

**Classification: Part 1 – Public**

**Key Decision: No**

**Gravesham Borough Council**

**Report to:** Council  
**Date:** 21 February 2023  
**Reporting officer:** Director (Corporate Services)  
**Subject:** Council Tax and Budget Setting 2023-24

**Purpose and summary of report:**

To consider a resolution to determine the Council Tax to be levied for 2023-24.

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 2023-24.

To determine the General Fund and Housing Revenue Account revenue and capital budgets for 2023-24.

**Key Implications:**

<b>Item</b>	<b>Implications</b>
<b>Legal</b>	<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 2023-24 the council tax referendum limit has been set at the higher of 3% 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 9 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 estimates and adequacy of reserves.</p>
<b>Finance and Value for Money</b>	<p>This report sets out the parameters and processes in place for preparing a balanced budget for 2023-24. It also sets out the updated Medium Term Financial Strategy for the council for the period 2022-23 to 2026-27.</p>

<b>Corporate Plan</b>	Strategic Objective #3 Progress; Sound Financial Management & Successfully Managing Key Business Risks.
<b>Climate Change</b>	Reserve funding is included in the budget proposals for Climate Change Activity.

### **Recommendations:**

It is recommended that Full Council:

1. approves the council tax resolution for Gravesham Borough Council at Appendix 2;
2. approves the amended Medium Term Financial Strategy for 2022-23 to 2026-27 at Appendix 3;
3. approves the retention of the Key Decision financial threshold at £100,000;
4. ratifies the Council Tax Base as at Appendix 4;
5. approves the amended Council Tax Reduction Scheme uprated bands;
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 2023-24, noting the provisional estimates for the further nine years.
7. considers the view of the Director (Corporate Services) (as S151 Officer) on the robustness of estimates for the coming year and the adequacy of proposed reserves and balances, as required under Section 25 of the Local Government Finance Act 2003 at Appendix 8;
8. approves the application of the 100% council tax premium on properties empty for at least 1 year but less than 5 years, applicable from 1 April 2024, should the Regeneration & Levelling-Up Bill receive Royal assent. Delegated authority be given to the Director (Corporate Services) (as S151 Officer) to take all necessary and timely action to implement this recommendation, taking into account any Secretary of State Guidance that may be issued.
9. approves the application of a 100% council tax premium on 'second homes', applicable from 1 April 2024, should the Regeneration & Levelling-Up Bill receive Royal Assent. Delegated authority be given to the Director (Corporate Services) (as S151 Officer) to take all necessary and timely action to implement this recommendation, taking into account any Secretary of State Guidance that may be issued.

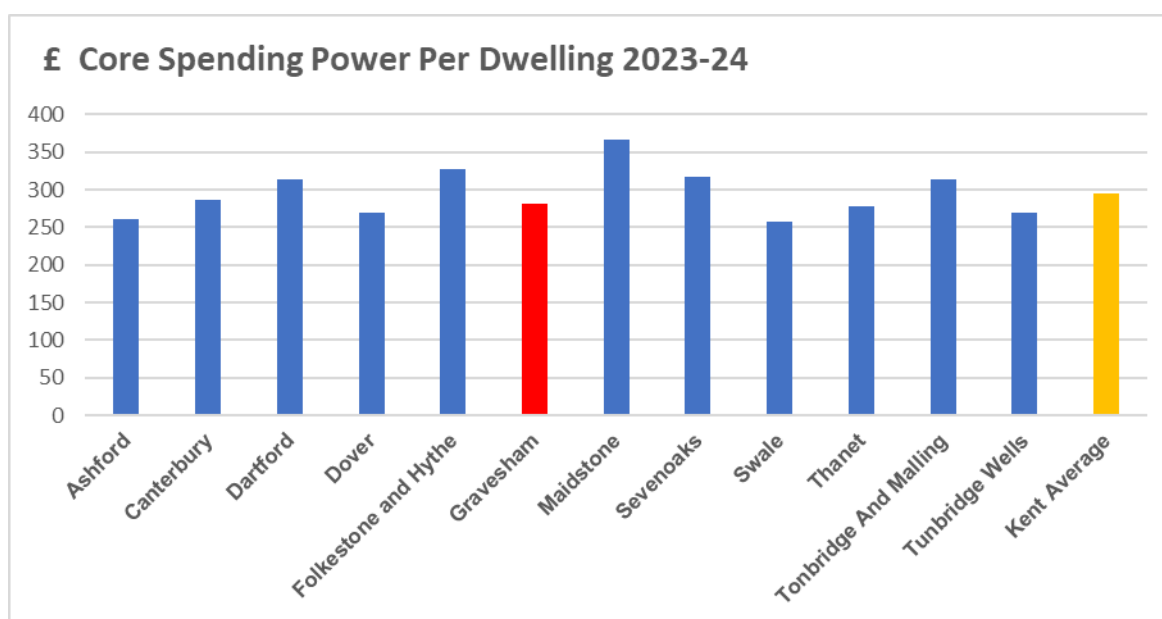
## **1. Introduction**

- 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 2023-24**

- 2.1 On 30 January 2023, Cabinet considered the draft General Fund revenue and capital estimates for the year 2023-24.

- 2.2 On 16 December 2022 the Provisional Local Government Settlement for 2023-24 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 6 February 2023 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, which continues to place uncertainty on the way local government is funded in the future.
- 2.3 Since 2010-11 there has been a decrease in funding received from Central Government to fund local authorities. In 2010-11 59.2% of Gravesham's income received was via Central Government under the revenue support grant scheme. This grant has been slowly diminishing over recent years; this leaves very little choice but to increase core spending power via local taxation.
- 2.4 The Kent view of assumed Core Spending Power per dwelling for individual districts authorities is shown in the graph below.



- 2.5 The council will experience an increase in its core spending power of 4.9% for 2023-24 and will have the sixth lowest level of assumed spending power per dwelling in Kent at £282. This is based on an assumption by central government that the council will increase council tax by the maximum amount.
- 2.6 During 2022-23 the council has faced new, emerging and significant financial challenges due to the volatile economy. This has resulted in increases in fuel prices, energy costs, raw materials, interest costs and corresponding increases in demand for homelessness services which have impacted unfavourably on the council's budget.

### 3. Medium Term Financial Strategy

- 3.1 Last year the council prepared a five-year Medium Term Financial Strategy spanning 2022-23 to 2026-27 in response to the budget gap. The MTFs has been updated and continues delivery of the initiatives set out to reduce the budget gap that the council is facing on its General Fund Services of c.£4.3m in 2026-27. This strategy is shown at Appendix 3 for member approval.

3.2 The core principles in the MTFS which will direct our financial decision making over future 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.

3.3 As a responsible steward of public funds and services, Gravesham Borough Council has been and continues to be proactive in its approach and has actively sought to identify initiatives to support 'balancing' the budget gap activity. These initiatives cover the following headings:-

- Budget Rationalisation
- Fees & Charges
- Asset Optimisation
- Trading & Commercialisation
- Continuous Improvement Reviews

3.4 The most recent MTFP indicates that the council has a residual budget gap of £4.3m in 2026-27, noting that this starts to appear in the 2024-25 financial year. This is in spite of c.£1.4m of initiatives to balance the budget having been delivered and reflected in this latest MTFP.

3.5 The table below sets out the cost savings / increases in income against the MTFS headings. Had these initiatives not been delivered the council would now be facing a budget gap in the region of c.£6m in 2026-27.

		<b>Total</b>
Budget Rationalisation		508,340
Fees & Charges		110,510
Asset Optimisation		620,540
Trading & Commercial		185,650
<b>Total</b>		<b>1,425,040</b>

#### 4. General Fund Budget 2023-24

4.1 The General Fund Revenue and Capital Estimates 2023-24 have been prepared with due regard to the council's Corporate Plan and Partnership Framework. The provisional revenue estimates for the further years to 2031-32 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 likely 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 30 January 2023 as part of the draft General Fund revenue and capital estimates for the year 2023-24; 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 9 February 2023.
- 4.4 Past and present prudent financial stewardship has enabled the 2023-24 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 new housing in the borough, including the building of 122 new council-owned homes and investment in The Charter development, consisting 242 apartments;
  - Ongoing investment in street cleansing, bin and recycling infrastructure and the creation of an Environmental Enforcement Team to tackle fly tipping;
  - Work to deliver of a new Leisure Centre for the residents of the borough;
  - The creation of 18 new play parks for the Borough and delivery of a programme of refurbishment for others;
  - Delivery of arts and creative space for the local community;
  - Action to reduce the council's own operational carbon emissions by 0.462kt (17%), improve the energy efficiency of our housing stock and take a lead on the reduction of carbon emissions in the wider borough.
  - Improved river access further to the commitment made by Cabinet in January 2022

## **5. Council Tax proposal 2023-24**

- 5.1 In formulating the final council tax proposal, Cabinet on 30 January 2023 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 £6.48 for a Band D property in 2023-24, taking the Band D charge for Gravesham's element of the overall Council Tax charge to £224.46. This is slightly below the Council Tax Referendum Limit of 3% 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 £6.48 in 2023-24. For 2024-25 it has been assumed that the council tax referendum principle will be 3%, and then 2% for future years. Each year the level of council tax 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 £54,106,920 which results in a Band D Council Tax charge for the KCC element of the Council tax charge of £1,534.23. For Kent Fire & Rescue Service (KF&RS) this element in The Council Tax resolution has been prepared on the basis of a precept of £3,078,770, which results in a Band D Council Tax charge for KF&RS of £87.30 and for Kent Police and Crime Commissioner (KPCC) this is £8,575,050 which results in a Band D Council Tax charge of £243.15.
- 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 2023-24. Should an alternative Council Tax charge be approved at their respective meeting, which is due to be held on 21 February 2023, the overall Council Tax resolution appended to this report will be updated accordingly.

## **6. Housing Revenue Account Budget 2023-24**

- 6.1 The Housing Revenue Account Revenue and Capital Estimates 2023-24 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 30 January 2023 as part of the draft Housing Revenue Account revenue and capital estimates for the year 2023-24; 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 General Fund estimates for 2023-24 and to note the provisional annual estimates to 2031-32, incorporating the determination of the Gravesham Borough Council element of the overall Council Tax charge for 2023-24. The main features of the 2023-24 budget and council tax proposals can be summarised as follows:
- The budget requirement for 2023-24 is £14,127,930
  - The budget is based on the implementation of an increase of £6.48 rise in Gravesham Borough Council's Council Tax charge for 2023-24. This is equivalent to an increase of less than 13 pence per week for a Band D property, with the new Band D charge being £224.46 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 2023-24 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 2023-24.

- 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.

7.2 Members are asked to approve the Housing Revenue Account estimates for 2023-24 and to note the provisional estimates for the further nine years. The main features of the 2023-24 budget can be summarised as follows:

- The Housing Revenue Account budget for 2023-24 reflects budgeted income of £33.45m and expenditure of £28.27m. A contribution of £4.690m will be made to a Debt Repayment Reserve to support the future repayment of debt following an exercise in 2023-24 to review and restructure the debt taken on by the council in 2012 under Central Government HRA Finance Reform. A further £500k contribution will be made to a HRA Priorities Reserve.
- The budget for 2023-24 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.
- On 17 November the Chancellor of the Exchequer announced in the Autumn Statement that both social and affordable rent increases will be capped at 7% as of April 2023 for a period of 12 months. Previously government policy permitted annual rent increases for both social and affordable rent properties up to CPI+1% for a period of at least 5 years from April 2020. The average weekly social rent for 2023-24 will be £104.73.
- The budget is based upon the premise that no new savings are required to balance the budget for 2023-24.

7.3 Members are asked to approve the updated five-year Medium Term Financial Strategy for 2022-23 to 2026-27.

7.4 Members are also asked to approve the amended Council Tax Reduction Scheme (CTRS) 2023/24. This is based on the Council's local council tax reduction scheme for 2022/23 with amendments to the scheme's income bands. These income bands have been uprated to the nearest £, as provided within the existing scheme and in line with benefit rates and allowances provided in the annual uprating circular published by the Department for Works & Pensions.

7.5 The Levelling Up and Regeneration Bill has stipulated that councils will be able to introduce a new discretionary council tax premium on second homes of up to 100%. According to the bill, councils will also be allowed to apply this premium to homes that have remained empty for longer than a year – current legislation states councils may do so after two years.

7.6 Members are asked to approve that the application of the 100% council tax premium on properties empty for at least 1 year but less than 5 years, applicable from 1 April 2024, should the Regeneration & Levelling-Up Bill receive Royal assent.

<b>Secondary Implications</b>	
<b>Risk Assessment</b>	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 2023-24 reports, as presented to the Cabinet on the 30 January 2023. 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.
<b>Data Protection Impact Assessment</b>	<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 <a href="#">personal data</a> or <a href="#">special category data</a> or <a href="#">criminal offence data</a>?</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>No</p> <p>b. If yes to question a, have you completed and attached a DPIA including Data Protection Officer advice?</p> <p>c. If no to question b, please seek advice from your nominated DPIA assessor or the Information Governance Team at <a href="mailto:gdpr@medway.gov.uk">gdpr@medway.gov.uk</a>.</p>
<b>Equality Impact Assessment</b>	<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>
<b>Crime and Disorder</b>	N/A
<b>Digital and website implications</b>	The approved Council tax charges will be uploaded to our website, with e-bills produced for those wishing to have them.
<b>Safeguarding children and vulnerable adults</b>	N/A



