

Classification: Part 1 – Public

Key Decision: No

Gravesham Borough Council

Report to: Council
Date: 25 February 2020
Reporting officer: Director (Corporate Services)
Subject: Council Tax and Budget Setting 2020-21

Purpose and summary of report:

To consider a resolution to determine the Council Tax to be levied for 2020-21.

To consider the view of the Director (Corporate Services) (as S151 Officer) on the robustness of estimates for the coming year, the medium term financial strategy and the adequacy of proposed reserves and balances, as required under Section 25 of the Local Government Finance Act 2003.

To determine the General Fund and Housing Revenue Account revenue and capital budgets for 2020-21.

To agree proposals in relation to the Gravesham Borough Council CTRS (Council Tax Reduction Scheme).

Recommendations:

It is recommended that Full Council:

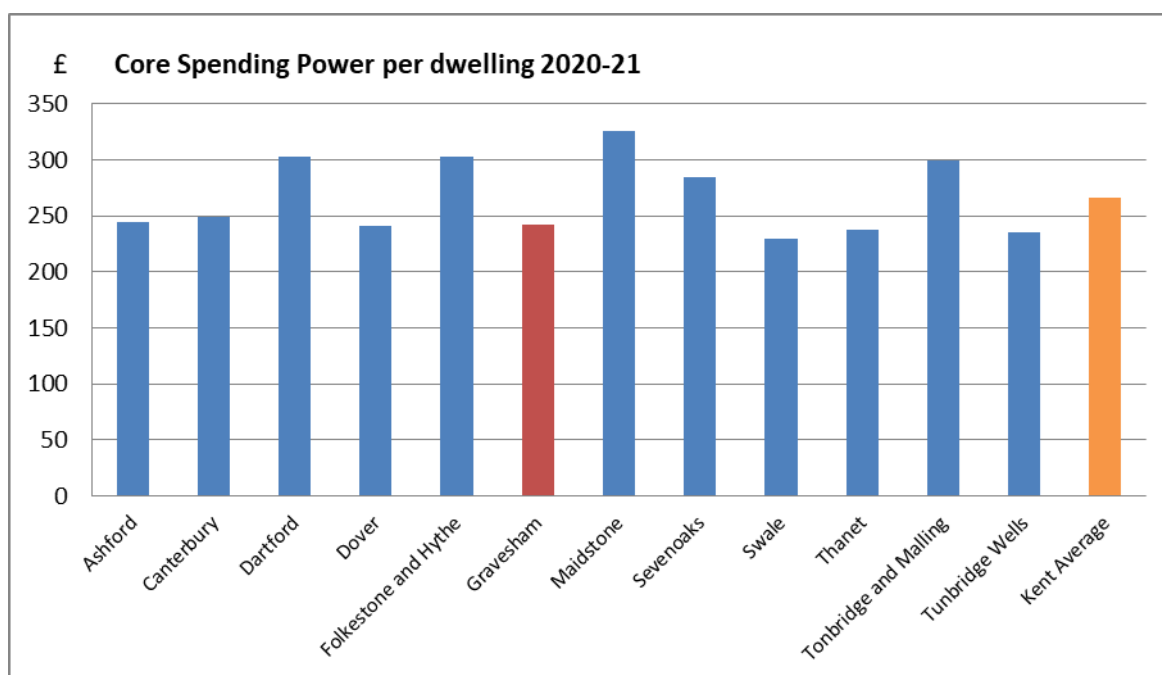
1. approves the Medium Term Financial Strategy for 2020-21 at Appendix 2;
2. approves the council tax resolution for Gravesham Borough Council at Appendix 3;
3. considers the view of the Director (Corporate Services) (as S151 Officer) on the robustness of estimates for the coming year, the medium term financial strategy and the adequacy of proposed reserves and balances, as required under Section 25 of the Local Government Finance Act 2003.
4. ratifies the Council Tax Base as at Appendix 4;
5. considers the budget proposals contained within this report and the proposed Budget Book for Gravesham Borough Council provided at Appendix 7, and determines the General Fund and Housing Revenue Account revenue and capital budgets for 2020-21, noting the provisional estimates for the further nine years;
6. recognise the supplementary report to the budget and consider the recommendations in the report as part of their budget considerations, in addition to those set out in this report;
7. provide delegated authority to the Director (Corporate Services), in consultation with the Leader of the Executive and Leader of the Opposition to make an adjustment to the budget in the form of a transfer to or from working balances equal to the difference between the provisional local government settlement and the final local government settlement, if the final settlement has not been received by 25 February 2020 (further information can be seen in paragraphs 6.3 and 6.4 of this report);
8. agrees the Council Tax Reduction Scheme for 2020-21;

1. Introduction

The council has a statutory duty to set the level of council tax and calculate the budget for the forthcoming financial year by 11 March. In undertaking this duty the Constitution of the council requires Full Council to consider the budget proposals developed by the Cabinet. However, ultimately it is the Full Council's decision and, therefore, it may adopt those proposals, amend them or substitute its own in their place.

2. Considerations for the General Fund Budget and Council Tax 2020-21

- 2.1 On 3 February 2020, Cabinet considered the draft General Fund revenue and capital estimates for the year 2020-21. The same report was considered by Overview Scrutiny on 14 February 2019.
- 2.2 On 20 December 2019 the Provisional Local Government Finance Settlement for 2020-21 only was announced by the Ministry for Housing, Communities and Local Government (MHCLG). This set out an inflationary increase in the Business Rates Retention Baseline Funding Level of 1.63%, in line with the September 2019 CPI inflation figure, as well as confirming that government would be eliminating negative RSG amounts in 2020-21.
- 2.3 The settlement is for one year only, with the future funding of local government being informed by the 2020 Spending Review and the other local government funding reforms that are planned for introduction from April 2021 (including the Fair Funding Review and reforms to the current Business Rates Retention System).
- 2.4 The Kent view of Core Spending Power per dwelling for individual district authorities is shown in the next graph.



- 2.5 In 2020-21 Gravesham will continue to have the fifth lowest level of assumed spending power per dwelling at £251. This is an assumed increase of 3.72% (£9 per dwelling) compared to the equivalent Core Spending Power measure in 2019-20, albeit the true increase is closer to 3% as a consequence of a 1.19% increase in the council tax base in 2020-21 and a 2.44% increase in proposed council tax charges.

- 2.6 The current Medium Term Financial Strategy (MTFS) covers the period 2016-17 to 2019-20. Given the current lack of clarity from Central Government around the future funding of local government, the S151 Officer and the council's Senior Management Team have agreed that it would be prudent to put in place a one year Medium Term Financial Strategy for 2020-21. This Strategy is attached at Appendix 2 for Member approval.

Delivery of activity under the Medium Term Financial Strategy 2016-17 to 2019-20

- 2.7 Since 2016, the council has been proactively progressing the workstreams set out below as a sound and realistic plan for managing the council's finances during the challenging period of austerity and the cuts to local government funding, whilst also seeking to protect services most valued by the community and deliver financial sustainability for the future.

Workstream	Expected Value of Activity (£)
Property Acquisition Strategy (Phase 1)	400,000
Fees and Charges Activity	270,000
Service Review Process Option Implementation	1,430,000
Shared Service Progression	240,000
Budgetary Challenge Measures	200,000
Property Acquisition Strategy (Phase 2)	397,000
Balancing the Budget Initiatives (November 2018)	1,274,000
Total Value of Activity	4,211,000

- 2.8 In proposing the budget for 2020-21, the council is able to demonstrate a sustained track record in delivery of activity against each workstream. To date, measures totalling £4.25m have been reflected in the Medium Term Financial Plan (MTFP), as shown on the next table.

Workstream	Expected Value of Activity (£)	Activity Implemented and reflected in MTFP (£)	Activity Agreed, not yet reflected in MTFP (£)	Value of further activity required (£)
Property Acquisition Strategy (Phase 1)	400,000			0
Network House, Gillingham		147,710		
Springhead Units, Gravesend		150,000		
St John's House, Dartford		110,670		
Fees and Charges Activity	270,000			58,200
Fees and Charges Review - 2017-18 budget setting		60,000		
Fees and Charges Review - 2018-19 budget setting		43,430		
Revised Garden Waste charges from April 2018		25,000		
Fees and Charges Review - 2019-20 budget setting		40,170		
Fees and Charges Review - 2020-21 budget setting		43,200		
Service Review Process Option Implementation	1,430,000			0
Economic Development & Town Centre Management		264,230	29,060	
Public Health & Communities		195,200	990	
Parking & Amenities		229,770	30,230	
Revenues & Benefits		97,000	-	
Regulatory Services		76,190	90,710	
Planning & Regeneration Services		138,140	7,860	
Customer & Theatre Services		98,580	12,340	
Direct Services Operation		174,350	19,200	
Shared Service Progression	240,000			121,760
Legal Services		87,000		
HR		22,660		
Licensing		8,580		
Budgetary Challenge Measures	200,000			0
Consistent Underspend Exercise		200,000		
Property Acquisition Strategy (Phase 2)	397,000			0
123-127 Sittingbourne High Street		85,000		
Acquisition of Site at Stuart Road, Gravesend		511,190		
Springhead Units (A1-3 & B1-4)		237,200		
Acquisition of 35-36 New Road, Gravesend		58,000		
Balancing the Budget Initiatives (November 2018)	1,274,000		130,360	
Communities Directorate		31,730		
Corporate Services		662,810		
Housing & Operations		349,100		
Cross-Directorate		100,000		
Total Value of Activity	4,211,000	4,246,910	318,770	179,960

* The total value of implemented, agreed and further activity required will not equal the total expected value of activity due to delivery beyond that expected in the Property Acquisition and Service Review workstreams.

2.9 The delivery of the proactive strategy to respond to the financial pressures first identified by the council in 2016 has enabled the 2020-21 budget proposals to be presented alongside a Medium Term Financial Plan which requires no additional savings to be delivered in the plan period to 2028-29. After a decade of significant and sustained cuts to local government funding, and the increased focus on financial governance that comes with such circumstances, the council is in a position to bring forward the ambitions set out in the Corporate Plan 2019-2023 to deliver a Gravesham to be proud of, specifically supporting:

- The delivery of a new Leisure Centre for the residents of the borough in 2025;
- A fully-funded replacement programme for council-owned playsites in the borough from 2020-21;
- The delivery of new housing in the borough;
- An improved town centre street scene;
- Seed-funding of £500,000 for taking forward the council's actions to deliver against its commitment to do what is within its powers and resources to become carbon neutral by 2030 and to work with partners on this.

- 2.10 There is still uncertainty over the future funding of local government beyond 2020-21. The council will monitor information on these reforms as it is released so that it continues to be in the best position possible to respond to these reforms and remain able to deliver services to its residents.

3. General Fund Budget 2020-21

- 3.1 The General Fund Revenue and Capital Estimates 2020-21 have been prepared with due regard to the council's Corporate Plan and Partnership Framework. The provisional revenue estimates for the further years to 2028-29 are provided within the Medium Term Financial Plan at Appendix 5 and are intended to provide indicative budget requirements based upon current information available, and will be subject to change over the forthcoming period.
- 3.2 The Local Government Act 2003 requires the Chief Finance Officer to report on both the robustness of the estimates and the adequacy of reserves as part of the budget setting process. The report of the Chief Financial Officer was presented to Cabinet on 3 February 2020 as part of the draft General Fund revenue and capital estimates for the year 2020-21; this concluded that the estimates are robust and that at this time, the level of reserves is sufficient for the Authority.
- 3.3 As required by Section 65 of the Local Government Finance Act 1992, Gravesham Borough Council has a statutory duty to consult with representatives of ratepayers on its proposed expenditure for the following financial year. This consultation exercise has been undertaken, with no responses received by the consultation deadline of 14 February.

4. Council Tax proposal 2020-21

- 4.1 In formulating the final council tax proposal, Cabinet on 3 February 2020 gave due consideration to the draft General Fund revenue estimates for the year, the Council's future funding situation (as shown within the Medium Term Financial Plan) and the future risks to the sustainability of the council's financial position as set out paragraph 2.3 of this report.
- 4.2 The proposal made by Cabinet to Full Council is to increase council tax by £4.95 for a Band D property in 2020-21, taking the Band D charge for Gravesham's element of the overall Council Tax charge to £208.08. This is below the Council Tax Referendum Limit of 2% or £5 (whichever the higher) and reflects the requirements for council tax amounts to be divisible by nine. A Council Tax resolution based on this proposal has been drafted and is attached at Appendix 3.
- 4.3 The MTFP at Appendix 5 reflects the proposal to Full Council to increase council tax by £4.95 (2.44%) in 2020-21. For future years, it is assumed that a referendum limit of 2% will apply and that the Council will increase council tax in line with this limit, though each year this will be subject to Full Council decision.

5. Housing Revenue Account Budget 2020-21

- 5.1 The Housing Revenue Account Revenue and Capital Estimates 2020-21 have been prepared with due regard to the council's Corporate Plan and Partnership Framework. The provisional revenue estimates for the further years to 2028-29 are provided within the Business Plan extract at Appendix 6 and are intended to provide indicative budget requirements based upon current information available, and will be subject to change over the forthcoming period.
- 5.2 The Local Government Act 2003 requires the Chief Finance Officer to report on both the robustness of the estimates and the adequacy of reserves as part of the budget setting process. The report of the Chief Financial Officer was presented to Cabinet on 3 February 2020 as part of the draft Housing Revenue Account revenue and capital estimates for the year 2020-21; this concluded that the estimates are robust and that at this time, the level of reserves is sufficient for the Authority.

6. Items for Member consideration

- 6.1 Members are asked to approve the Medium Term Financial Strategy for 2020-21.
- 6.2 Members are asked to approve the General Fund estimates for 2020-21 and to note the provisional annual estimates to 2028-29, incorporating the determination of the Gravesham Borough Council element of the overall Council Tax charge for 2020-21. The main features of the 2020-21 budget and council tax proposals can be summarised as follows:
- The budget requirement for 2020-21 is £11,043,950.
 - The budget is based on the implementation of a 2.44% rise in Gravesham Borough Council's Council Tax charge for 2020-21. This is equivalent to an increase of less than 10 pence per week for a Band D property, with the new Band D charge being £208.08 for the year. Some 59% of residents will receive a lesser charge due to them residing in a dwelling assessed as being below Band D.
 - The budget for 2020-21 represents a balanced budget position, and enables a contribution of £270,100 to be made to general working balances. This is in accordance with the objective in the council's Medium Term Financial Strategy and latest assessment of the level of working balances and reserves to enable sums in excess of the £5.25m level of working balances to be released to support the annual General Fund revenue budget.
 - The budget is based upon the premise that no new savings are required to balance the budget for 2020-21.
 - The budget includes the continued use of a number of specific reserves over the forthcoming period to assist with mitigating financial liabilities.
 - The budget incorporates the effects of general economic factors such as inflation, interest rates and other economic factors.

- 6.3 Members should be aware that the Final Local Government Finance Settlement is not scheduled to be announced until after the parliamentary recess i.e. not before 24th February. The budget for 2020-21 has therefore been prepared on the basis of the best available information at the time of preparing this report (this being the information released in the Provisional Settlement).
- 6.4 Should the Final Settlement not be released prior to the meeting of Full Council, delegated authority is sought for the Director (Corporate Services), in consultation with the Leader of the Executive, and Leader of the Opposition to adjust the budget for 2020-21 by way of an equivalent transfer to or from working balances equal to the difference between the Final Settlement figures and those included within these papers from the Provisional Local Government Settlement for 2020-21. As the authority has sufficient working balances at this time to enable such a transfer, there will be no impact upon the proposals for Council Tax levels for 2020-21 resulting from the Final Local Government Settlement should this be different to the figures contained within the Provisional Settlement.
- 6.5 Members are asked to approve the Housing Revenue Account estimates for 2020-21 and to note the provisional estimates for the further nine years. The main features of the 2020-21 budget can be summarised as follows:
- The Housing Revenue Account budget for 2020-21 reflects budgeted income of £28.7m and expenditure of £30.1m, with the need to draw £1.4m from the general reserve principally to fund the capital programme.
 - The budget for 2020-21 represents a balanced budget position with working balances at the end of the year remaining at £3.0m, the minimum level of working balances for the HRA as determined by the Medium Term Financial Strategy.
 - The budget reflects an increase in weekly dwelling rents of 2.7% from 1 April 2020. This is in accordance with the Rent Standard issued by the Regulator of Social Housing for 2020-21, which permits an increase of CPI +1% from 1 April 2020 (where CPI is measured at September 2019). This follows four consecutive years of rent reductions and sees the authority's average weekly rent increasing from its current level of £87.17 to £89.96 in 2020-21.
 - The budget is based upon the premise that no new savings are required to balance the budget for 2020-21.
 - The budget incorporates the effects of general economic factors such as inflation, interest rates and other economic factors.

7. Council Tax Reduction Scheme 2020-21

- 7.1 The Council Tax Reduction Scheme (CTRS), which replaced council tax benefit from 1 April 2013, has been uprated and aligned with national benefit rates each year in accordance with prescribed requirements from Government and in line with benefit rates and allowances provided in the annual uprating circular published by the DWP. It is proposed that the Council's local council tax reduction scheme for 2020/21 will be based on the 2019/20 scheme with amendments for prescribed requirements and uprating.
- 7.2 The scheme for 2020-21 will be available to view on our website on the following link: www.gravesham.gov.uk/ctax-scheme.

IMPLICATIONS**APPENDIX 1**

Attached at **Appendix 3** is the draft council tax resolution which seeks to identify for Full Council the processes which have to be undertaken to arrive at the levels of Council Tax applicable to each part of the Borough. The parts in bold type seek to explain each calculation.

Members will be aware that it is usual for us to prepare, at this point, a draft resolution incorporating the anticipated council tax figures for the borough council and the parishes where this is necessary.

Legal	<p>There are a number of legislative requirements to consider in setting the Budget which were addressed as the council moved through the budget cycle.</p> <p>The Localism Act introduced a requirement for council tax referendums to be held if an authority increases its relevant basic amount of council tax in excess of the council tax referendum limit determined by the Secretary of State and approved by the House of Commons. For 2020-21 the council tax referendum limit has been set at the higher of 2% or £5. The level of council tax proposed falls below this.</p> <p>As required by Section 65 of the Local Government Finance Act 1992, Gravesham Borough Council has a statutory duty to consult with representatives of ratepayers on its proposed expenditure for the following financial year. This has been undertaken, with no responses received by the consultation deadline of 14 February.</p> <p>As required by Section 25 of the Local Government Act 2003, the report includes the view of the Director (Corporate Services), as Chief Finance Officer, on both the robustness of the estimates and the adequacy of reserves.</p>
Finance and Value for Money	As set out above within the body of the report.
Risk Assessment	<p>The Local Government Act 2003 requires the Chief Financial Officer, when calculating the Council Tax Requirement, to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. Consideration will and is given to the risks associated with any budget setting process where various financial and other assumptions have to be made. To mitigate the risks detailed estimates are formulated in conjunction with Services taking into account past outturn, current spending plans and likely future demand levels / pressures and external advice on assumptions obtained where appropriate. Current and future challenges are summarised in this report and outlined in the General Fund and Housing Revenue Account Revenue and Capital Estimates 2020-21 reports, as presented to the Cabinet on the 3 February 2020. This set out the opinion of the Director (Corporate Services) that the General Fund General Revenue Reserve be held at £3.25m with a minimum working balance of £2m i.e. retaining an overall total of £5.25m General Fund working balances.</p>
Data Protection Impact Assessment	<p><i>A data protection impact assessment (DPIA) should be carried out at the start of any major project involving the use of personal data or if you are making a significant change to an existing process.</i></p> <p>a. Does the project/change being recommended through this paper involve the processing of personal data or special category data or criminal offence data?</p> <p>A definition of each type of data can be found on the Information Commissioner's Office website via the above links.</p> <p>b. If yes to question a, have you completed and attached a DPIA including Data Protection Officer advice?</p> <p>N/A</p>

	<p>c. If no to question b, please seek advice from your nominated DPIA assessor or the Information Governance Team at gdpr@medway.gov.uk.</p> <p>N/A</p>
Equality Impact Assessment	<p>a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community? If yes, please explain answer.</p> <p>No</p>
	<p>b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality? If yes, please explain answer.</p> <p>No</p>
	<p><i>In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above</i></p>
Corporate Plan	Strategic Objective Three – Progress.
Crime and Disorder	Not Applicable
Digital and website implications	The approved Council tax charges will be uploaded to our website, with e-bills produced for those wishing to have them.
Safeguarding children and vulnerable adults	Not Applicable