

Classification: Part 1 – Public

Key Decision: No

Gravesham Borough Council

Report to: Cabinet
Overview Scrutiny Committee

Date: 3 February 2020
13 February 2020

Reporting officer: Leader of the Executive
Chief Executive
Director (Corporate Services)

Subject: General Fund Revenue and Capital Estimates 2020-21

Purpose and summary of report:

To present the Cabinet with the draft revenue and capital estimates for General Fund services in 2020-21. To recommend to Council the level of council tax to be levied for 2020-21.

Recommendations:

1. That Cabinet agree for a resolution to be placed before the meeting of the Council on 25 February 2020, specifying the council tax to be levied in the Borough of Gravesham for the year 2020-21.
2. That Cabinet delegates authority to the Director (Communities), in consultation with S151 Officer and Leader of the Executive, to conclude the procurement process and award the contracts for the supply of fitness equipment at Cascades and Cygnet Leisure Centres as set out in Appendix 7a, subject to the budget associated with this procurement exercise being approved by Full Council on 25 February 2020.

Cabinet recommends to Council that:

3. The Medium Term Financial Strategy for 2020-21 be approved;
4. The draft revenue estimates for 2020-21 together with revised estimates for 2019-20, be approved, subject to any final amendments agreed by the Section 151 Officer in consultation with the Chief Executive and Leader of the Executive;
5. The provisional estimates for the following eight years be noted;
6. The draft capital estimates for 2020-21, together with the revised estimates for 2019-20, be approved subject to detailed reports coming forward on new schemes where applicable;
7. Due consideration is given to 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.

Background

- 1.1 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.
- 1.2 Under the Policy Framework and Budget Procedure Rules of the Constitution, the Cabinet has responsibility for making proposals to Full Council for the adoption of the council's Budget.
- 1.3 This report presents the draft General Fund revenue and capital estimates for the year 2020-21 to enable the Cabinet to recommend to Full Council its proposal in respect of the council budget for 2020-21 and the level of Council Tax to be levied. These estimates have been prepared in accordance with the council's Corporate Plan and the Council's Partnership Framework.

2. Format of this report

- 2.1 This report is presented in seven sections. A summary is provided in the main body of this report for each section, with further detailed and contextual information presented in the supporting appendices as needed:
 - Section One – Policy Context
 - Section Two – Government Funding
 - Section Three – Medium Term Financial Strategy
 - Section Four - General Fund Revenue Budget
 - Section Five – Council Tax
 - Section Six - Robustness of Estimates and Adequacy of Reserves
 - Section Seven - Capital Programme

3. SECTION ONE – POLICY CONTEXT

Corporate Plan 2019-2023 – Delivering a Gravesham to be proud of

- 3.1 In October 2019, Full Council adopted a new Corporate Plan for the period 2019 to 2023 which set the direction and guiding principles for council activity during the period to deliver a Gravesham to be proud of. The Corporate Plan recognises the need for the council to work differently to enable it to deliver more homes, more jobs and more investment in the borough and focuses on three strategic objectives for the plan period:

People – Protected environment, quality living

Place – Vibrant economy, connected community

Progress – Entrepreneurial authority, strong leadership

- 3.2 Performance against the plan will be reported through quarterly performance update reports and budget monitoring reports; these reports include the General Fund Medium Term Financial Plan and HRA Business Plan, which both seek to express the delivery of the Corporate Business Plan objectives in financial terms.

4. SECTION TWO – GOVERNMENT FUNDING (See also Appendix 2)

Local Government Finance Settlement

- 4.1 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.
- 4.2 The council will experience an increase in its core spending power of 3% in 2020-21 and will continue to have the fifth lowest level of assumed spending power per dwelling in Kent at £251.

New Homes Bonus Scheme

- 4.3 The council has secured indicative NHB funding for 2020-21 of £603,010; this is above the level of funding that was previously in the MTFP.
- 4.4 The Government have stated that funding of New Homes Bonus beyond 2020-21 will be subject to the 2020 Spending Review and potential new proposals that may come from this.

Business Rates Retention Scheme

- 4.5 The Kent Business Rates Pool will continue to operate in 2020-21. Modelling of anticipated business rates to be generated in the year (including the projected benefit of membership of the Kent Pool) indicates a benefit to Gravesham of £529,650 beyond that which was previously expected and reflected in the Medium Term Financial Plan.

5. SECTION THREE – MEDIUM TERM FINANCIAL STRATEGY (See also Appendix 3 and Appendix 4)

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 Three for Member approval.

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

Since 2016 the council has been proactively progressing the work-streams within the MTFS. A table showing progress in delivering against these work-streams is provided below.

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 work-streams.

5.1 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 proposal 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.

5.2 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.

6. SECTION FOUR – GENERAL FUND REVENUE BUDGET (See also Appendix 4)

Revised Budget 2019-20

6.1 The Projected Outturn for 2019-20 indicates a projected underspend for the year of £1,066,110 albeit income and expenditure variances in the last quarter of the year will impact on this figure. Details of such variances will be included in the Budget Outturn report to Cabinet and the Finance & Audit Committee after the end of the 2019-20 financial year.

Revenue Budget 2020-21

6.2 The Original Estimate for 2020-21 represents a balanced budget position, and with a further contribution of £270,100 being made to working balances in 2020-21 (assuming a Council Tax increase of £4.95 (2.44%) in 2020-21). This provides a further welcome boost to the council's working balances given the uncertainty around the funding of local government beyond 2020-21.

6.3 A draft Budget Book is attached at Appendix 4a for Member information.

7. SECTION FIVE – COUNCIL TAX (See also Appendix 5)

Council Tax Setting 2020-21

- 7.1 The Provisional Finance Settlement announcement confirmed the continued flexibility for district councils in setting council tax levels by permitting district councils to raise council tax by 2% or up to and including £5 (whichever is higher) without triggering the requirement for referendum.
- 7.2 The budget proposals reflect the council implementing a £4.95 increase in its council tax charge in 2020-21, equating to an increase of less than 10 pence per week for a Band D property. The total annual charge for the Gravesham element of the council tax bill will be £208.08; by way of comparison, the Band D equivalent council tax for 2019-20 is £203.13.

8. SECTION SIX - ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES (See also Appendix 6)

- 8.1 The Local Government Act 2003 requires the Chief Financial Officer to certify that, when setting the annual Council budget, the estimates are robust and that the level of reserves is sufficient for the Authority. To support this the Director (Corporate Services), as Section 151 Officer, has conducted a review of reserves and working balances, the findings and conclusions of which can be found at Appendix 6.
- 8.2 It is the view of the Director (Corporate Services), as Section 151 Officer, that the estimates presented to Members are robust and that the level of reserves is sufficient for the Authority.

9. SECTION SEVEN - CAPITAL PROGRAMME (See also Appendix 7)

- 9.1 The General Fund Capital programme is set out in Appendix seven to this report and for 2020-21 is estimated at £14.4m.

Background Papers

- 9.2 The background papers pertaining to this report are available from the Financial Services Team in the first instance.

IMPLICATIONS	APPENDIX 1
Legal	<p>The Local Government Finance Act 1992 (Chapter III Sect. 32) requires the council to set the council tax and calculate a budget for each financial year by 11th March in the preceding financial year.</p> <p>The Local Government Act 2003 requires the Chief Financial Officer to provide a view of the robustness of the estimates and the adequacy of the level of reserves.</p>
Finance and Value for Money	<p>This report sets out the parameters and processes in place for preparing a balanced budget for 2020-21 and the associated Medium Term Financial Strategy for the year.</p>
Risk Assessment	<p>The risks associated with the General Fund revenue and capital estimates are set out in the Medium Term Financial Strategy.</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? A definition of each type of data can be found on the Information Commissioner’s Office website via the above links. No</p> <p>b. If yes to question a, have you completed and attached a DPIA including Data Protection Officer advice? 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. 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. 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. 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	Corporate Plan Objective 3: Progress – Strong Leadership, specifically the commitment for Sound Financial Management.
Crime and Disorder	N/A
Digital and website implications	N/A
Safeguarding children and vulnerable adults	N/A