

## **MOTION 2**

### **MOTION SUBMITTED BY COUNCILLOR BODEN REGARDING COUNCIL TAX**

At its Full Council meeting on 21<sup>st</sup> February 2019, Fenland District Council approved its budget for 2019/20 showing a 0% Council Tax increase for 2019/20, but with increases shown of 1.98% p.a. through to 2023/24 as reflected in the current Medium Term Financial Strategy (MTFS).

In five out of the last eight years FDC has approved budgets with no Council Tax increase. This is a record of which the Council can be proud, given the financial constraints which FDC, as well as all other Councils, has had to work within

It is the ambition of this administration to maintain 0% increases in Council Tax throughout the MTFS period for the benefit of residents. However, it is recognised that the Council continues to face significant financial challenges and uncertainties that may not allow this ambition to be met.

Members of the Council need to act responsibly each year when setting the precept to balance the ambition of achieving a 0% Council Tax rise with the legal need to balance the budget. Nevertheless, raising Council Tax in any of the next four years will be our last resort, as we believe that we have a duty to minimise the financial effects of Council Tax on all of Fenland's households.

#### **This Council resolves to:**

- 1. Re-position the MTFS to show 0% Council Tax increases through to 2023/24**
- 2. Note the revised future projected deficits from 2020/21 onwards as per the attached.**

**APPENDIX B**

**(0% Council Tax increase in 2019/20)**

Medium Term Financial Strategy	Estimate 2019/20 £000	Forecast 2020/21 £000	Forecast 2021/22 £000	Forecast 2022/23 £000	Forecast 2023/24 £000
<b>Expenditure</b>					
<b>Service Expenditure</b>					
Gross Service Expenditure	22,466	21,816	22,239	22,661	23,227
Fees and Charges	-6,020	-6,093	-6,176	-6,265	-6,349
Grants and Contributions	-1,768	-1,053	-1,021	-991	-986
Recycling Credits	-865	-883	-903	-923	-943
<b>Total Net Service Expenditure</b>	<b>13,813</b>	<b>13,787</b>	<b>14,139</b>	<b>14,482</b>	<b>14,949</b>
<b>Corporate Items</b>					
<b>Corporate Expenditure/Savings</b>					
Council Tax Support Grant - Parish Councils	0	0	0	0	0
Financing Charges - Interest on External Borrowing	533	565	556	556	556
Financing Charges - Current Capital Programme - MRP	250	387	407	407	407
Financing Costs - Leisure Contract Capital Schemes	41	268	268	268	268
Savings from Prepayment of Pension Lump Sum		-35	-35	-35	-35
A14 Upgrade - contribution	32	32	32	32	32
CSR Savings identified but not yet implemented	-103	-238	-238	-238	-238
<b>Contingencies</b>					
Extension of Recycling Contract (subject to negotiation)	30	50	75	75	75
Re-modelling of Pay Grades (subject to negotiation)	30	100	120	150	180
	813	1,129	1,185	1,215	1,245
<b>Corporate Income Items</b>					
RTB/VAT Sharing Income	-40	-40	-40	-10	-10
Investment Income	-180	-200	-210	-200	-200
New Homes Bonus	-1,294	-1,050	-1,080	-950	-1,000
Brexit Preparation Grant	-17	0	0	0	0
Allocation of Business Rates Levy Account Surplus	-56	0	0	0	0
Contribution to(+)/from(-) Earmarked Reserves	-688	50	50	50	50
Business Rates - net additional income above baseline	-1,289	-1,318	-1,347	-1,380	-1,411
Contribution from General Fund Balance	-151	0	0	0	0
	-3,715	-2,558	-2,627	-2,490	-2,571
<b>Total Corporate Items</b>	<b>-2,902</b>	<b>-1,429</b>	<b>-1,442</b>	<b>-1,275</b>	<b>-1,326</b>
<b>Gross Service/Corporate Expenditure</b>	<b>23,279</b>	<b>22,945</b>	<b>23,424</b>	<b>23,876</b>	<b>24,472</b>
<b>Gross Service/Corporate Income</b>	<b>-12,368</b>	<b>-10,587</b>	<b>-10,727</b>	<b>-10,669</b>	<b>-10,849</b>
<b>Net Budget Requirement</b>	<b>10,911</b>	<b>12,358</b>	<b>12,697</b>	<b>13,207</b>	<b>13,623</b>
<b>Funding - NNR/CT - CT Option - 1.98%</b>					
Business Rates Baseline Funding	-3,643	-3,715	-3,790	-3,865	-3,943
Business Rates Collection Fund Deficit	443	0	0	0	0
Council Tax Collection Fund Surplus	-59	-50	-50	-50	-50
Council Tax (increases of 0% in 19/20 and 1.98% p.a 20/21 onwards)	-7,652	-7,885	-8,122	-8,365	-8,615
<b>Total Funding - RSG/NNR/CT</b>	<b>-10,911</b>	<b>-11,650</b>	<b>-11,962</b>	<b>-12,280</b>	<b>-12,608</b>
<b>Shortfall(+) at 1.98% CT p.a from 2020/21</b>	<b>0</b>	<b>+708</b>	<b>+735</b>	<b>+927</b>	<b>+1,015</b>
<b>Additional cost of CT at 0% p.a from 2020/21</b>	0	155	313	478	650
<b>Shortfall(+) at 0% CT p.a from 2020/21</b>	<b>0</b>	<b>+863</b>	<b>+1,048</b>	<b>+1,405</b>	<b>+1,665</b>
<b>Summary</b>					
<b>Total Gross Expenditure</b>	<b>23,279</b>	<b>22,945</b>	<b>23,424</b>	<b>23,876</b>	<b>24,472</b>
Funded by:					
Fees and Charges	-6,020	-6,093	-6,176	-6,265	-6,349
Grants and Contributions	-1,768	-1,053	-1,021	-991	-986
Recycling Credits	-865	-883	-903	-923	-943
New Homes Bonus	-1,294	-1,050	-1,080	-950	-1,000
Other - Investment Income, VAT/RTB, Reserves	-981	-190	-200	-160	-160
Contribution from General Fund Balance	-151	0	0	0	0
Retained Business Rates	-4,489	-5,033	-5,137	-5,245	-5,354
Council Tax - 1.98% p.a. from 2020/21	-7,711	-7,935	-8,172	-8,415	-8,665
<b>Total Funding - CT at 1.98% from 2020/21</b>	<b>-23,279</b>	<b>-22,237</b>	<b>-22,689</b>	<b>-22,949</b>	<b>-23,457</b>
<b>Shortfall(+) at 1.98% CT p.a from 2020/21</b>	<b>0</b>	<b>+708</b>	<b>+735</b>	<b>+927</b>	<b>+1,015</b>
Council Tax - 0% p.a. from 2020/21	-7,711	-7,780	-7,859	-7,937	-8,015
<b>Total Funding - CT at 0% from 2020/21</b>	<b>-23,279</b>	<b>-22,082</b>	<b>-22,376</b>	<b>-22,471</b>	<b>-22,807</b>
<b>Shortfall(+) at 0% CT p.a from 2020/21</b>	<b>0</b>	<b>+863</b>	<b>+1,048</b>	<b>+1,405</b>	<b>+1,665</b>