

Impact of the settlement

Revenue Support Grant (RSG)

The Council receives an element of funding from Central Government to support services across the District. We were expecting this RSG to reduce to zero by the end of the Parliament ie 2019/20, as announced previously, and were considering plans to address this. As a result of the provisional settlement Bromsgrove lose all RSG in 2016/17, move to having to contribute funds back to Government in 2017/18 and this increases to £740k by 2019/20. This is under discussion with Government at present and the Council will be responding to the consultation on the financial settlement.

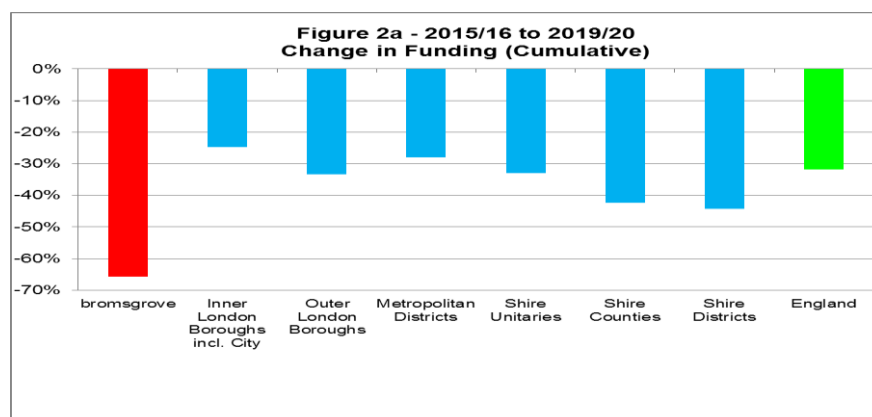
This table reflects the RSG funding for 2015/16 & 2016/17 and the negative grant for the following 3 years.

£000's	2015/16	2016/17	2017/18	2018/19	2019/20
Bromsgrove	1,229	560 (54%)	-20 (-101%)	-360 (-129%)	-740 (-162%)

The following illustrates the impact of the settlement on council, the loss of RSG over the next 4 years up to and including 2019/20 compared to previous forecasts

Revenue Support Grant	Medium Term Financial Plan Assumption £'000	Settlement December 2015 £'000	Reduction £'000
2016/17	1,058	560	-£498
2017/18	947	-20	-£967
2018/19	450	-360	-£810
2019/20	200	-740	-£940
Total			£3,215

This is a £3.2m shortfall in funding to that compared with the original budget assumptions. The graph below shows the impact of the funding reductions over the 4 year period for Bromsgrove compared to other Councils.



Spending Power

The assumptions on the Council improving its spending power is based on an estimate of the Council Tax base growth exceeding current expectations and therefore increasing available funding to

support services. The optimistic assumptions include Council Tax base increases of approximately 1% initially (which is double the current estimations) arising to 2.5% increase in future years which are highly optimistic based on current growth across the District.

New Homes Bonus

Also there are proposals to change the New Homes Bonus Scheme whereby we currently receive a 6 year payment for any property built in the District the Government is looking to change this to 4 years. In addition to a number of proposals to reduce New Homes Bonus (NHB) where there is no local plan, where homes have been allowed on appeal or where the growth would have occurred anyway. The potential reduction of income to the Council over the 4 year period is:

£000's	2017/18	2018/19	2019/20	2020/21	Total
Bromsgrove	542	531	523	663	2,259