

Classification: Part 1 – Public

Key Decision: No

Gravesham Borough Council

Report to: Council
Date: 22 February 2022
Reporting officer: Director (Corporate Services)
Subject: Council Tax and Budget Setting 2022-23

Purpose and summary of report:

To consider a resolution to determine the Council Tax to be levied for 2022-23.

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 financial threshold for Key Decisions that will be applied during 2022-23.

To determine the General Fund and Housing Revenue Account revenue and capital budgets for 2022-23.

Recommendations:

It is recommended that Full Council:

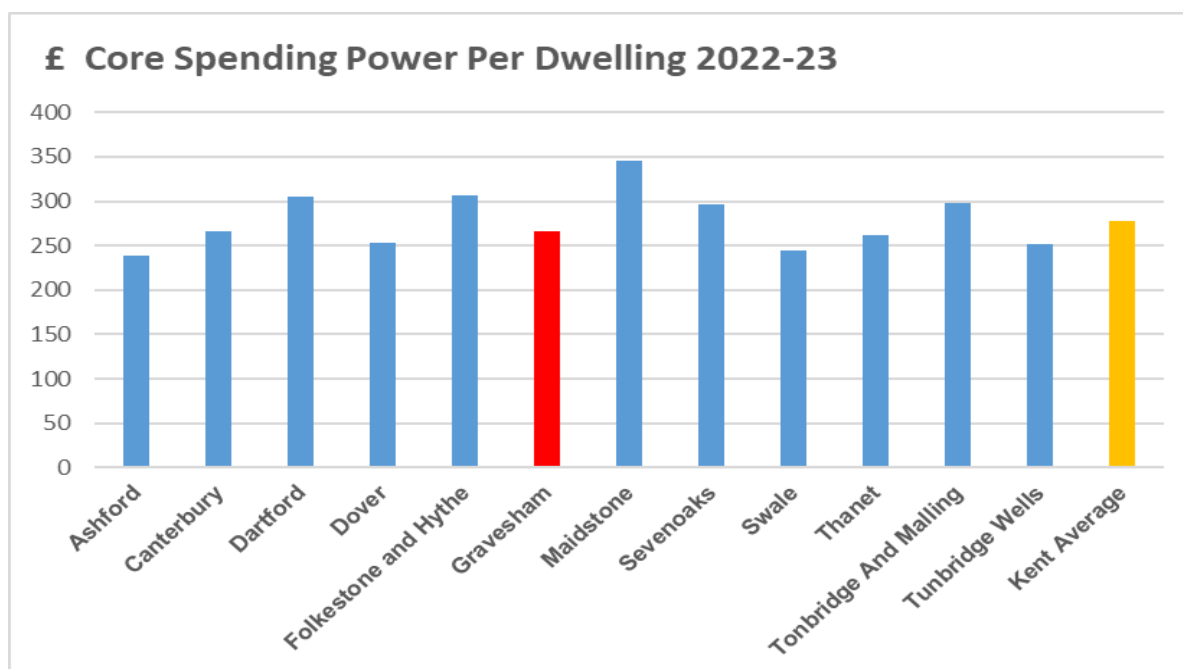
1. approves the council tax resolution for Gravesham Borough Council at Appendix 2;
2. approves the five year Medium Term Financial Strategy for 2022-23 to 2026-27 at Appendix 3;
3. considers the view of the Director (Corporate Services) (as S151 Officer) on the robustness of estimates for the coming 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. approves the retention of the Key Decision financial threshold at £100,000;
5. ratifies the Council Tax Base as at Appendix 4;
6. 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 2022-23, noting the provisional estimates for the further nine years.

1. Introduction

- 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. 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 2022-23

- 2.1 On 31 January 2022, Cabinet considered the draft General Fund revenue and capital estimates for the year 2022-23. The same report was considered by Overview Scrutiny on 10 February 2022.
- 2.2 On 16 December 2021 the Provisional Local Government 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 unknown. The Final Settlement was announced on 8 February 2022 which resulted in no changes to the proposed budget.
- 2.3 Other 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.
- 2.3 Since 2010-11 there has been a decrease in funding received from Central Government to fund local authorities. During 2010-11 59.2% of Gravesham's income received was via Central Government under the revenue support grant scheme.
- 2.4 This grant has been slowly diminishing over recent years and from 2018/19 onwards, Gravesham has not received any revenue support grant. This leaves very little choice but to increase core spending power via local taxation.
- 2.5 The Kent view of assumed Core Spending Power per dwelling for individual districts authorities is shown in the graph below.



- 2.6 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.

3. Medium Term Financial Strategy

- 3.1 This year the council has prepared a five-year Medium Term Financial Strategy spanning 2022-23 to 2026-27 as this considers initiatives to reduce the emerging budget gap that the council is now facing on its General Fund Services of c.£3m in 2026-27. This strategy is shown at Appendix 3 for member approval.
- 3.2 The MTFs brings together the key areas which affect our Revenue and Capital budgets and plans for these over the medium term as well as considering initiatives to reduce the emerging budget gap.
- 3.3 The key principles in the MTFs which will direct our financial decision making over the next 5 years are:-
- To ensure that the finite resources available are aligned to the council's Corporate Plan objectives
 - To preserve a minimum level of £5.25m General Fund working balances and a minimum level of £3m Housing Revenue Account working balances
 - To regularly review its earmarked reserves to ensure these remain fit for purpose and appropriately funded
 - To ensure that decisions relating to Council Tax setting are made with due regard to the guidelines issued by the Secretary of State
 - To maintain robust budget setting, budget management monitoring and control arrangements
 - To proactively take action as a council to address budget pressures through a well-considered programme of innovation and savings.
- 3.4 As a responsible steward of public funds and services, Gravesham Borough Council has being proactive in its approach and has actively sought to identify initiatives to support 'balancing' the budget gap that starts to emerge in 2026-27. These initiatives cover the following headings:-
- Budget Rationalisation
 - Fees & Charges
 - Asset Optimisation
 - Trading & Commercialisation
 - Continuous Improvement Reviews

4. General Fund Budget 2022-23

- 4.1 The General Fund Revenue and Capital Estimates 2022-23 have been prepared with due regard to the council's Corporate Plan and Partnership Framework. The provisional revenue estimates for the further years to 2030-31 are provided within the Medium Term Financial Plan (MTFP) 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.
- 4.2 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 Finance Officer was presented to Cabinet on 31 January 2022 as part of the draft General Fund revenue and capital estimates for the year 2022-23; this concluded that the estimates are robust and that at this time, the level of reserves is sufficient for the Authority.
- 4.3 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 10 February 2022.
- 4.4 Past and present prudent financial stewardship, has enabled the 2022-23 budget proposals to continue to work towards 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;
 - The delivery of new housing in the borough;
 - An improved town centre street scene;
 - Climate change activity;
 - An alleyways clearance programme.

5. Council Tax proposal 2022-23

- 5.1 In formulating the final council tax proposal, Cabinet on 31 January 2022 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 in section 2 of this report.
- 5.2 The proposal made by Cabinet to Full Council is to increase council tax by £4.95 for a Band D property in 2022-23, taking the Band D charge for Gravesham's element of the overall Council Tax charge to £217.98. 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 2.
- 5.3 The MTFP at Appendix 5 reflects the proposal to Full Council to increase council tax by £4.95 (2.32%) in 2022-23. 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.
- 5.4 The Council Tax resolution has been prepared on the basis of a Kent County Council (KCC) precept of £50,894,490, which results in a Band D Council Tax charge for the KCC element of the Council tax charge of £1,461.24. For Kent Fire & Rescue Service (KF&RS) this element in The Council Tax resolution has been

prepared on the basis of a precept of £2,868,220, which results in a Band D Council Tax charge for KF&RS of £82.35 and for Kent Police and Crime Commissioner (KPCC) this is £7,598,090 which results in a Band D Council Tax charge of £228.15.

- 5.5 At the time of writing this report, Kent Fire and Rescue Service (KF&RS) have yet to approve their council tax levels for 2022-23. Should an alternative Council Tax charge be approved at their respective meeting, which is to be held later this month, the overall Council Tax resolution appended to this report will be updated accordingly.

6. Housing Revenue Account Budget 2022-23

- 6.1 The Housing Revenue Account Revenue and Capital Estimates 2022-23 have been prepared with due regard to the council's Corporate Plan and Partnership Framework. The provisional revenue estimates for the further years to 2030-31 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.
- 6.2 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 31 January 2022 as part of the draft Housing Revenue Account revenue and capital estimates for the year 2022-23; this concluded that the estimates are robust and that at this time, the level of reserves is sufficient for the Authority.

7. Items for Member consideration

- 7.1 Members are asked to approve the five year Medium Term Financial Strategy for 2022-23 to 2026-27.
- 7.2 Members are asked to approve the General Fund estimates for 2022-23 and to note the provisional annual estimates to 2030-31, incorporating the determination of the Gravesham Borough Council element of the overall Council Tax charge for 2022-23. The main features of the 2022-23 budget and council tax proposals can be summarised as follows:
- The budget requirement for 2022-23 is £12,461,820
 - The budget is based on the implementation of a 2.32% rise in Gravesham Borough Council's Council Tax charge for 2021-22. 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 £217.98 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 2022-23 represents a balanced budget position. 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 2022-23.
 - 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.

7.3 Members are asked to approve the Housing Revenue Account estimates for 2022-23 and to note the provisional estimates for the further nine years. The main features of the 2022-23 budget can be summarised as follows:

- The Housing Revenue Account budget for 2022-23 reflects budgeted income of £30.5m and expenditure of £30.8m, with the need to draw £324K from the general reserve principally to fund the capital programme.
- The budget for 2022-23 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 4.1% from 1 April 2022. This is in accordance with the Rent Standard issued by the Regulator of Social Housing for 2022-23, which permits an increase of CPI +1% from 1 April 2022 (where CPI is measured at September 2021). The authority's average weekly social rent will increase to £94.22 from its current level of £90.26 in 2021-22.
- The budget is based upon the premise that no new savings are required to balance the budget for 2022-23.

IMPLICATIONS**APPENDIX 1**

Attached at **Appendix 2** 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 2022-23 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 11 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 2022-23 reports, as presented to the Cabinet on the 31 January 2022. 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? 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>

	N/A
	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
Equality Impact Assessment	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
	b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality? If yes, please explain answer. No
	<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>
Corporate Plan	Strategic Objective Three – Progress.
Climate Change	Reserve funding is included in the budget proposals for Climate Change Activity.
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