
MEDIUM TERM FINANCIAL PLAN UPDATE

**Responsible Cabinet Member - Councillor Bill Dixon,
Leader and all Cabinet Members**

Responsible Director - Chief Officers Executive

SUMMARY REPORT

Purpose of the Report

1. To inform Members of the Local Government Settlement figures received on 15 December 2016, propose a change in Social Care Precept increase initially agreed by Cabinet for consultation on 13 December 2016 and permission to consult on this change.

Summary

2. Overall there is no new money from Central Government in the recently announced Local Government Finance Settlement, however, more flexibility has been created allowing the Social Care precept to rise by an additional 1 per cent in 2017/18 and 2018/19 (from 2 percent to 3 percent) on the condition that the total increase to 2019/20 does not exceed 6 percent.
3. Whilst the percentage increase is still 6 percent over the three year period it is advantageous to the Council to take this flexibility and increase the precept in the first two years as it generates more income to help offset the increasing adult social care costs in the short term.
4. Further announcements in the settlement include a change in New Homes Bonus and the introduction of a one year Adult Social Care Support grant. The implications of these changes will be reported in the Cabinet MTFP report in February but is likely to have an adverse impact across the life of the MTFP.

Recommendation

5. It is recommended that Cabinet approve for consultation the amendment to the Social Care Council Tax Precept from 2% to 3% in 2017/18 and 2018/19 and from 2% to zero in 2019/20.

Reasons

6. The recommendation is supported to take advantage of the flexibility allowed by the government and increase income in the short term.

Chief Officers Executive

Background Papers

No background papers were used in the preparation of this report

Elizabeth Davison: Extension 5830

S17 Crime and Disorder	There are no specific proposals that impact on the Council's Crime and Disorder responsibilities
Health and Well Being	There are no specific proposals that impact on the Council's Health and Well Being responsibilities
Carbon Impact	There are no specific proposals that impact on the Council's responsibilities and ambitions to reduce carbon impact in the Council and the Borough.
Diversity	There are no specific proposals that impact on diversity issues.
Wards Affected	All wards are affected
Groups Affected	All groups are affected by the Council Tax increase.
Budget and Policy Framework	The MTFP, Budget and Council Tax must all be decided by full Council
Key Decision	The MTFP, Budget and Council Tax must all be decided by full Council
Urgent Decision	The MTFP, Budget and Council Tax must all be decided by full Council
One Darlington: Perfectly Placed	Within the constraints of available resources it is necessary for the Council to make decisions involving prioritisation. The proposals contained in this report are designed to support delivery of the Sustainable Community Strategy, within those constraints.
Efficiency	Taking the flexibility to increase the adult social care precept for two years generates more income in the short term to help offset rising adult social care costs.

MAIN REPORT

Background and Context

7. The draft MTFP was approved by Cabinet for consultation on the 13 December 2016. Subsequently the Local Government Finance Settlement was received which changed a number of assumptions made in the draft MTFP.
8. There is no new money included within the settlement. The Government has however, created more flexibility by allowing the Social Care Council Tax precept to rise by an additional 1 per cent in 2017/18 and 2018/19 (from 2 per cent to 3 per cent), on condition that the total increase to 2019/20 does not exceed the originally stated 6 per cent.
9. Whilst the percentage increase is still 6 percent over the three year period, it is advantageous to the Council to take this flexibility and increase the precept in the first two years as it generates more income in the short term to help offset the increasing adult social care costs. The impact of the change is shown below;

Financial Analysis

	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m
Council Tax as per Draft MTFP	43.623	45.895	48.169	50.517
Council Tax After Settlement	44.116	46.737	48.143	50.491
Variance in Council Tax income	0.493	0.842	(0.026)	(0.026)
Council Tax increase	1.99%	1.99%	1.99%	1.99%
Social Care precept	3.00%	3.00%	0.00%	2.00%

10. Changes were also announced in regard to the New Homes bonus where a 0.4 per cent baseline has been established before any funding will be given along with a change in payments from six years to five in 2017/18 and then to four years thereafter. The NHB money recovered next year will be used for an Adult Social Care Support Grant; however the indication is that this is for one year only.
11. A full financial analysis of changes following the settlement will be presented to Cabinet in February however a change in the Social Care precept requires consultation.

Consultation

12. This update to the original proposal following the Settlement announcement on the 15 December 2016 in regard to the Adult Social Care Precept will be subject to consultation between 17 January and 13 February 2017.