

# Ealing Business Partnership - 6 February 2019

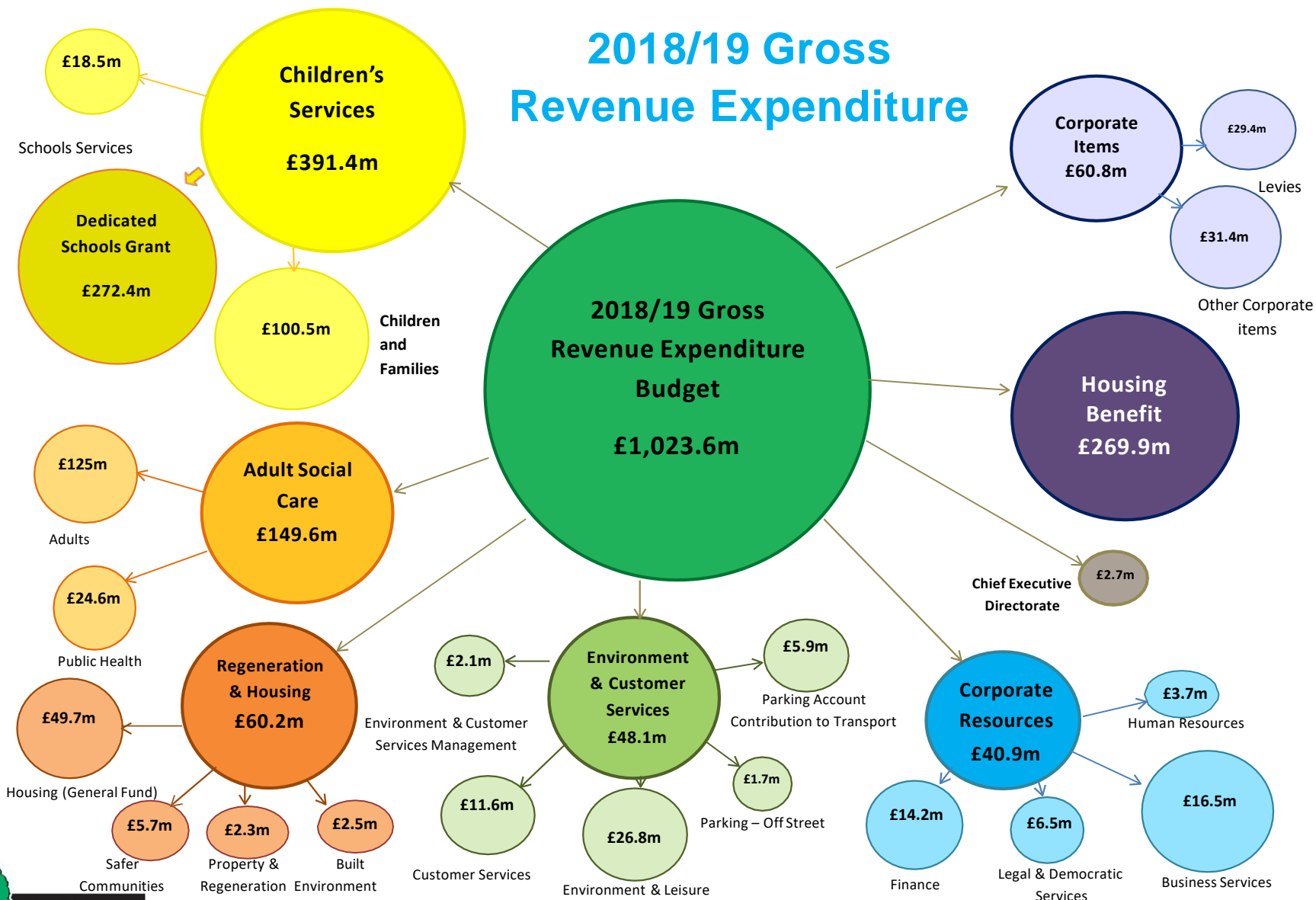
## Medium Term Financial Strategy Update

**Maria Campagna**

Head of Corporate Finance

EALING COUNCIL

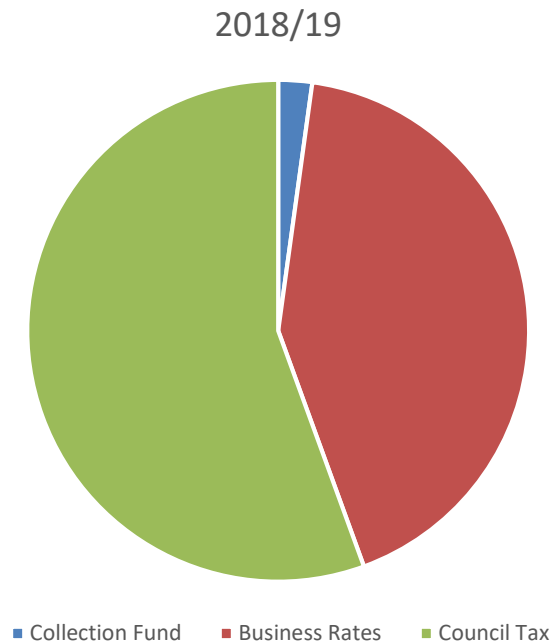
# 2018/19 Gross Revenue Expenditure



# Background – the 2018/19 Budget

Ealing Net Revenue Budget 2018/19 - **£244.1m**

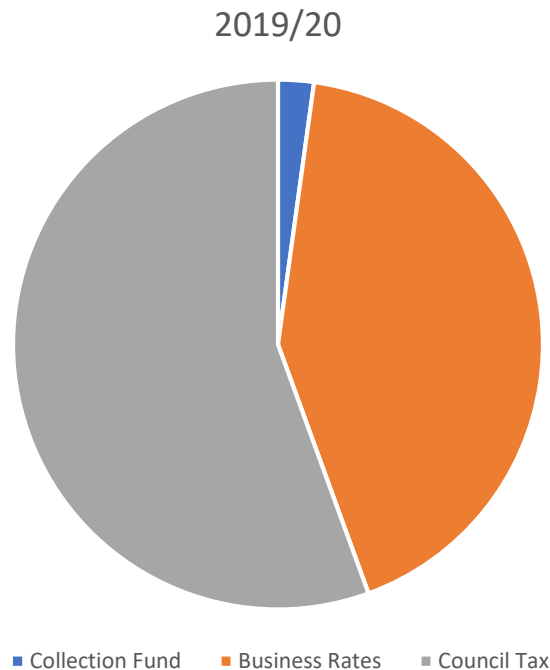
- Retained Business Rates – **£110.6m**
- Council Tax - **£129.6m**
- Collection Fund - **£3.9m**



# Background – the 2019/20 Budget

Ealing Net Revenue Budget 2019/20 - **£247.7m**

- Retained Business Rates – **£104.7m**
- Council Tax - **£137.6m**
- Collection Fund - **£5.4m**



# External Funding: Settlement Funding Allocation

- Ealing's final settlement for 2019/20 was announced on 29 January 2019
- Since 2018/19 Ealing's funding is allocated through Business Rates Retained from the London Business Rates Pilot Pool. This remains driven by the funding baseline set by government.

	Settlement	Settlement	Change
	2018/19	2019/20	
	£m	£m	£m
Funding Reduction	0	(7.300)	(7.300)
Business Rates Baseline/ Settlement Funding Assessment	100.336	93.036	(7.300)
Percentage reduction			(7.28%)

# London Business Rates Pilot Pool 2019/20

- The Pool will operate for an additional year to 2019/20 – aspiration remains to continue in future years
- The Pool will retain 75% of business rates income and growth in 2019/20 (100% in 2018/19) and redistribute to London Authorities
- No authority should be worse off as a result of participating
- Growth benefits – Ealing's share is forecast to be c£3.3m in 2019/20
- Ealing's income from business rates for 2019/20 is budgeted to be £104.679m (including government grant adjustments e.g. section 31 grant and top up grant).

# Medium Term Financial Strategy 2019/20– 2022/23

- Manage council finances within the context of a forward looking four-year rolling business planning framework
- Deliver a balanced budget against a backdrop of government funding having been reduced by almost two-thirds (64%) since 2010/11.
- Close the 20/21 to 22/23 budget gap whilst ensuring that resources are invested in priority areas (through the Future Ealing Programme)
- Manage risk and maintain financial stability, prudent holding of reserves and sustainable levels of debt

# MTFS Summary 19/20 – 22/23

Budget Totals	£M			
	2019/20	2020/21	2021/22	2022/23
<b>Expenditure</b>				
Base budget services	201.200	187.946	183.960	179.384
Savings:				
Approved in previous years	(3.953)	(0.468)	(0.809)	0.000
Future Ealing Process - December 2018	(3.725)	(3.109)	(3.438)	(1.553)
Future Ealing Process - February 2019 (proposed)	(2.770)	(0.466)	(0.210)	(0.064)
Other Approved Savings	(2.626)	(0.865)	(0.119)	(0.134)
Growth				
Approved in previous years	(0.180)	0.000	0.000	0.000
<b>Total departmental budgets</b>	<b>187.947</b>	<b>183.970</b>	<b>179.384</b>	<b>177.633</b>

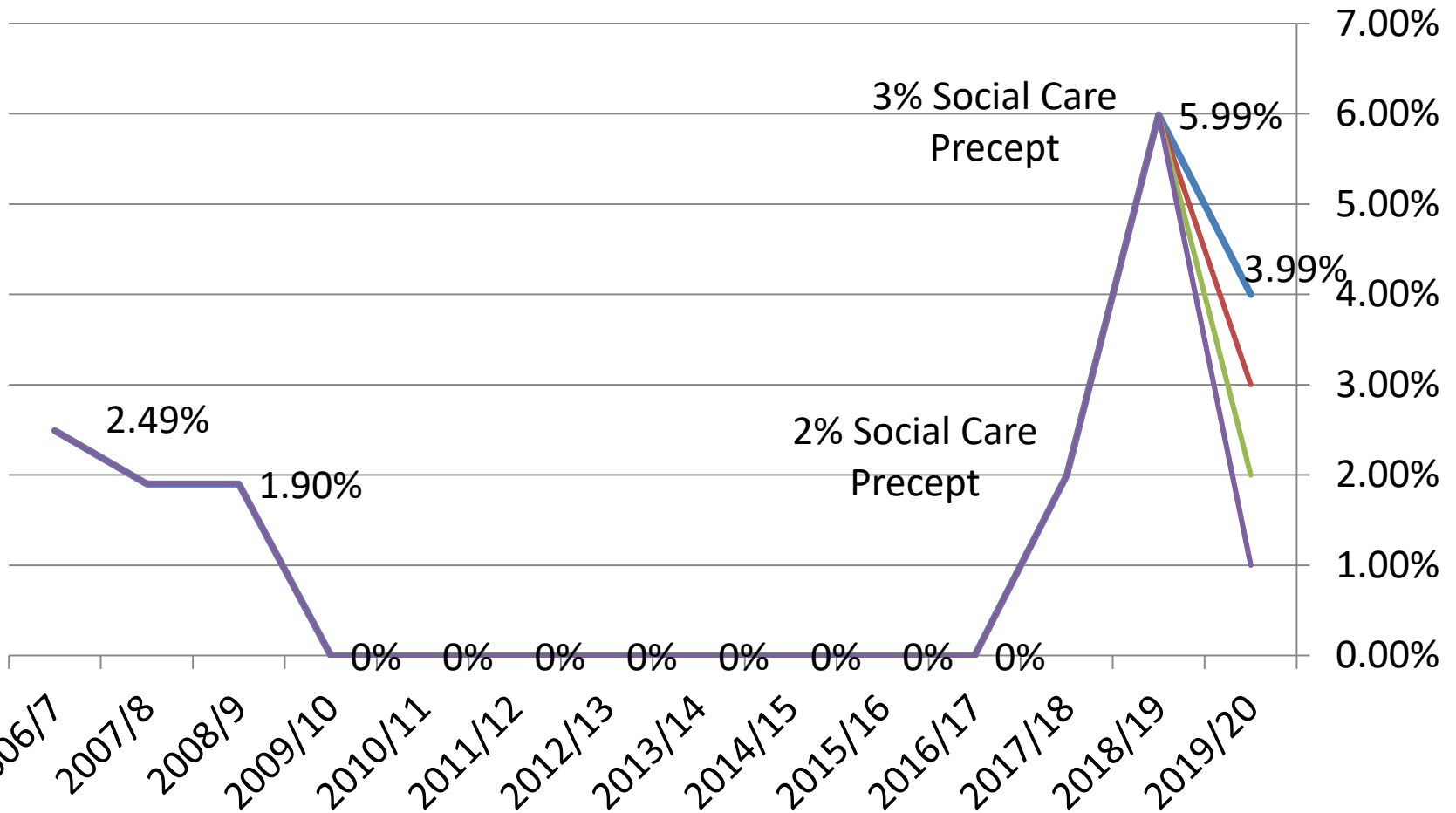
<b>Below the line items</b>				
Levies	29.621	29.677	29.836	29.836
Inflation	3.500	6.500	11.500	15.500
Grants Held Centrally:				
New Homes Bonus	(4.123)	(4.401)	(4.121)	(4.121)
Better Care Fund	(12.307)	(10.889)	(10.889)	(10.889)
Other Grants Held Centrally	(2.423)	0.000	0.000	0.000
Other Service budget adjustments held centrally	10.986	15.532	24.486	31.899
Central, Council Wide and Investments Budgets	34.507	40.380	43.760	45.688
Transfers to/(from) reserves	0.000	0.000	0.000	0.000
<b>Total non-departmental budgets</b>	<b>59.761</b>	<b>76.800</b>	<b>94.572</b>	<b>107.913</b>

<b>Net budget requirement</b>	<b>247.708</b>	<b>260.770</b>	<b>273.956</b>	<b>285.546</b>
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<b>Funding</b>				
Retained Business Rates including Section 31 and Top-Up Grant	(104.679)	(102.500)	(102.500)	(102.500)
Council Tax	(137.619)	(138.995)	(140.385)	(142.789)
Collection Fund Surplus/Deficit	(5.410)	0.000	0.000	0.000
<b>Total Funding</b>	<b>(247.708)</b>	<b>(241.495)</b>	<b>(242.885)</b>	<b>(244.289)</b>
Budget Gap - Cumulative	0.000	19.275	31.071	41.257
Budget Gap - Incremental	0.000	19.275	11.796	10.186



# Council Tax Changes – Ealing element

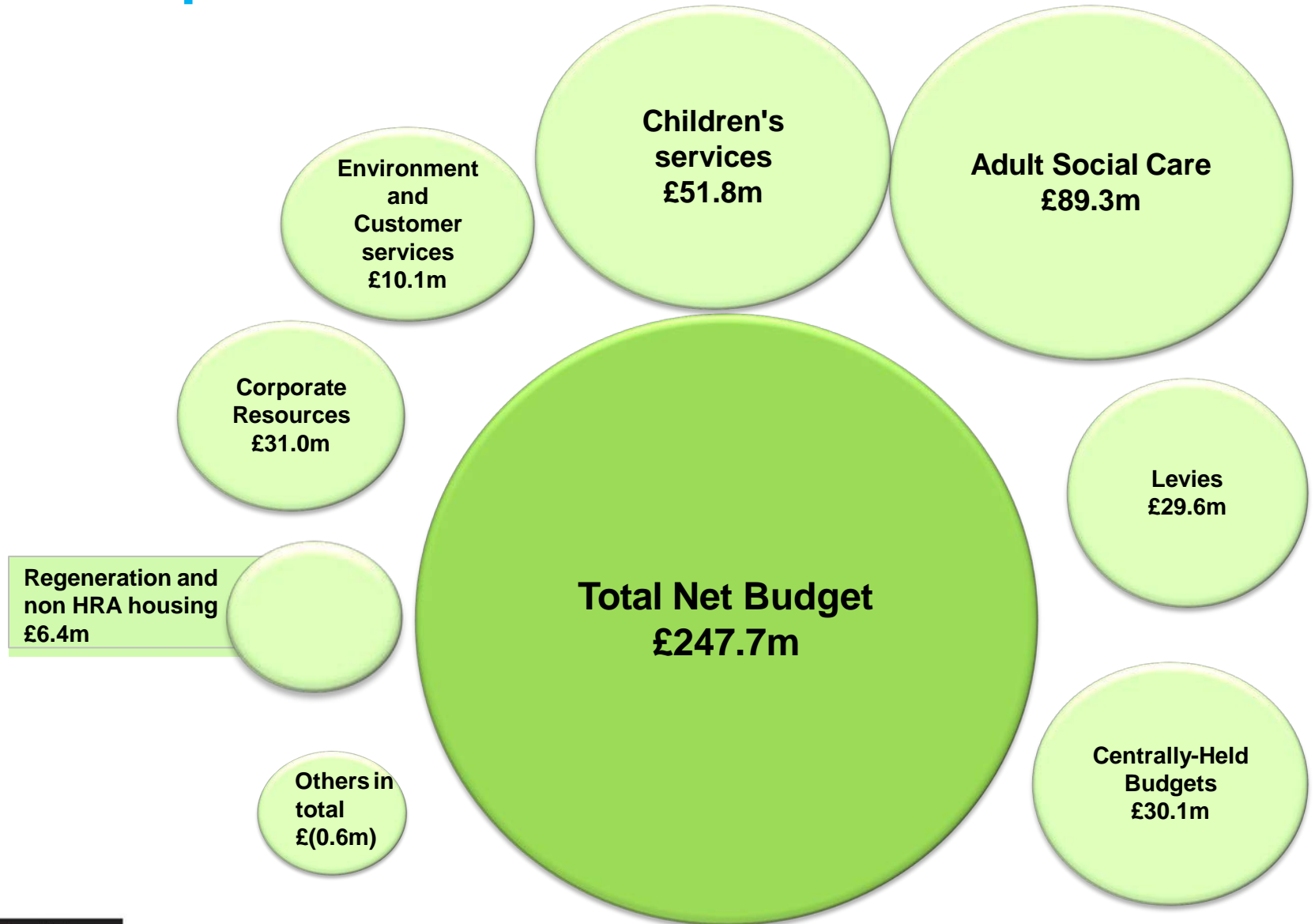


# Budget Overview

## **2019/20 Revenue budget is balanced**

- Budget efficiency savings of £15m for 2019/20
- New growth of £7.8m proposed for 2019/20
- £1.2m generated by potential use of social care precept flexibility
- £3.6m generated from potential council tax increase

# Council Spend 2019/20



# Council net revenue budget & funding

	£m
Council budgets	218.1
External levies (still to be confirmed)	29.6
<b>Total Budget</b>	<b>247.7</b>
<b>Financed by:</b>	
Settlement funding / business rates	104.7
Collection fund	5.4
Council tax funding	137.6
<b>Total Funding</b>	<b>247.7</b>

General fund balance (6.2% of budget)

15.5

# Risks – 19/20

- Savings delivery (£15m)
- Need to identify further savings to ensure a balanced budget up to 2022/23 and close the £41.3m budget gap
- Demand-led services such as Children's and Adults and temporary accommodation
- Contractor failure
- Significant uncertainty over future local government funding levels – Fair Funding Review

# Conclusions

- Budget balanced for 19/20 with a proposed 1% council tax increase for social care pressures and a 2.99% increase to Ealing's share
- Further opportunities through the London Business Rates Pilot Pool.
- Continuing challenge to deliver a balanced budget against a backdrop of government funding reductions and uncertainty