

Classification: Part 1 – Public

Key Decision: No

Gravesham Borough Council

Report to: Council
Date: 20 February 2024
Reporting officer: Director (Corporate Services)
Subject: Council Tax and Budget Setting 2024-25

Purpose and summary of report:

To consider a resolution to determine the Council Tax to be levied for 2024-25.

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 2024-25.

To determine the financial threshold for Key Decisions that will be applied during 2024-25.

Key Implications:	
Item	Implications
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 2024-25 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 2024.</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>
Finance and Value for Money	<p>This report sets out the parameters and processes in place for preparing a balanced budget for 2024-25, alongside an update on delivery against the Medium Term Financial Strategy for the council for the period 2022-23 to 2026-27.</p>

Corporate Plan	<p>One Council: a well-run and innovative authority, defined by its skilled and valued workforce, committed to developing its local social impact.</p> <p>Financial responsibility: a financially sustainable authority, driven by a strong Medium Term Financial Strategy, enforced by a suite of effective financial monitoring controls.</p>
Climate Change	Reserve funding is included in the budget proposals for Climate Change Activity.

Recommendations:

It is recommended that Full Council:

1. recognises the decision by Full Council in February 2023 to apply the 100% council tax premium on properties empty for at least 1 year but less than 5 years, applicable from 1 April 2024, as enabled by Section 79 of the Levelling-Up and Regeneration Act 2023.
2. approves the reduction of the current Prescribed Class C discount to 0% with effect from 1 April 2024 as enabled by the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012.
3. approves the reduction of the current Prescribed Class D discount to 0% with effect from 1 April 2024 as enabled by the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012.
4. approves the council tax resolution for Gravesham Borough Council at Appendix 1 and delegates authority to the Director (Corporate Services), in consultation with the Leader of the Executive, to make any amendment required resulting from final decisions taken by Kent Fire and Rescue Service (KF&RS) and Kent County Council (KCC) on their council tax levels for 2024-25.
5. ratifies the Council Tax Base as at Appendix 2.
6. considers the budget proposals contained within this report and the proposed Budget Book for Gravesham Borough Council provided at Appendix 5 and determines the General Fund and Housing Revenue Account revenue and capital budgets for 2024-25, 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 6.
8. approves the retention of the Key Decision financial threshold at £100,000.
9. approves the amended Council Tax Reduction Scheme uprated bands.
10. approves the application of a 100% council tax premium on 'second homes', applicable from 1 April 2025, (in order to provide the required one-year minimum notice), as enabled by Section 80 of the Levelling-Up and Regeneration Act 2023. Delegated authority be given to the Director (Corporate Services) (as S151 Officer) to take all necessary and timely action to implement this recommendation.

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 2024-25

- 2.1 The council's General Fund accounts for all income and expenditure relating to the day-to-day running of council services. It does not include income and expenditure related to the provision of council housing and services associated directly with this, which are accounted for through the Housing Revenue Account (HRA).
- 2.2 The budget proposals considered and agreed by Cabinet on 29 January 2024 were based on the Provisional Local Government Settlement for 2024-25. This was announced by The Department for Levelling Up, Housing and Communities (DLUHC) on 18 December 2023 and, as has been the case for the last five years, was a single year provisional settlement only covering 2024-25.
- 2.3 The Final Settlement was announced on 5 February 2024 and included additional measures for local authorities, worth £600m. Of this sum, £500m of funding will be directed to councils with responsibility for adults and children's social care (i.e. Kent County Council and Medway Council locally). The balance of £100m will be directed to other specific plans set out within the Final Settlement Statement made by Michael Gove, Secretary of State for Levelling Up, Housing and Communities. Specifically for Gravesham, the Final Settlement set out the intention to increase the Funding Guarantee to 4%, ensuring that all authorities see a minimum increase in Core Spending Power of 4% before local decisions on council tax. This has resulted in additional funding of £125,180 being received for 2024-25 only beyond that announced in the Provisional Settlement. In accordance with the decision of Cabinet, the draft revenue estimates for 2024-25 presented to Full Council in this report have been amended to reflect this additional funding in consultation with the Chief Executive and Leader of the Executive.
- 2.4 At a headline level, the 2024-25 Final Local Government Finance Settlement indicates a 5.9% increase in cash terms in Core Spending Power for Gravesham in 2024-25 compared to 2023-24. Whilst this is in line with the increase experienced by other Shire Districts, it falls significantly below the increases experienced by Authority types, with this also being the case in the last four settlements. This is also the sixth, one-year provisional settlement with local government funding reform effectively put on hold until after the next Comprehensive Spending Review.
- 2.5 Support for homeless households continues to be the most significant pressure on the council's budget, with spend on temporary accommodation increasing by 661% in past 4 years. Increases in demand for other council services, delays in proposed changes in government policy and economic factors such as inflation and interest rates has brought about an increasingly difficult environment within which the council operates.

- 2.6 These factors come alongside over a decade of significant cuts in local government funding, with direct government funding to meet expenditure on council services reducing from £8.44m in 2010/11 to £592,390 in 2024/25. In 2010/11 expenditure on council services was primarily met by secure, known funding sources provided directly by Central Government. Today, funding for council services is principally met from more volatile, local income sources, substantially from council tax. Over the last decade the council has had to manage its financial position, with proactive action delivering total net reductions in its base budget of £7.56m since 2016. In 2010/11 the council's net budget requirement was £14.4m. When considering inflation this would have increased to £23.4m for the current financial year. The budget requirement for 2024/25 is £14.59m.
- 2.7 The Autumn Statement has offered little relief for local government, indicating that there will be no change in the overall planned increase in Resource Departmental Expenditure (RDEL) of 1% in real terms beyond the current Spending Review period (i.e. 2025/26 to 2028/29). This would indicate likely real-terms cuts for unprotected services, including most of local government. The Chancellor also announced the intention to apply more pressure on the public sector through the setting of 0.5% annual productivity improvement targets, with local productivity plans expected to be agreed by Members and published by 28 July 2024.

3. Medium Term Financial Strategy

- 3.1 In February 2023 Full Council approved a revised five-year Medium Term Financial Strategy spanning 2022-23 to 2026-27 in response to the identified budget gap at that time.
- 3.2 The core principles in the MTFFS which direct our financial decision making 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 to managing its financial position and has actively sought to identify and progress initiatives under five workstreams to respond to the financial challenges it faces:-

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

3.4 The council has made strong progress in delivering the planned work streams to address the ongoing pressures on its financial situation. Measures totalling £3.31m have been reflected in the MTFP, with further agreed activity expected to deliver £2.95m.

Progress in delivery of Balancing The Budget Activity			
Workstream	Expected Value of Activity (£)	Activity Implemented and reflected in MTFP (£)	Activity Agreed, not yet reflected in MTFP (£)
Budget Rationalisation	1,540,280	1,635,140	805,000
Fees and Charges	307,000	520,130	64,730
Asset Optimisation	1,035,000	877,440	595,000
Trading & Commercial	698,200	274,390	466,200
Corporate Improvement Team	1,019,520	-	1,019,520
Total Value of Activity	4,600,000	3,307,100	2,950,450

3.5 Despite this activity, the most recent MTFP indicates that the council has a residual budget gap of £3.73m in 2026-27, noting that this starts to appear in the 2025-26 financial year. Based on current MTFP projections, the council will be required to find a further £784k of base budget reductions beyond those agreed but not yet reflected in the MTFP in the table above, to manage its ongoing financial position and maintain financial sustainability beyond the 2024-25 financial year. A number of options to deliver additional reductions to the base budget have already been identified and will be progressed, with updates provided to Members through 2024.

4. General Fund Budget 2024-25

4.1 The General Fund Revenue and Capital Estimates 2024-25 have been prepared with due regard to the council's Corporate Plan and Partnership Framework. The provisional revenue estimates for the further years to 2032-33 are provided within the Medium-Term Financial Plan (MTFP) at Appendix 3 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 proposed budget for 2024-25 represents a balanced budget position, achieved through a contribution of £1.95m being made from working balances to support expenditure in the year (assuming a Council Tax increase of £6.57 per annum for a Band D property in 2024-25). This would see the level of Working Balances fall below its recommended minimum level of £5.25m by 31 March 2025. Proactive and accelerated action is required to deliver the Balancing the Budget initiatives to prevent the council finding itself in a position where it has limited capacity to respond to and manage the impact of any significant or unexpected events or emergencies during 2024-25 and unable set a balanced budget for 2025-26.

5. Report of the Chief Finance Officer on the robustness of the estimates and the adequacy of reserves

- 5.1 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 29 January 2024 as part of the draft General Fund revenue and capital estimates for the year 2024-25 and is included at Appendix 6 for Member consideration; this concludes that the estimates are robust and that at this time, the level of reserves is sufficient for the Authority.

6. Consultation with representatives of rate payers

- 6.1 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 2024.

7. Council Tax proposal 2024-25

- 7.1 In formulating the final council tax proposal, Cabinet on 29 January 2024 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 summarised in section 2 of this report.
- 7.2 The proposal made by Cabinet to Full Council is to increase council tax by £6.57 for a Band D property in 2024-25, taking the Band D charge for Gravesham's element of the overall Council Tax charge to £231.03. This is 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 1.
- 7.3 The MTFP at Appendix 3 reflects the proposal to Full Council to increase council tax by £6.57 in 2024-25.
- 7.4 The Council Tax resolution has been prepared on the basis of a Kent County Council (KCC) precept of £57,980,850 which results in a Band D Council Tax charge for the KCC element of the Council tax charge of £1,610.82. For Kent Fire & Rescue Service (KF&RS) this element in The Council Tax resolution has been prepared on the basis of a precept of £3,236,280, which results in a Band D

Council Tax charge for KF&RS of £89.91 and for Kent Police and Crime Commissioner (KPCC) this is £9,220,020 which results in a Band D Council Tax charge of £256.15.

- 7.5 At the time of preparing this report, Kent Fire and Rescue Service (KF&RS) and Kent County Council (KCC) have yet to approve their council tax levels for 2024-25. 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.

8. Housing Revenue Account Budget 2024-25

- 8.1 The Housing Revenue Account is a ringfenced account which records the revenue expenditure and income relating to the provision of council dwellings and related services.
- 8.2 The Housing Revenue Account Revenue and Capital Estimates 2024-25 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 Business Plan extract at Appendix 4 and are intended to provide indicative budget requirements based upon current information available and will be subject to change over the forthcoming period.
- 8.3 The proposed budget for 2024-25 represents a balanced budget position with income meeting the planned expenditure for the year with no need to draw funds from the HRA General Reserve.

9. Summary of Key Budget Items for Member consideration

- 9.1 Members are asked to approve the General Fund estimates for 2024-25 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 2024-25. The main features of the 2024-25 budget and council tax proposals can be summarised as follows:
- The budget requirement for 2024-25 is £14,589,740.
 - The budget is based on the implementation of an increase of £6.57 rise in Gravesham Borough Council's Council Tax charge for 2024-25. 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 £231.03 for the year. Some 58% of residents will receive a lesser charge due to them residing in a dwelling assessed as being below Band D.
 - The budget is based on the decision by Full Council in February 2023 to apply the 100% council tax premium on properties empty for at least 1 year but less than 5 years from 1 April 2024, and the recommendations to Full Council to reduce the current Prescribed Class C and Class D discounts to 0% with effect from 1 April 2024.
 - The budget for 2023-24 represents a balanced budget position, achieved through a contribution of £1.95m being made from working balances to support expenditure in the year (assuming a Council Tax increase of £6.57 per annum for a Band D property in 2024-25).

- It must be recognised that based on these budget proposals, the level of Working Balances will fall below its recommended minimum level of £5.25m by 31 March 2025. Proactive and accelerated action is therefore required to deliver the Balancing the Budget initiatives to ensure that the council can effectively respond to and manage the impact of any significant or unexpected events or emergencies during 2024-25 and set a balanced budget for 2025-26
- The budget is based upon the premise that no new savings are required to balance the budget for 2024-25.
- 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 etc.

9.2 Members are asked to approve the Housing Revenue Account estimates for 2024-25 and to note the provisional estimates for the further nine years. The main features of the 2024-25 budget can be summarised as follows:

- The Housing Revenue Account budget for 2024-25 reflects a balanced budget position, with budgeted income of £36.38m meeting planned expenditure for the year of £36.38m.
- Working balances at the end of the year will remain at £3.0m, the minimum level of working balances for the HRA as determined by the Medium-Term Financial Strategy.
- Government policy permits annual rent increases for both social and affordable rent properties up to CPI+1%. CPI stood at 6.7% in September 2023, therefore the increase in rents for 2024-25 will be 7.7%.
- The authority's average weekly social rent be £108.85 in 2024-25, compared to £104.73 in 2023-24. The average affordable rent will increase to £193.21 per week.
- The budget is based upon the premise that no new savings are required to balance the budget for 2024-25.

10. Council Tax Reduction Scheme 2024-25 (CTRS)

- 10.1 The Council Tax Reduction Scheme replaced council tax benefit from 1 April 2013. The Gravesham scheme has been updated and aligned with national benefit rates each year in accordance with prescribed requirements from Government and benefit rates and allowances provided in the annual uprating circular published by the Department for Works and Pensions (DWP).
- 10.2 Members are asked to approve the amended Council Tax Reduction Scheme for 2024/25. This scheme will be based on the council's local Council Tax Reduction Scheme for 2023/24 with amendments to the scheme's income bands. These income bands have been updated 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.
- 10.3 The scheme for 2024-25 will be available to view on our website on the following link: [Council Tax Reduction – Gravesham Borough Council](#)

11. Levelling Up and Regeneration Act 2023

- 11.1 The Levelling Up and Regeneration Act 2023 received Royal Assent on 26 October 2023. Within the Act it stipulates that councils will be able to introduce a new discretionary council tax premium on second homes of up to 100%. Second homes are defined within the Act as properties where there is no resident of the dwelling, and the property is substantially furnished. However, the council must determine the premium in this instance giving at least one year before the beginning of the financial year to which it relates. Consequently, Members are asked to approve the application from the earliest date that this could be effective from i.e. 1 April 2025.

12. Conclusion

- 12.1 The budget proposals for 2024-25 have been developed to respond to the growing demand for services in a number of areas, demonstrate financial awareness, whilst also seeking to maintain those services that are understood to be important to the community the council serves and reflected in the council's newly adopted Corporate Plan covering the 2023-27 period; *Together - Proud to be Gravesham*. Specifically, the draft budget includes:
- A continued focus on improving the attractiveness and pride in the borough through delivery of the council's waste collection and recycling services alongside education and enforcement activity to prevent and target fly tipping and other environmental crimes.
 - The progression of activity, with Partners, to support skills development and the creation of employment opportunities in the borough.
 - Projects to reinvigorate town centres and support local business, including the creation of the Tech Hub flexible working space in the St Georges Shopping Centre and securing of a new operator for the Gravesend Borough Market.
 - Continuing to progress activity to ensure the borough has high quality, accessible leisure facilities to support the health and wellbeing of its residents, including the delivery of a new leisure centre in the east of the borough and maintenance of play parks and open spaces.
 - Support for the delivery of additional mixed tenure housing units in the borough and action to ensure the quality of private sector housing in the borough.
 - Action to reduce our own operational carbon footprint and support the wider borough in taking action to minimise waste and emissions, recognising the wider benefits such action can have on general health and well-being alongside reduced energy costs.
 - Recognition of the necessity for continued financial support and signposting to other partner agencies for our residents who need it.

13. Appendices

13.1 The following documents are to be published with the report:

- 13.1.1 Appendix 1 – Council Tax Resolution 2024-25
- 13.1.2 Appendix 2 – Council Tax Base 2024-25
- 13.1.3 Appendix 3 – Medium Term Financial Plan
- 13.1.4 Appendix 4 – HRA Revenue Business Plan
- 13.1.5 Appendix 5 – Civic Budget Book
- 13.1.6 Appendix 6 - Report of the Chief Finance Officer on the robustness of the estimates and the adequacy of reserves

14. Background Documents

14.1 The following background documents were used:

- 14.1.1 [General Fund Revenue and Capital Estimates 2024-25](#)
- 14.1.2 [Housing Revenue Account Revenue and Capital Estimates 2024-25](#)

Lead Officer: Sarah Parfitt - Director (Corporate Services)

Email: sarah.parfitt@gravesham.gov.uk

Secondary Implications	
Risk Assessment	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. This requirement is discharged at Appendix 6 to this report and was also considered when Cabinet agreed the draft budget proposals for both the General Fund and Housing Revenue Account Revenue and Capital Estimates 2024-25 at the Cabinet meeting on 29 January 2024.
Data Protection Impact Assessment	<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>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>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 gdp@medway.gov.uk.</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>
	<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>
Crime and Disorder	N/A
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	N/A