

# APPENDIX 4

# RESOURCING

Tameside MBC Budget 2023/24



## **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. The business rates income forecast for 23/24 cannot be finalised until the end of January and the actual position in year may differ to forecast. Any Business Rates income in excess of forecasts will be taken to reserves for future investment. If Business Rates income in 23/24 falls below forecasts, the deficit in year will need to be repaid from reserves in 2024/25.

## 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 Council Tax Base calculation is a key part of the annual budget cycle. The Calculated Tax Base is used to determine the level of Council Tax income that the Council can raise in the upcoming financial year, subject to agreement of the amount of Council Tax to be charged for each dwelling. In December 2021, for the 2022/23 financial year, the forecast tax base for Tameside was based on 65,263.9 band D equivalent properties, with an estimated collection rate of 97% resulting in a Council Tax base of 63,306.0. This was an increase in the tax base compared to the prior year, due to an increase in the number of properties and a reduction in the number of discounts. The actual tax base in October 2022 was 65,353.4 band D equivalent properties, 90 properties in excess of the forecast.

For the 2023/24 financial year, the forecast number of properties in Tameside has again increased from 65,263.9 to 65,836.8 band D equivalent properties, based on forecast growth of 483 new band D equivalent properties. However, for the 2023/24 tax base, the assumed collection rate is to be reduced by 0.5% to 96.5% reflecting recent trends in Council Tax Collection rates. The assumed collection rate for the purposes of setting the tax base is based on the 6 year cumulative collection rate. Historically this has been comfortably in excess of 97%, but the current 6 year rate is now only just over 97% with collection for years 4 and 5 at 96%. Given the financial challenges facing residents due to current economic conditions, there is a risk that collection of Council Tax will become more difficult and therefore a reduced collection rate of 96.5% is to be assumed.

### **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 2023/24 there is a 2.99% referendum limit on general Council Tax increases, plus the ability to increase by a further 2% for the Adult Social Care precept. In 2022/23 the Council increased Council Tax by 2.99% in total, 1.99% general increase plus 1% 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, with a further review planned for early 2023. The Council is proactive in monitoring new build properties to ensure the forecast number of properties reflects expected increases during the year, and that Council Tax is billed promptly once due.

After taking account of budget pressures, additional income and savings identified for delivery in 2023/24, the total net budget requirement for the Council is £220.300m. Before any increase in Council tax levels, the resource available in 2022/23 is £215.063m, leaving a gap of £5.237m. **This remaining budget gap can be closed with a 2.99% general increase and a 2% Adult Social Care Precept on Council Tax.**

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## Collection Fund Surplus

Prior to 2018/19, the assumed Council Tax collection rate for budget setting had been set at 96% or below, with actual cumulative collection rates between 97-98%, which resulted in a significant surplus on the Collection Fund. This surplus was then used to support the budget with £2.5m per annum over a five year period from 2018/19 through to 2022/23. Since the assumed collection rate was increased, the level of surplus generated on the Collection Fund is much reduced, and as a result the amount of additional surplus available to support the 2023/24 budget is lower than in previous years.

## Changes to net budget resources since February 2022

Changes to resources and funding	Net Budget Resourcing				TOTAL
	Business Rates	Council Tax	Collection Fund	Other Resources	
<i>2023/24 Estimate in February 22</i>	<i>(94,700)</i>	<i>(107,112)</i>	<i>(1,703)</i>	<i>(2,676)</i>	<i><b>(206,192)</b></i>
Add back assumed 1.99% increase in CT		2,077			2,077
<b>Changes:</b>					
100% retention benefit	(665)				(665)
Additional s31 grant & top up	(5,993)				(5,993)
Council Tax Base growth (before % increase)		(523)			(523)
Reduction in Council Tax Collection Rate		566			566
2.99% Council Tax increase		(3,138)			(3,138)
2% Adult Social Care Precept		(2,103)			(2,103)
Collection Fund Surplus			(2,750)		(2,750)
New Homes Bonus				(261)	(261)
GMCA return of reserves				(2,415)	(2,415)
<b>Net (increase) / decrease in funding &amp; resources</b>	<b>(6,658)</b>	<b>(3,121)</b>	<b>(2,750)</b>	<b>(2,676)</b>	<b>(15,205)</b>
<i>2023/24 Budget amount</i>	<i>(101,358)</i>	<i>(110,234)</i>	<i>(4,453)</i>	<i>(5,352)</i>	<i><b>(221,397)</b></i>

## Other Resources

Other changes to general resources in 2023/24 reflect a small allocation of the New Homes Bonus Grant and an increase in the level of reserves being returned from GMCA.

## Funding changes within net service budgets

Changes to resources and funding	General Grants within Service Budgets		TOTAL
	Existing Funding	New Funding	
<i>2023/24 Estimate in February 22</i>	(20,699)	0	(20,699)
<b>Changes:</b>			
Better Care Fund Growth		(1,764)	(1,764)
Additional Social Care Grant		(7,677)	(7,677)
Removal of Covid related grants	3,198		3,198
Grants removed in LG settlement	2,996		2,996
ASC Market Sustainability Grant		(2,702)	(2,702)
<b>Net (increase) / decrease in funding &amp; resources</b>	<b>6,194</b>	<b>(12,143)</b>	<b>(5,949)</b>
<i>2023/24 Budget amount</i>	<i>(14,505)</i>	<i>(12,143)</i>	<i>(26,648)</i>

### Existing Funding

The 2022/23 budget included significant use of one-off specific COVID grant funding which is no longer available to support the 2023/24 budget. £2.5m of general LA Covid Grant is still available from Council reserves and built into the 2023/24 budget.

The provisional Local Government Finance Settlement for 2023/24 proposes that a number of service specific grants are reduced or ceased and 'rolled in' to other general grants. This results in some of the additional funding for 2023/24 being a replacement for other service specific grants which are no longer available.

### New Funding

The provisional Local Government Finance Settlement released in December 2022 provides for overall increases in grant funding to Local Government for 2023/24 in the form of additional Social Care Grant, additional Better Care Fund grant and the Adult Social Care Market Sustainability Grant. This translated into an additional £9.057m of funding for Tameside (£12.143m less £3.086m of grants ceased or reduced). 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.

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Council Tax Requirement	2023/24 '£000
<b>2022/23 Net Budget</b>	<b>208,609</b>
Staffing related cost pressure	12,805
Demographic pressures	5,250
Inflationary pressures	14,220
Reduction in other fees/charges/income	990
Other Service Pressures	6,812
Budget Reductions	(10,554)
Budget resources redirected	(5,222)
New Funding	(5,949)
Fees & charges	(1,750)
Efficiency Factor	(3,814)
<b>Proposed total net budget for 2023/24</b>	<b>221,397</b>
Business Rates	(101,358)
Council Tax (before increase)	(104,992)
Collection Fund (surplus)/deficit	(4,453)
New Homes Bonus	(261)
Use of reserves	(2,676)
Other funding	(2,415)
<b>Budget Gap without Council Tax Increase</b>	<b>5,241</b>
<b>2.99% Council Tax Increase</b>	<b>(3,138)</b>
<b>2% Adult Social Care Precept</b>	<b>(2,103)</b>
<b>Budget Gap after Council Tax Increase</b>	<b>0</b>

## Council Tax Requirement

As set out in appendix 2, the Council faces huge budget pressures due to demographic changes, increasing demand for services, and significant increases in 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 cost and demand pressures faced by the Council.

After taking account of budget reduction proposals, additional funding and income, and increased levels of business rates and Council Tax income, the Council still faces a budget gap of more than £5m.

**This remaining budget gap will need to be closed with a 2.99% general increase and 2% Adult Social Care Precept on Council Tax.**