

Resourcing assumptions and future risks

The Council's budget is funded from a combination of Council Tax, Business Rates, Fees and Charges, Specific Government Grants (which can only be spent on ring fenced areas) and General Government Grants (with no or very limited restrictions on use). The level of funding available through each of these sources is subject to change and different levels of risk.

Business Rates

The Council collects Business Rates for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform Business Rate set nationally by Central Government. The Council retains a proportion of the total collectible rates due. Since 2017/18, the Council has been part of the 100% retention pilot for Greater Manchester which means that the Council retains 99% of total collectible rates, with 1% distributed to the Greater Manchester Fire and Rescue Authority. The Council no longer receives any Revenue Support Grant or Public Health Grant from Central Government as a result.

The Business Rates regime, includes a number of reliefs such as Small Business Rate Relief, Charitable Occupation Relief, Retail Discount Relief and specific COVID related reliefs. Where mandatory reliefs are awarded by the Council, the loss in business rates revenues is reimbursed by Government through grant. The Council also receives a 'Top-Up Grant' for the difference between the level of business rates it is able to collect and the level that Government assesses the Council needs as part of the finance settlement.

The total forecast income from Business Rates and related grants reflects the business rates baseline and top up grant figures in the provisional local government finance settlement and will be finalised in February. Any Business Rates income in excess of forecasts will be taken to reserves for future investment. If Business Rates income falls below forecasts, the deficit in year will need to be repaid from reserves in 2021/22.

Collection Fund

As a billing authority, the Council is required to maintain a separate 'Collection Fund' for all transactions relating to income from business rates and Council Tax. The Collection Fund was in surplus up to the end of 2019/20 due to Council Tax collection rates being better than originally forecast.

Due to the impact of COVID during 2020/21, the Collection Fund moved into significant deficit by 31 March 2021. A deficit has been forecast and factored into the 2021/22 budget, with provision made for the repayment of the deficit over a three year period.

As collection rates for both Council Tax and Business Rates improved during the final quarter of 2020/21, the actual deficit position at 31 March 2021 was not as significant as initially estimated. This has meant that most of the deficit has been recovered in 2021/22, and the 22/23 budget no longer requires a contribution to fund this deficit. This releases more than £7m of resource to fund the 2022/23 budget.

Council Tax

Council Tax Base

The Council Tax Base reflects the number of properties in the borough, adjusted for all discounts and exemptions, and the assumed collection rate. The tax base determines the amount of income the Council is expected to collect in the upcoming financial year. In December 2020, for the 2021/22 financial year, the tax base for Tameside was based on 63,756.1 band D equivalent properties, with an estimated collection rate of 97% resulting in a Council Tax base of 61,843.4. This was a significant reduction in the tax base when compared to that set in December 2019 for the 2020/21 financial year. The reduction was due to a combination of a 1% reduction in the assumed collection rate, and an increase in exemptions and discounts, all attributed to the impact of Covid-19.

The 2022/23 tax base was approved by Executive Cabinet on 15th December 2021 and the assumed collection rate is to be retained at 97% reflecting the current 6 year cumulative collection rate. However, there has been a significant increase in the tax base due to new properties in the Tameside area, and a reduction in the level of discounts and exemptions which reduced the tax base in the previous year. For 2022/23 the approved tax base is 63,306.0 based on 65,263.9 band D equivalent properties and a collection rate of 97%. This is an increase in the tax base for Council Tax setting, and enables the Council to yield an additional £2.347m of income from Council Tax to support the revenue budget.

Setting Council Tax

The current Government expects Council's to increase Council Tax year on year, and this assumption is built into the Local Government Finance Settlement. For 2022/23 there is a 1.99% referendum limit on general Council Tax increases, plus the ability to increase by a further 1% for the Adult Social Care precept. In 2021/22 the Council increased Council Tax by 4.99% in total, 1.99% general increase plus 3% for the Adult Social Care precept.

Before raising tax, the Council takes steps to ensure that Council Tax income and collection is maximised. A review of Single Person Discounts was undertaken in 2016, 2019, and 2021. The Council is proactive in monitoring new build properties to ensure the forecast number of properties reflects expected increases during the year.

After taking account of budget pressures, additional income and savings identified for delivery in 2022/23, the total net budget requirement for the Council is £208.609m. Before any increase in Council tax levels, the resource available in 2022/23 is £205.572m, leaving a gap of £3.037m. **This remaining budget gap can be closed with a 1.99% general increase and a 1% Adult Social Care Precept on Council Tax.**

Appendix 4 Resourcing

Other Resources

The 2021/22 budget included the return of £4m of reserves from GMCA and the use of reserves to fund one-off areas of investment.

For 2022/23, there continues to be some use of one-off resources to balance the budget position. This includes the use of a further £1m returned reserves from GMCA plus the utilisation of £2.5m of general COVID grant from reserves, in recognition of ongoing cost and income pressures associated with the pandemic.

The Council is also in receipt of additional New Homes Bonus Grant but this is for one year only. There are no legacy payments and no indication as to whether the grant will continue beyond 22/23.

Changes to net budget resources between 2021/22 and 2022/23

Changes to resources and funding	Net Budget Resourcing				TOTAL
	Business Rates	Council Tax	Collection Fund	Other Resources	
<i>2021/22 Budget amount</i>	<i>(89,762)</i>	<i>(99,239)</i>	<i>603</i>	<i>(6,096)</i>	<i>(194,494)</i>
Changes:					
100% retention pilot	(890)				(890)
Additional s31 grant & top up	(1,799)				(1,799)
Council Tax Base growth		(2,347)			(2,347)
1.99% Council Tax increase		(2,021)			(2,021)
1% Adult Social Care Precept		(1,016)			(1,016)
Collection Fund Deficit	(2,202)		(5,441)		(7,643)
Remove one-off reserves 21/22				5,235	5,235
Additional New Homes Bonus				(136)	(136)
GMCA return of reserves 22/23				(1,000)	(1,000)
COVID grant reserves				(2,500)	(2,500)
Net (increase) / decrease in funding & resources	(4,890)	(5,383)	(5,441)	1,599	(14,115)
<i>2022/23 Budget amount</i>	<i>(94,652)</i>	<i>(104,622)</i>	<i>(4,838)</i>	<i>(4,497)</i>	<i>(208,609)</i>

Funding changes within net service budgets

Changes to resources and funding	General Grants within Service Budgets		TOTAL
	Existing Funding	New Funding	
<i>2021/22 Budget amount</i>	<i>(22,831)</i>	<i>0</i>	<i>(22,831)</i>
Changes:			
BCF/iBCF Inflation	(1,259)		(1,259)
Remove one-off COVID grants	10,658		10,658
New 22/23 Grants		(7,176)	(7,176)
Other grants	(91)		(91)
Net (increase) / decrease in funding & resources	9,308	(7,176)	2,132
<i>2022/23 Budget amount</i>	<i>(13,523)</i>	<i>(7,176)</i>	<i>(20,699)</i>

Existing Funding

The 2021/22 budget had significant use of one-off COVID grant funding which is no longer available to support the 2022/23 budget. This additional funding has enabled the Council to manage its financial position during 2021/22, however the cost and demand pressures, and shortfalls in income are expected to continue into 2022/23, resulting in significant increases in budget pressures and growth.

New Funding

The October 2021 Comprehensive Spending Review indicated an additional £1.6bn of funding would be made available to Local Government for 2022/23. This translated into an additional £7.2m of funding for Tameside in the provisional Local Government Finance Settlement in mid December 2021. This new funding is assumed to continue into future years, and whilst the increase is welcome, the level of additional funding is not sufficient to cover the significant demographic and cost pressures faced by the Council.

Council Tax Requirement	2022/23 '£000
2021/22 Net Budget	194,494
Staffing related cost pressure	5,440
Demographic pressures	12,356
Inflationary pressures	3,125
Other changes	(12)
Savings & Efficiencies	(7,661)
Removal of one-off funding	9,308
New funding	(7,176)
Fees & charges	(991)
Vacancy factor	(274)
Proposed total net budget for 2022/23	208,609
Business Rates	(94,652)
Council Tax (before increase)	(101,585)
Collection Fund (surplus)/deficit	(4,838)
New Homes Bonus	(790)
Use of reserves	(2,707)
Other funding	(1,000)
Budget Gap without Council Tax Increase	3,037
1.99% General Increase	(2,021)
1% Adult Social Care Precept	(1,016)
Budget Gap after Council Tax Increase	0

Council Tax Requirement

As set out in appendix 2, the Council faces huge budget pressures due to demographic changes, increasing demand for services, and rising costs due to both pay and general inflation. Whilst the provisional Local Government Finance Settlement offers some welcome increases in funding levels, this does not match the level of demand, particularly in Adults and Children's Social Care Services.

After taking account of budget savings, additional funding and income, and increased levels of business rates and Council Tax income, the Council still faces a budget gap of more than £3m.

This remaining budget gap will need to be closed with a 1.99% general increase and 1% Adult Social Care Precept on Council Tax.