

## Cotswold District Council – Budget 2020/21 Consultation FAQ's

### Where does the council's money come from?

Council tax and business rates together make up our largest source of income. However, the Government (i.e. Parliament) has a significant degree of control over council tax and business rates and sets the policy framework in which both operate.

#### Council Tax:

Council tax is set individually by each of the following bodies:

- Gloucestershire County Council,
- Cotswold District Council,
- Local Town/Parish Councils,
- Gloucestershire Police and Crime Commissioner.

Cotswold District Council is responsible for collecting all of the council tax on behalf of each body - through the council tax bill sent to each household. The District Council then distributes the monies collected to those bodies, in line with the Council Tax levels set, to ensure that each receives all of the funding it raises from council tax to support its budget.

By way of comparison, Cotswold District Council retains around 7.4% of the total council tax monies that it collects.

Council tax is charged on domestic properties, which are grouped into valuation bands based on domestic property values from April 1991; and these bands determine the level of tax charged. Some properties are eligible for discounts or exempt from council tax; and people on lower incomes are able to apply for council tax support, reducing their council tax bill.

#### Business Rates:

For business rates, the Government sets a multiplier figure (a pence in the pound value) which is then applied to the rateable value of the property, which in turn is assessed by the Valuation Office. Properties with a rateable value of £12,000 or less are exempt from business rates and those up to £15,000 are eligible for small business rates relief. There are other reliefs and exemptions, including an 80% discount for properties used by charities. For more details please see the following page on our website: <https://www.cotswold.gov.uk/business/business-rates/>

Cotswold District Council expects to collect around £33 million of business rates income each year. However, the Council retains just £2.7 million (8%) of this income to help fund its services; and the County Council receives £3.3 million (10%) of the income. The majority of the income - £27 million (82%) - is paid to the Government, which redistributes the income across English local authorities according to the assessed funding need.

The Government is currently planning to change the way that Business Rates funding is allocated. The changes are expected to come into effect from April 2021 and represent a significant risk to the value of Government funding which will be available to this Council from that time.

### **How will you use my feedback?**

Cotswold District Council is committed to gathering a wide range of views from as many different people and businesses within the Cotswold District as possible.

Alongside the online consultation, the council is holding three face-to-face events across the District to give people the opportunity to debate and discuss the Council's current financial situation and present their views to councillors and officers of the Council.

Following the consultation, the findings will be shared with all councillors before they make decisions on the budget at a Council meeting on 26 February.

### **When will the changes to the budget go live?**

The consultation will run for three weeks, from **Monday 6<sup>th</sup> January** to **Sunday 26<sup>th</sup> January**, with the findings informing the Council ahead of its budget decisions in February.

The budget decisions will be implemented from the new financial year, starting in April 2020.

### **What services is the District Council responsible for?**

These are the main services that we provide:

- Waste and recycling collection
- Street cleaning and litter bins
- Planning services, including development management, strategy (including the Local Plan), planning enforcement, etc.
- Environmental health services, including food safety, health and safety, reducing pollution and licensing
- Helping the homeless and those at risk of homelessness
- Supporting the development of affordable housing
- Providing Housing Benefit and a Council Tax Reduction Scheme to help low income households
- Public conveniences

- Supporting tourism, economic development and regeneration
- Supporting leisure, arts, sports and cultural activities, including local museums
- Providing off-street car parking (car parks but not on-street car parking)
- Reducing crime and anti-social behaviour and environmental crime
- Collecting Council Tax and local business rates

### **What services is the District Council NOT responsible for?**

The following services are provided by others, predominantly by the County Council:

- Education
- Transport/highways services, including repairs to potholes
- Fire Services
- Social Care - adult/children
- Libraries
- Waste Disposal
- Trading Standards

### **Why can't you just use reserves?**

Reserves are like household savings - money that has been put away to pay for something in the future or as a resource for emergencies.

There are two types of Council reserves:

- Earmarked reserves - these are committed for expenditure on projects such as the proposed review of the Local Plan and investment in priorities such as taking action to address climate change.
- General reserves - these are for responding to unexpected major events, such as the flooding experienced in the District in 2007, or smoothing out shocks to funding streams.

The amount of general reserves would be enough to fund the Council for just 160 days if all other funding was to stop. Also with reserves, you can only spend them once - so if they were used up, the Council would be faced with making reductions in service delivery (or even stopping discretionary services) and would run the risk of not being able to respond effectively to unexpected situations.