especially as it will allow authorities to retain a greater share of business rate growth (and thus an added incentive to promote growth). However, it is clear it will not be a panacea for the budget challenge over the next 2 to 3 years and much of the detail has not yet been considered let alone resolved. The combination of this announcement and the Spending Review carries a risk that RSG and other grants could reduce at a faster rate than our current fiscal assumptions outlined in this report.

5. Spending Demands

5.1 As well as estimates of future funding the MTFP also includes fiscal assumptions about future spending demands. As identified in paragraph 3.7, the additional funding estimated from Council Tax is generally not sufficient to cover all these demands. The estimated pressures include annual demands for reward payments for staff in the Kent scheme, pay increases for staff in other pay schemes, price increases on contracts, demands on services arising from demographic trends and the impact of financing additional borrowing within capital programme.

5.2 The spending demands also include any known issues from legislative changes and service strategy and improvement issues for individual services. In recent years we have also had to include the pressure to replace the use of one-off funding from reserves and underspends used to fund ongoing activity within the current year's budget. For the later years we have traditionally included a provision for emerging pressures.

5.3 Since 2014/15 the fiscal assumptions for both spending demands and funding in the later years of the MTFP have been set out in a high level summary showing the overall amount under each heading but no detail. Previously the MTFP had detailed plans for individual directorate/portfolios for three years, however, experience proved that the estimates for later years were unreliable and underwent substantial alteration as the plan was rolled out.

5.4 Detailed plans are published for the first year of the MTFP providing much more information about the assumptions underpinning the forthcoming budget. Even so experience has taught us that the allocation of some of the spending demands cannot be finalised in time for the publication of the draft budget and MTFP in January e.g. the impact of Kent scheme pay rewards, as full information is not available. The overall amount is a robust estimate, but the allocation cannot always be finalised prior to publishing the final budget in March after County Council approval.

5.5 The recent budget consultation included an update of the spending demands for 2016/17 and 2017/18 from those published in the approved MTFP for 2015/18. The consultation identified revised demands totalling £58.3m for 2016/17 and £41m for 2017/18 (compared to £56.4m and £38.1m in the approved MTFP). The new draft MTFP for 2016/19 is scheduled to be published on 11th January and will include further revised updates to take account of latest activity levels from the second quarter's monitoring reported elsewhere on this Cabinet agenda, latest inflation forecasts, and any other updates to ensure budget estimates are as robust as possible.

5.6 There are two significant risks which have not been included in the spending demand estimates to date, pending confirmation of funding arrangements in the Spending Review/Autumn Statement/local government finance settlement:

- Introduction of National Living Wage
- Unaccompanied Asylum Seeker Grant

5.7 In the Summer Budget the Chancellor of the Exchequer announced the introduction on new National Living Wage (NLW) to replace the Minimum Wage. He announced that the rate outside London would be £7.20 from April

2016 (compared to a Minimum Wage of £6.50 per hour rising to £6.70 per hour from October 2015). The NLW is to be paid to all employees aged 25 and over, and is set to rise to 60% of median earnings (estimated £9 an hour) by 2020. The Budget Statement did not give any indication how the new policy would be funded either for the public sector settlement or the whole economy through taxation measures (unusually there was no mention of the cost of this announcement in the Budget Policy Decisions section of the report).

5.8 There is no immediate impact of NLW on Kent scheme employees as the bottom rate of KR2 scale is already more than £7.20 an hour. There will be an impact over time as this bottom rate would have to be accelerated at a faster rate than we have been able to pay in the last 2 years (which has included a minimum increase for the lowest paid staff at a higher percentage than the rewards for higher graded staff as part of KCC's long term aspiration of paying the rate recommended by the Living Wage Foundation).

5.9 There is much greater potential impact of NLW on contracted services, particularly social care contracts where many employers pay minimum wage. We are conscious that NLW will be a significant burden for these employers (as well as a number of other cost pressure issues) and contracts will have to be renegotiated. However, until we have a clearer idea whether (and if so, how) this government policy is to be funded it's difficult to make much headway on renegotiation, or include a figure in budget plans. This will need to be resolved before draft budget is published in January.

5.10 In the quarter 2 budget monitoring report we have identified a forecast overspend of £2.2m on support for unaccompanied asylum seekers. The grant arrangements for unaccompanied asylum seekers were changed this year, with a daily rate paid for those aged under 16 and those aged 16/17 (£114 and £91 respectively), and a weekly rate (£150) for those leaving care aged 18 plus. We have been given assurances that the influx of migrants over the summer will be fully funded and we have recently received notification of enhanced rates for 2015/16 (as reported in the monitoring report which has reduced the forecast overspend) but these have not yet been confirmed for 2016/17. Therefore, at this stage the fiscal assumptions presume that additional grant will be forthcoming and there will be no need to top-up asylum funding (or transfer costs of asylum as an added additional spending burden to be funded out of the net budget requirement).

6. Financial Implications

6.1 Table 4 shows the combined impact of our latest fiscal assumptions for central government grant, Council Tax and business rates leading to a forecast 5.6% cash reduction in the net budget requirement over the three years of the 2016/19 MTFP. Extending this trend over a fourth year gets close to the 12.6% reduction in real terms predicted by IFS (real terms reduction measures cash reduction against growing GDP and thus is inflated) although we have no detail how the IFS prediction has been calculated.

Table 4	2015/16	2016/17		2017/18		2018/19	
	£m	£m	%	£m	%	£m	%
Local Taxation							
Council Tax (incl. Collection Fund)	556.113	565.9	1.7%	580.0	2.5%	594.5	2.5%
Business Rates Local Share (excl. Pool)	49.678	50.4	1.4%	51.6	2.4%	52.6	1.9%
Un-ring-fenced grants							
RSG	161.005	130.0	-23.9%	95.0	-26.9%	64.0	-32.6%
Business Rate Top-up	122.939	126.0	2.5%	129.0	2.5%	132.0	2.0%
Other	26.744	21.8	-22.7%	21.8	0.0%	21.8	0.0%
Net Budget Requirement	**916.478**	**894.1**	**-2.5%**	**877.4**	**-1.9%**	**864.9**	**-1.4%**

6.2 The combination of the fiscal funding assumptions (net £22.4m reduction) and spending demands (£58.3m increase in 2016/17) leads to the need for £80.7m of savings in 2016/17 (estimated £190m over the 2016/19 MTFP).

7. Conclusions

7.1 As indicated at the start of this report setting the budget is increasingly more challenging. The pattern of rising spending demands and reduced funding looks set to continue over the next 3 years; funding remains uncertain pending the Spending Review and local government finance settlement; and increasingly there are some big risks and/or unknown factors influencing the budget. The up-shot is that although we are planning for a modest Council Tax increase and the Council Tax base is growing faster than we had assumed, we still need to find substantial savings each year to balance the budget of an unprecedented scale.

7.2 Our scope for finding savings of this magnitude becomes increasingly more difficult as there is only so much which can be delivered through efficiencies and transformation. Inevitably this means we will have to look at other ways to balance the budget including reducing demand or managing down demand for services.

7.3 We have refocused budget consultation with a greater emphasis on communication campaign on the scale of the challenge and on the spending demands rather than funding reductions. This change in emphasis is consistent with the demand management approach which will be needed. As part and parcel of this members and managers throughout the organisation need to constantly challenge any additional spending and seek out alternative funding sources or delivery arrangements to ensure there is no impact on the net budget for the council.

8. Recommendations

8.1 Cabinet is asked to note the fiscal assumptions underpinning the forthcoming budget and MTFP and the potential impact of the Chancellor's announcements on 25th November.

9. Contact details

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Glossary

AME – Annually Managed Expenditure
BRB – Business Rate Baseline
CLG – Department for Communities and Local Government
CTRS – Council Tax Reduction Schemes
DfE – Department for Education
DfT – Department for Transport
DoH – Department of Health
GDP – Gross Domestic Product
IFS – Institute for Fiscal Studies
MTFP – Medium Term Financial Plan
OBR – Office for Budget Responsibility
NAO – National Audit Office
NLW – National Living Wage
RPI – Retail Prices Index
RSG – Revenue Support Grant
SPD – Single Person’s Discount
VOA – Valuation Office Agency

Appendix 1

	2006/07 £m	2007/08 £m	2008/09 £m	2009/10 £m	2010/11 £m	2010/11 Adj £m	2011/12 £m	2011/12 Adj £m	2012/13 £m	2012/13 Adj £m	2013/14 £m	2014/15 £m	2015/16 £m
Kent													
Returned Business Rates	189.6	195.8	227.7	217.1	240.8	240.8	241.4	241.4	297.7	297.7			
Revenue Support Grant	36.6	32.9	31.7	50.1	35.0	35.0	74.6	74.6	5.8	5.8			
Added In						85.4		14.3		128.0			
New Business Rate Baseline											164.1	167.3	170.5
New Revenue Support Grant											246.7	213.1	161.0
Total	226.2	228.7	259.4	267.2	275.7	361.1	316.0	330.3	303.4	431.4	410.9	380.4	331.5
		1.1%	13.4%	3.0%	3.2%		-12.5%		-8.1%		-4.8%	-7.4%	-12.9%
Shire Counties													
Returned Business Rates	2,589.1	2,723.6	3,242.4	3,121.8	3,486.6	3,486.6	3,473.0	3,473.0	4,280.5	4,280.5			
Revenue Support Grant	499.8	457.1	451.4	720.6	506.3	506.3	1,073.5	1,073.5	83.0	83.0			
Added In						1,212.1		216.0		1,786.7			
New Business Rate Baseline											2,329.5	2,374.9	2,420.3
New Revenue Support Grant											3,501.6	3,033.0	2,350.7
Total	3,088.9	3,180.6	3,693.8	3,842.4	3,992.9	5,205.0	4,546.5	4,762.6	4,363.4	6,150.2	5,831.2	5,407.9	4,771.0
England													
Returned Business Rates	17,500.0	18,500.0	20,500.0	19,500.0	21,500.0	21,500.0	19,000.0	19,000.0	23,119.0	23,119.0			
Revenue Support Grant	3,378.1	3,104.7	2,853.8	4,500.9	3,122.0	3,122.0	5,873.0	5,873.0	448.2	448.2			
Added In						3,659.1		652.2		6,832.7			
Police (removed)										-3,213.2			
New Business Rate Baseline											10,898.6	11,110.9	11,323.2
New Revenue Support Grant											15,175.4	12,674.8	9,509.4
	20,878.1	21,604.7	23,353.8	24,000.9	24,622.0	28,281.1	24,873.0	25,525.1	23,567.2	27,186.7	26,074.0	23,785.6	20,832.5

Notes

Funding for 2010/11, 2011/12 and 2012/13 is adjusted to reflect the transfer into the main settlement of previous separate grants e.g. Area Based Grant, Council Tax Freeze Grant, Council Tax Support, etc. to allow valid year on year comparisons
Adjusted 2010/11 includes in-year reductions in some grants transferring into main settlement in 2011/12 and thus does not reflect full impact of reductions
Reductions in 2011/12 and 2013/14 do not include impact of Early Intervention Grant (EIG) or Local Authority Central Share Equivalent Grant (LACSEG) which compound reductions in RSG
Shire counties between 2006/07 to 2008/09 exclude the seven counties which adopted unitary status in 2009 for consistency of presentation