

Classification: Part 1 – Public

Key Decision: No

Gravesham Borough Council

Report to: Cabinet
Overview Scrutiny Committee

Date: 31 January 2022
10 February 2022

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

Subject: General Fund Revenue and Capital Estimates 2022-23

Purpose and summary of report:

To present Cabinet with the draft revenue and capital estimates for General Fund services in 2022-23. To recommend to Council the level of council tax to be levied for 2022-23.

Recommendations:

1. That Cabinet agree for a resolution to be placed before the meeting of the Council on 22 February 2022, specifying the council tax to be levied in the Borough of Gravesham for the year 2022-23.

Cabinet recommends to Council that:

2. The Medium Term Financial Strategy for 2022-23 – 2026-27 be approved;
3. The draft revenue estimates for 2022-23 together with revised estimates for 2021-22, be approved, subject to any final amendments agreed by the Section 151 Officer in consultation with the Chief Executive and Leader of the Executive;
4. The provisional estimates for the following eight years be noted;
5. The draft capital estimates for 2022-23, together with the revised estimates for 2021-22, be approved subject to detailed reports coming forward on new schemes where applicable;
6. 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.
7. The threshold for Key Decisions remains at £100,000.

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 2022-23 to enable the Cabinet to recommend to Full Council its proposal in respect of the council budget for 2022-23 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 and Planning for the council and its community
 - 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

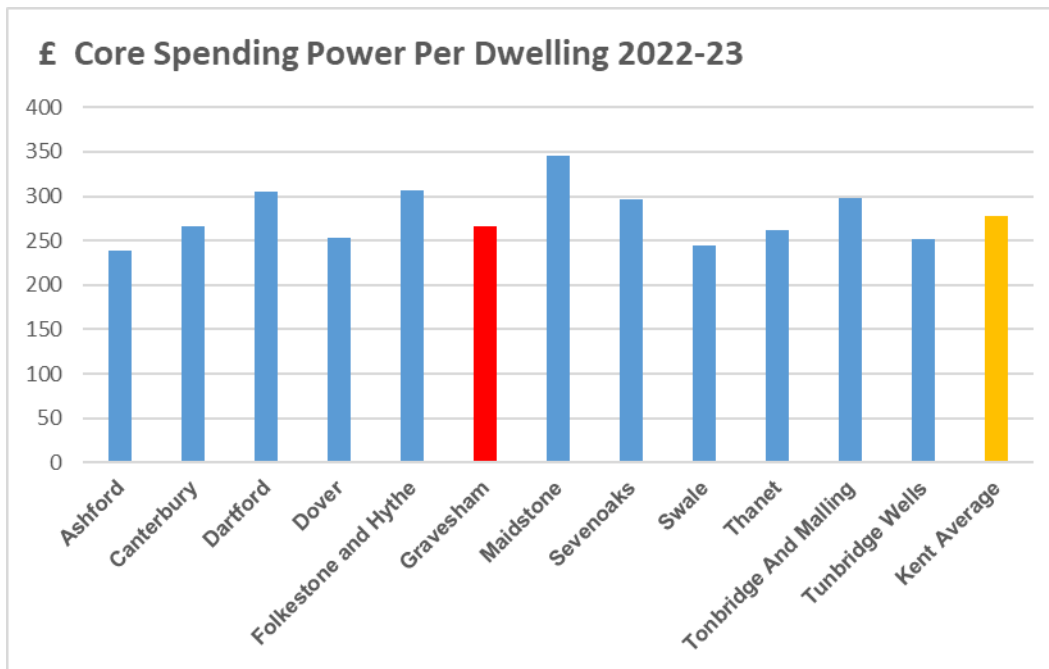
Progress – Entrepreneurial authority, strong leadership

- 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 16 December 2021 the Provisional Local Government Finance Settlement for 2022-23 was announced by The Department for Levelling Up, Housing and Communities (DLUHC). As like last year the provisional settlement is for one year only, with the future funding of local government remaining uncertain in the coming years. Local government funding reforms that were planned for introduction from April 2021 (including the Fair Funding Review and reforms to the current Business Rates Retention System) have been put on hold. These reforms are likely to take place during 2022.
- 4.2 The Kent view of assumed Core Spending Power per dwelling for individual districts authorities is shown in the graph below.



- 4.3 As a result of the provisional settlement, the council will experience an increase in its core spending power of 7.3% for 2022-23 and will have the seventh lowest level of assumed spending power per dwelling in Kent at £267. This is based on an assumption by central government that the council will increase council tax by the maximum amount.

New Homes Bonus Scheme

- 4.4 Under the scheme the council has secured indicative NHB funding for 2022-23 of £573,150. Allocations continue to be as un-ring-fenced grant, thus enabling the council to maintain its policy of taking NHB Funding directly into Working Balances
- 4.5 It continues to remain unknown how the Government will address the New Homes Bonus Scheme in the future.

Business Rates Retention Scheme

- 4.6 In order to maximise the level of business rates retained locally, the council has been part of the Kent Business Rates Pool since 2015-16 and it has been confirmed that the Pool will continue to operate in 2022-23. The pool is a partnership between Kent County Council and most of the Kent Districts with the primary objective of promoting growth within the respective partner areas. The establishment of the pool delivers the benefit of enabling the levies on business rates growth payable by the districts to be offset by the tariff payable by the County Council and Kent Fire, thus enabling more business rates income to be retained locally. There is, however, the risk associated with the pool that should a council's business rates decline to a level below their respective safety net level, it will receive no national support to reduce its losses. In recognition of this, the pool agreement distributes any levy saved between the council, the County Council and a Growth Fund in equal shares and a small percentage to fund a safety net provision.
- 4.7 The budgeted costs for being part of the Kent Business Rates pool during 2022-23 are £509,830. If the council was not part of the pooling arrangement then a sum of £1,274,550 would be payable to Central Government.

COVID-19 Funding

- 4.8 During 2021-22 Local Government played a critical role in the national response to the COVID-19 Pandemic. Central Government had put in place various schemes to help compensate for some of the financial losses that Councils have incurred. The provisional settlement has not included any announcements that the council would continue to receive support from Central Government during 2022-23 as a result of the COVID-19 Pandemic.

5. SECTION THREE – MEDIUM TERM FINANCIAL STRATEGY AND PLANNING FOR THE COUNCIL AND ITS COMMUNITY (See also Appendix 3 and Appendix 4)

- 5.1 This year the council has prepared a five-year Medium Term Financial Strategy spanning 2022-23 to 2026-27. This considers initiatives to reduce the emerging budget gap that the council is now facing on its General Fund Services. This Strategy is attached at Appendix Three for Member approval.
- 5.2 The budget proposals for 2022-23 maintain the ambitions of the council set out in the corporate plan and continue to include funding to support the delivery of a new Leisure Centre, programmed replacement plans for council-owned play sites, the delivery of new housing, improved town centre street scene and a commitment to become carbon neutral by 2030. They also reflect the commitments made in the last year to improve the creative offering in the borough through the St Georges Creative Hub (that opened in December 2021) and develop a programme of works to improve Rear Accessways

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

Revised Budget 2021-22

- 6.1 The Projected Outturn for 2021-22 indicates a projected underspend for the year of £599k however 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 2021-22 financial year.

Revenue Budget 2022-23

- 6.2 The Original Estimate for 2022-23 represents a balanced budget position, with a contribution of £1.45m being made from working balances to support expenditure in the year (assuming a Council Tax increase of £4.95 (2.32%) in 2022-23), which is below the current rate of inflation (CPI being at 5.4% in December 2021).
- 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 2022-23

- 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 2022-23, 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 £217.98; by way of comparison, the Band D equivalent council tax for 2021-22 is £213.03.

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, that the level of reserves is sufficient for the Authority and that the threshold for Key Decisions has been reviewed and is to remain at £100,000

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 2022-23 is estimated at £72.5m

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 2022-23. It also sets out the proposed Medium Term Financial Strategy for the council for the period 2022-23 to 2026-27.</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. N/A</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 gdp@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. N/A</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. N/A</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 #3 Progress; Sound Financial Management & Successfully Managing Key Business Risks
Climate Change	Reserve funding is included in the budget proposals for Climate Change Activity.
Crime and Disorder	No direct implications.
Digital and website implications	No direct implications.
Safeguarding children and vulnerable adults	No direct implications.

