

GENERAL ASSEMBLY OF THE COUNCIL – 28 FEBUARY 2022

REVENUE AND CAPITAL BUDGETS 2022/23

REPORT OF THE CHIEF OFFICER AND DIRECTOR OF CORPORATE SERVICES
AND HEAD OF FINANCE (SECTION 151 OFFICER)

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REVENUE AND CAPITAL BUDGETS 2022/23

2. PURPOSE OF THE REPORT AND SUMMARY

To set the overall level of General Fund and Housing Revenue Account revenue and capital expenditure for Dartford Borough Council for 2022/23, to agree the level of Council Tax for Dartford Borough in its parished and unparished areas for 2022/23, to approve the Pay Policy Statement and to determine sundry related matters.

3. RECOMMENDATIONS

- 3.1 That the probable outturn and overall financial position for 2021/22, as set out in Section 6 of this report, be noted.
- 3.2 That, in the light of the probable outturn of the General Fund for 2021/22, the estimated General Fund balance of £3m at 31 March 2022 be noted, as set out in paragraph 7.6.1 of this report.
- 3.3 That the main changes to the General Fund Budget, as set out in Appendix A (ii), be noted.
- 3.4 That the Council Tax requirement of £7,171,304 for 2022/23 as set out in Appendix B (i) to this report, be approved.
- 3.5 That the Pay Policy Statement, at Appendix L, be approved.
- 3.6 That an increase of 2% be applied to all salary levels and associated allowances excluding protected pay.
- 3.7 That a 2% increase be applied to Member and Mayoral allowances and other relevant allowances for 2022/23.
- 3.8 That the level of Mayoral allowances be based on a standard rate income tax payer, and this be adjusted to reflect individual tax circumstances, as required.
- 3.9 That it be noted that the Chief Officer and Director of Corporate Services has delegated authority to agree fees payable for elections, as outlined in the Pay Policy Statement at Appendix M.
- 3.10 That the fees and charges as set out in Appendix B (ii), be noted with effect from 1 April 2022.
- 3.11 That it be noted that the Head of Finance has delegated authority to determine individual sums to be met from the Identified Initiative Reserve in accordance with the agreed general purpose for which it was established.
- 3.12 That it be noted that the Head of Finance has delegated authority, in consultation with the Leader, to determine any expenditure funded from the New Homes Bonus.
- 3.13 That the Community Grants budget, as set out in Appendix B (iii), be noted.

- 3.14 That the overall Housing Revenue Account Budget, at Appendix C (ii), be approved.
- 3.15 That it be noted that the rent charges relating to Housing Revenue Account properties will be kept at the 2021/22 levels for the 2022/23 year.
- 3.16 That the fees and charges relating to Housing Revenue Account properties, as set out in Appendix C (iii) be noted.
- 3.17 That it be noted that the rent charges relating to chargeable for pitches at Claywood Lane Caravan Site Bean are to be kept at the 2021/22 levels for the 2022/23 year rent.
- 3.18 That the Corporate Property Maintenance and Improvement Programme be noted, as set out in Appendix E.
- 3.19 That the overall Capital Programme and budget be agreed and the detail noted as set out in Appendices D (i) and D (ii).
- 3.20 That the Medium Term Financial Plan shown at Appendix B (iv) be noted.
- 3.21 That the Capital Strategy shown at Appendix D (iii), Treasury Management Strategy Statement shown at Appendix D (v), and the Investment Strategy at Appendix D(iv), be approved, and that the Head of Finance (Section 151 Officer) be granted delegated authority to borrow for capital investment purposes, in accordance with the Treasury Management Strategy, should it be in the interest of the Council to do so.
- 3.22 That it be noted that the Head of Finance is authorised to charge such sums which are currently anticipated to be met from revenue, balances or reserves, or capital accounts, to other accounts, as is deemed to be in the interest of the authority.
- 3.23 That the budget amendment rules for 2022/23, as set out in Appendix F, be agreed.
- 3.24 That the special expense General Fund budget (parish precepts) as set out in Appendix H(ii), totalling £1,267,510 be noted.
- 3.25 That the requirement of major preceptors, as detailed in Appendix H(i) to this report, be noted.
- 3.26 That the financial threshold for the definition of a key decision, in accordance with Article 13.03(b) of the Constitution, be set at £500,000.
- 3.27 That it be noted that, at its meeting on 13 December 2021, the General Assembly of the Council calculated the following amounts as its Council Tax Base for the year 2022/23 in accordance with regulations made under Section 31 B(3) of the Local Government Finance Act 1992 as amended:
 - (a) 39,544.25 being the Council Tax Base, for the whole Council area.

and

- (b) the aggregate of the amounts for dwellings in those parts of its area to which a Parish precept relates, as follows:

Bean Parish	551.66
Darenth Parish	1,291.10
Longfield and New Barn Parish	2,496.78
Southfleet Parish	651.30
Stone Parish	4,212.00
Sutton-at-Hone and Hawley Parish	1,466.79
Swanscombe and Greenhithe Town	4,524.39
Wilmington Parish	2,988.86

3.29 That the following amounts now be calculated by the Council for the year 2022/23 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992, as amended:-

- (a) £48,622,750 being the aggregate of the amounts which the Council estimates for the amounts set out in Section 31 A(2) of the 1992 Act, taking into account all precepts issued to it by Parish Councils.
- (b) £40,183,890 being the aggregate of the amounts which the Council estimates for the items set out in section 31 A(3) of the 1992 Act.
- (c) £8,438,860 being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above, calculated by the Council in accordance with sections 31 A(4) of the 1992 Act as its Council Tax requirement for the year.
- (d) £213.40 being the amount at (c) above, divided by 3.28 (a) above, calculated by the Council in accordance with section 31 B(1) of the 1992 Act, as the basic amount of its Council Tax for the year (including parish precepts).
- (e) £1,267,510 being the aggregate amount of all special items, i.e. the total of the parish and town council precepts, referred to in Section 34(1) of the 1992 Act.
- (f) £181.35 being the amount at (d) above, less the result given by dividing the amount at (e) above by the amount at 3.28 (a) above, calculated by the Council, in accordance with Section 34(2) of the 1992 Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates

(g) Part of the Borough's area:

£217.73	Bean Parish
£241.53	Darenth Parish
£209.15	Longfield and New Barn Parish
£195.13	Southfleet Parish
£290.86	Stone Parish
£253.86	Sutton-at-Hone and Hawley Parish
£275.84	Swanscombe and Greenhithe Town
£213.55	Wilmington Parish

being the amounts given by adding to the amount at 3.29 (f) above to the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above, divided in each case by the amount at 3.28 (b) above, calculated by the Council, in accordance with Section 34(3) of the 1992 Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate.

(h) That the following amounts, given by multiplying the amounts at 3.29 (f) and 3.29 (g) above by the number which, in the proportion set out in Section 5(1) of the 1992 Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the 1992 Act, be the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands:

Bean Parish

A	B	C	D	E	F	G	H
145.15	169.35	193.54	217.73	266.11	314.5	362.88	435.46

Darenth Parish

A	B	C	D	E	F	G	H
161.02	187.86	214.69	241.53	295.20	348.88	402.55	483.06

Longfield and New Barn Parish

A	B	C	D	E	F	G	H
139.43	162.67	185.91	209.15	255.63	302.11	348.58	418.3

Southfleet Parish

A	B	C	D	E	F	G	H
130.09	151.77	173.45	195.13	238.49	281.85	325.22	390.26

Stone Parish

A	B	C	D	E	F	G	H
193.91	226.22	258.54	290.86	355.50	420.13	484.77	581.72

Sutton-at-Hone and Hawley Parish

A	B	C	D	E	F	G	H
169.24	197.45	225.65	253.86	310.27	366.69	423.1	507.72

Swanscombe and Greenhithe Town

A	B	C	D	E	F	G	H
183.89	214.54	245.19	275.84	337.14	398.44	459.73	551.68

Wilmington Parish

A	B	C	D	E	F	G	H
142.37	166.09	189.82	213.55	261.01	308.46	355.92	427.1

Unparished Parts of the Borough

A	B	C	D	E	F	G	H
120.90	141.05	161.20	181.35	221.65	261.95	302.25	362.70

3.30 That it be noted that, for the year 2022/23, the major precepting authorities have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:-

Precepting Authorities

Kent County Council – including social care precept

A	B	C	D	E	F	G	H
974.16	1136.52	1298.88	1461.24	1785.96	2110.68	2435.40	2922.48

Kent Police and Crime Commissioner

A	B	C	D	E	F	G	H
152.10	177.45	202.80	228.15	278.85	329.55	380.25	456.30

Kent Fire and Rescue

A	B	C	D	E	F	G	H
54.90	64.05	73.20	82.35	100.65	118.95	137.25	164.70

3.31 That, having calculated the aggregate in each case of the amounts at 3.29(h) and 3.30 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts of Council Tax for the year 2022/23 for each of the categories of dwellings shown below: on the following page.

Bean Parish

A	B	C	D	E	F	G	H
1,326.31	1,547.37	1,768.42	1,989.47	2,431.57	2,873.68	3,315.78	3,978.94

Darenth Parish

A	B	C	D	E	F	G	H
1,342.18	1,565.88	1,789.57	2,013.27	2,460.66	2,908.06	3,355.45	4,026.54

Longfield and New Barn Parish

A	B	C	D	E	F	G	H
1,320.59	1,540.69	1,760.79	1,980.89	2,421.09	2,861.29	3,301.48	3,961.78

Southfleet Parish

A	B	C	D	E	F	G	H
1,311.25	1,529.79	1,748.33	1,966.87	2,403.95	2,841.03	3,278.12	3,933.74

Stone Parish

A	B	C	D	E	F	G	H
1,375.07	1,604.24	1,833.42	2,062.60	2,520.96	2,979.31	3,437.67	4,125.20

Sutton-at-Hone and Hawley Parish

A	B	C	D	E	F	G	H
1,350.40	1,575.47	1,800.53	2,025.60	2,475.73	2,925.87	3,376.00	4,051.20

Swanscombe and GreenhitheTown

A	B	C	D	E	F	G	H
1,365.05	1,592.56	1,820.07	2,047.58	2,502.60	2,957.62	3,412.63	4,095.16

Wilmington Parish

A	B	C	D	E	F	G	H
1,323.53	1,544.11	1,764.70	1,985.29	2,426.47	2,867.64	3,308.82	3,970.58

Unparished Parts of the Borough

A	B	C	D	E	F	G	H
1,302.06	1,519.07	1,736.08	1,953.09	2,387.11	2,821.13	3,255.15	3,906.18

4. INTRODUCTION

- 4.1. This year, Dartford Borough Council is proposing to take a decision on Council Tax that may be significantly at odds with many, if not most, other local authorities.
- 4.2. It has decided to propose NO INCREASE in the DBC element of the Council Tax once again.
- 4.3. The Leader of the Council, supported by the Cabinet, has reflected that the journey from the depths of the pandemic to recovery was always likely to be less than straightforward and whilst many parts of the economy, local and national, began to recover strongly during 2021 there are still many residents and businesses facing challenges. Like most local Councils this period has been something of a 'perfect storm' of challenges. Income shrunk at just the time demand for our services rose and a chain of separate but interconnected events came along to make things more difficult still. Many employment and contract related pressures will impact our services. Wage inflation and higher costs when contracts are renewed are extremely likely.
- 4.4. The council remains resident-focussed and does not seek comfort in raising taxes because others around us are doing so. A decision to freeze council tax is not easy. Taking everything into account, and seeing that many households are still at an early stage of financial recovery from the impacts of the Covid pandemic, the administration believes that making no increase in the DBC Council Tax is the right thing to do.
- 4.5. 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.
- 4.6. 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 is attached at appendix G and concludes that the estimates are robust and that at this time, the level of reserves is sufficient for the Authority.
- 4.7. A CIPFA statement on the role of the Chief Financial Officer can be found at <https://www.cipfa.org/policy-and-guidance/reports/the-role-of-the-chief-financial-officer-in-local-government>.
- 4.8. The 2022/23 budget is set while the nation continues to cope with and recover from the Coronavirus Pandemic. Whilst significant funding has been diverted from central government to local government to address the Covid related pressures, long term funding local government arrangements are still in development.
- 4.9. This report sets out the current financial position including the financial effect of the crisis and also gives the immediate and future outlook for resources and expenditure demands and sets out the Council's current approach to

managing these within the overall aims and objectives of the Council as set out in the Corporate Plan.

- 4.10. This report carries the overall endorsement of the Management Team.

5. CURRENT FINANCIAL POSITION (INCLUDING PROJECTED OUTTURN)

5.1. General Fund

5.1.1. The probable outturn on the General Fund for 2021/22 indicates a net underspend on directorate budgets of around £1.6m compared to the current budget. A summary of the probable outturn is shown in Appendix B (i), while a narrative on the main service variances is set out in Appendix A (i).

5.1.2. The Council has budgeted for £5.4m of business rates income in year. The impact of COVID-19 reliefs is expected to have peculiar effects on the timing of income recognition. This is because the grant to compensate for lost income (if regulations are not changed) will be counted as income in the current year alongside the original estimated income. This will be adjusted for through reserves with a significant deficit payment of over £9.5m due out of the fund in the next year as a result of the grant.

5.1.3. Ignoring timing issues, the overall position is that in year collection remains challenging and significant uncollected debts remain. It is difficult to project the ongoing effect of this but a larger provision for bad debts will be required in the collection fund due to the current collection rates. The current estimate is that despite this, income collected (including grants) should be at or above the budget.

5.1.4. Additionally, significant checks and challenges relating to the 2017 valuation list have been determined during the year and some amendments have been made. The current reserve is sufficient to cover these and further provisions will be made for future changes.

5.2. Housing Revenue Account (HRA)

5.2.1. The probable outturn shows an estimated deficit for the year of £5.07M compared to the budgeted annual deficit of £7.96m. Details of the main variances are set out in Appendix C (i). The balance carried forward into 2022/23 is estimated at an approximate surplus of £7.49m.

5.3. Capital Programme

5.3.1. The approved capital budget for 2021/22 is £29.8m. The updated probable outturn is £19.6m. Details of the main variances are set out in Appendix D (vi).

6. FUTURE OUTLOOK AND RESOURCES

6.1. General Fund

Business Rates 2022/23

- 6.1.1. The budget for 2022/23 includes an estimate of income from business rates. The final Local Government Finance Settlement, including business rates baseline was announced on 8 February 2022.
- 6.1.2. The Council is continuing its membership of a Kent Business Rates Pool for the next Financial Year. This enables the Council to benefit from a share of additional income if final outturn is above the Baseline figure set by government.
- 6.1.3. A Safety Net arrangement operates within the pooling arrangements so any one authority with income lower than 92.5% of baseline should receive pool support before additional growth is shared. If the pool income drops to these levels across the pool a government safety net will operate. Pool membership has also been refined so that members with a higher potential to need support have withdrawn.
- 6.1.4. Retained Business Rate income is estimated at £5.9m for 2022/23. This includes estimates for provision for appeals.
- 6.1.5. If the income is over or underestimated adjusting payments will be made in future years.
- 6.1.6. A deficit payment of £290,124 will also be due in 2022/23 recognising part of the projected shortfall in 2020/21 which was spread over three years.

Business Rates after 2022/23

- 6.1.7. The Council has benefited from business rate growth over baseline levels since the scheme was introduced. For several years a reset of business rates and various other reforms have been proposed and delayed.
- 6.1.8. A reset is still expected in the future but given past experience delays could continue. Any reset will result in a significant reduction in the amount of retained business rate income available to the Council which is shown in the alternative scenario in the medium term financial plan. The main scenario, where the reset continues to be delayed, is shown based on current levels of retained income and pool receipts.
- 6.1.9. It is unknown at this stage if a drop in retained income caused by the reset would be protected at all by compensating taper payments in order to assist authorities in working towards reduced retained resource. The medium term plan alternative scenario illustrates a possible taper payment.

New Homes Bonus

6.1.10. In 2022/23 the Council will receive a reduced New Homes Bonus allocation of £2,167,584 compared to £3,760,768 in 2021/22. The payment is now made up a legacy amount for 2019/20 and one payment for 2022/23. The 2021/22 payment of £798,001 for prior year growth will not result in future payments and the Government plan to consult on the scheme going forward.

Council Tax

6.1.11. The Government have continued to set the referendum limit for councils at lower tier level to increase Council Tax by the higher of £5 or 2% (£3.63 for Dartford). A 2% rise in Council tax increases income by around £140,000.

Core Spending Power and Lower Tier Services Grant

6.1.12. Local Authority Finances are expressed in terms of Core Spending Power by Central Government. This is a theoretical concept which identifies the spending power of Local Authorities based upon baseline Business Rates, New Homes Bonus and the ability to raise Council Tax income within the referendum limits. Dartford's position is illustrated in the table below:

Funding	2021/22	2022/23
Settlement Funding Assessment (Business Rates Baseline)	2,715,907	2,716,339
Compensation for under-indexing the business rates multiplier	141,510	277,578
Council Tax Requirement excluding parish precepts	7,034,984	7,399,636
New Homes Bonus	3,760,767	2,167,584
Lower Tier Services Grant	1,025,786	1,931,022
2022/23 Services Grant	0	187,228
Total	14,678,954	14,678,387

6.1.13. The Council would have experienced an expected reduction in spending power due to the decrease in New Homes Bonus and only a small compensating increase in grant by way of the 2022/23 Services Grant. However, the Government has continued the Lower Tier Services Grant in order to ensure that no council experiences a drop in Core spending power over the period.

6.1.14. The figure for Council Tax requirement assumes that Council Tax is increased to the full amount available (£5 for Band Equivalent).

6.1.15. It is worth noting that the Core spending tables ignore the actual income derived from business rates and as such a future reset would not figure in these tables but would be significant for the Council in terms of resource reduction.

Medium Term Financial Plan

- 6.1.16. This report includes a detailed revenue budget for 2022/23. Summary details for four further years (to 2026/27) are shown in the Medium Term Financial Plan (MTFP) at Appendix B (iv). Various assumptions have been made about future inflation rates and income levels.
- 6.1.17. As explained above it is possible that a business rates reset will be in place next year but this is not assumed in the main scenario at this stage. However the alternative scenario shows the possible impact.
- 6.1.18. The plan assumes Council Tax base increases of around 500 band D equivalent properties per year and 2% increases in Council Tax which are subject to annual review.
- 6.1.19. The MTFP also assumes that New Homes Bonus is reduced again and that the support received from the lower tier services grant will also reduce.
- 6.1.20. Going forward, it is possible as per the alternative scenario, that there will be a significant gap in funding. Throughout the length of the plan it will be possible to use reserves set aside for this purpose to maintain services and assist in the move towards future expected levels of funding.
- 6.1.21. As always the Council will review strategic opportunities as they arise. It will continue to examine ways of improving services, reducing costs or raising additional revenue. The Council will need to remain agile in meeting future challenges.

6.2. Housing Revenue Account (HRA)

- 6.2.1. Housing Revenue Account resources are not dependant on government grants. The account is managed through a self-financing business plan. The main income is rent and service charges and expenditure is split between housing management and capital investments such as stock building improvements and purchase.
- 6.2.2. The business plan includes continued plans for stock and garage improvements and investments in new build housing and new purchases.
- 6.2.3. Council rents are significantly lower than the rest of the affordable sector and the private market. The government currently allows rents to be increased by CPI plus 1% each year. The increase enables the Council to continue to invest in the existing stock and to purchase additional housing.

6.3. Capital Programme

- 6.3.1. Apart from specific grants for essential services (e.g. disabled facilities grant) and projects (Town Centre Regeneration) the Council has to use its own capital resources for capital expenditure.
- 6.3.2. It is anticipated that in 2022/23 the Council will start the year with £17.6m of Usable Capital receipts. In recent years the Council has received capital

receipts from the Bridge Project, Discounted Housing at the Bridge and the sale of part of Stone Lodge for a school site.

- 6.3.3. Some future income is expected as the Bridge project winds up and some discounted housing income will continue but apart from the continued work to dispose of and develop the rest of the Stone Lodge site the Council has no other significant assets identified for disposal.
- 6.3.4. Therefore it is important that existing resources are husbanded carefully in order to maintain the Council's current assets base.
- 6.3.5. The new property team, are assisting the Council in gaining a better understanding of the condition of its assets and any investment needed some of which is built into next year's capital programme.
- 6.3.6. Regeneration of the Town Centre remains a key priority and work continues to ensure a viable improvement scheme at the old Co-op site. As this work develops any demand on the future Capital programme will become clearer.
- 6.3.7. The Housing Capital Programme is mainly funded by statutory and voluntary contributions from the Housing Revenue Account and is focused on maintaining and improving existing stock and building or purchasing new homes.

7. 2022/23 BUDGET

7.1. Approach to Budgeting

- 7.1.1. The Council continues to be determined to provide high quality services and to keep tax low when possible. The priorities for the budget are reflected in the Corporate Plan. The budget also provides the framework for continued environmental policy development and investment as well as continuing the Council's response to the current Coronavirus crisis.
- 7.1.2. Given the continued delay in the reform of Business Rates and New Homes Bonus the outlook for 2022/23 is significantly different from the Medium Term Financial plan published last year. This position was improved further by the continuation of the lower tier services grant. The future funding position is still uncertain but the in-year position will enable the Council to build additional reserves to support future demands.
- 7.1.3. Budgets have been reviewed and changes to the budget have been made adjusting for pressures and some elements of growth. In order to fund these changes managers were asked to identify savings or budget changes that mitigate these increases. These have been reviewed by the leadership team and they are content that the changes proposed will not impact services. More details regarding changes to the budget are given in Appendix A (ii).
- 7.1.4. The resources available to the Council in 2022/23 are such that the Council will be able to add to earmarked reserves again the year which will improve on the resources able to support the reduced income levels identified in the Medium Term Financial Plan (either scenario). Given this, and the Council's desire not to place additional burdens on taxpayers (especially given price

pressures elsewhere) this report proposes no increase to Dartford's Council Tax level.

- 7.1.5. The Council has consulted the public on its outline proposals not to increase Council Tax for 2022/23. Perhaps not surprisingly given the proposal to leave Council Tax unchanged there relatively few critical responses. However some respondents made useful contributions related to Council priorities. Among the issues raised where the desire to see better street cleansing, greater subsidy for leisure facilities and parking and road safety issues. Some of the issues raised by respondents are the responsibility of other Councils.
- 7.1.6. At this stage income budgets have been set assuming no ongoing effects of Covid19. There is some risk to parking and leisure income streams and these will be mitigated by use of Covid funding in reserves in the first instance.

7.2. Further General Fund Information

- 7.2.1. The Council has limited scope to increase fees and charges, but recognises the importance of raising income where it can, providing that charges are reasonable and any increase justified. As part of the budget review, fees and charges were examined and proposals for changes are included in this budget with increases in fees included where relevant in line with cost increases to the Council. Details of proposed fees and charges are given in Appendix B (ii). For reasons of service need and flexibility, the relevant Director, in consultation with the Leader and /or the relevant Cabinet member has delegated authority to amend or create new fees and charges.
- 7.2.2. Details of Community Grants are shown in Appendix B (iii). The General Fund budget includes a sum of £22,120 for community grants. The Identified Initiative Reserve has in the past also funded community grants and this will continue in 2022/23.
- 7.2.3. The Council established the Identified Initiatives Reserve to fund specific, short-term initiatives. The balance on the reserve at 31 March 2021 was £3m. Resources have been reviewed within this reserve, to ensure that it is consistent with key priorities and residents' aspirations. The Head of Finance has been granted delegated authority to agree individual sums to be met from the reserve in accordance with the general purpose for which it was established and this is proposed to continue. This is a single budget and whilst individual schemes have funding estimated the exact costs and timings of spend can vary. The fund allows for movement both across schemes and financial years. The current position is shown in appendix B(v).
- 7.2.4. The Head of Finance has a statutory responsibility for the financial affairs of the Council. This is recognised in the CIPFA "Role of the Chief Financial Officer" documents which can be found at <https://www.cipfa.org/policy-and-guidance/reports/the-role-of-the-chief-financial-officer-in-local-government>.

7.3. Housing Revenue Account

- 7.3.1. The Housing service, and with it the Housing Revenue Account (HRA), has undergone substantial investment in recent years. A new self-financing regime was introduced in 2012/13. The budget for 2022/23 is based on the assumptions in the business plan, updated for known changes as described below.
- 7.3.2. The CPI plus 1% increase would have been particularly high given unusually high September 2021 CPI figures this year. Capacity within the HRA budget has been identified and given the challenges of Covid and fuel inflation, the budget (as shown in Appendix C(ii)) does not include any increase in rents in order to assist tenants with these pressures.
- 7.3.3. It is expected to return to the principle of CPI plus 1% for the remaining two years of the budget so that repairs and improvements and new properties can be prioritised.
- 7.3.4. Appendix C (iii) details proposals for increased fees and charges in the Housing Revenue Account.

7.4. **Capital and Treasury Management**

- 7.4.1. The Council is required to produce, and have approved annually, a Capital Strategy. The strategy is intended to give a high level, concise and comprehensive overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of the Council's services. The report also provides an overview of the associated risks, its management and the implications for future financial sustainability. The Capital Strategy is attached as Appendix D (iii).
- 7.4.2. A requirement of the 2018 MHCLG Investment Guidance is that the Council must prepare, and have approved annually, an Investment Strategy. This is a separate document to the Treasury Management Strategy and includes both financial and non-financial investments. The aim of the investment strategy is to increase transparency and to ensure that the Council and its Members have a full understanding of the risks associated with the investments made. The Investment Strategy is attached as Appendix D (iv).
- 7.4.3. The Council continues to be required to prepare, and have approved annually, a Treasury Management Strategy. Treasury management is the management of the Council's cash flows, borrowing and investments and the associated risks. Whilst the Treasury Management Strategy could be delegated to another committee for approval, it has been decided to present the report for approval alongside the Capital Strategy and Investment Strategy to aid transparency.
- 7.4.4. The Council has continued its investment strategy on cash balances using a multi layered investment strategy to enhance return while managing risk and the current and expected levels of cash balances. The Treasury Management Strategy is attached as Appendix D (v).
- 7.4.5. The Capital Budget continues to support the finalisation of key projects such as the ongoing works in Dartford Town Centre and Stone Lodge. Budget has also been allocated to Corporate Properties for Economic Development work

and Cliff Health and Safety Works. The allocation for investment in parks and play spaces has rolled forward. The budget also includes an allocation for Community Infrastructure Levy Expenditure and planning costs for the old Co-op site.

- 7.4.6. Bids for new projects have been invited from services and projects coming forward have been appraised for effectiveness and deliverability. Projects that have been accepted are included in the Budget plan.

7.5. **The Collection of Council Tax and the Collection Fund**

- 7.5.1. Details of the operation and legal requirements of Council Tax are set out in Appendix L. The percentage of Council Tax collected for 2021/22 was 83% at the end of December and it is estimated that it will be 96% by the year end. The Council continues to collect arrears for previous years. Officers will continually review collection practices to ensure best practice is applied.

- 7.5.2. The Collection Fund is a statutory account that receives all the money collected from Council Tax and Business Rates. Separate accounting arrangements exist for the Collection Fund. The Collection Fund pays Council Tax and Business Rates to the major precepting authorities. Any estimated surplus or deficit from the fund has to be shared by major precepting authorities and taken into account when setting the following year's Council Tax.

- 7.5.3. In accordance with regulations, the total surplus or deficit on the Council Tax Collection Fund was estimated on 15 January 2022 at a surplus of £1,221,677. The surplus will be distributed in 2022/23 as follows:

	£
Dartford Borough Council	133,705
Kent County Council	898,392
Kent Police and Crime Commissioner	138,670
Kent Fire and Rescue Authority	<u>50,910</u>
	1,211,677

7.6. **General Fund Balance and Earmarked Reserves**

- 7.6.1. As noted in the Statement on the Robustness of the Budget (Appendix H), the minimum prudent level of resources is a matter of judgement and is the Council's safety net for unforeseen expenditure or other circumstances. The minimum balance has been set at £3m with £3m being held.

- 7.6.2. The Council also holds earmarked reserves. These reserves are set aside for specific purposes and are part of a wider financial approach of managing risk and supporting the council against a backdrop of significant uncertainty.

- 7.6.3. At 1 April 2022, it is estimated that the balance on the earmarked reserves (not including the Identified Initiatives Reserve) will be approximately £61m. Of this, £10.6m is expected to relate directly to the timing of business rates

transactions and £37m is expected to as part of the Financial Stability and Capital Projects Reserve. At this stage this income is set against the Potential Medium Term Financial plan shortfall for the next four years with the remainder held against capital development. In terms of other earmarked reserves £2m is held in the pension reserve to fund any future increase in employer pension contributions. £3m is set aside for Economic Development and Growth from business rate income (e.g. the Town Centre Scheme). There is also £4.8m held against investment volatility; £585,000 is set aside for the replacement and renewal of major items of plant and equipment, and a further £570,000 for the maintenance of corporate property. There are also other, smaller, earmarked reserves.

7.7. General Fund Budget and the level of Council Tax

7.7.1. The Government has set the 2022/23 limit on the increase in council tax, before it is necessary to call a local referendum, at £5 for authorities like Dartford or 2% whichever is higher. This level of increase is assumed within the MHCLG's funding calculations.

7.7.2. The resources available to the Council in 2022/23 compared with spending plans are shown below, and determine the level of Band D council tax.

Total General Fund Budget	15,227,060
Less charged to other accounts	-1,050,000
Net General Fund requirement	14,177,060
Plus:	
Transfer to Reserves	3,078,132
Less:	
Business Rates	-5,609,876
New Homes Bonus/Lower Tier Services Grant	-4,153,033
Local Council Tax Support Grant	-187,288
Council tax requirement	7,171,350
Council Tax Base	39,544.25
Dartford Borough Council Band D Tax	181.35

- 7.7.3. The tax required of the precepting authorities is set out in Appendices H(i) and H(ii). In summary, the Band D tax levels for non-parished parts of the Borough are:

	2021/22	2022/23	% change
Kent County Council	1,418.76	1,461.24	3.0%
Kent Fire and Rescue Authority	80.82	82.35	1.9%
Kent Police and Crime Commissioner	218.15	228.15	4.6%
Dartford Borough Council	181.35	181.35	0.0%
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	1,899.08	1,953.09	2.8%

8. FINANCIAL IMPLICATIONS

- 8.1. As set out within the body of the report and appendices.

9. LEGAL & EQUALITIES IMPLICATIONS

- 9.1. Legal implications are as set out in Appendices J and K.
- 9.2. The budget does not have a direct impact on any particular group. A customer access review initial screening has been carried out. However, there are no changes to the proposed level of service provided to Dartford residents as part of the budget process, therefore a full customer access review initial is not required.

10. STAFFING AND ADMINISTRATIVE IMPLICATIONS

- 10.1. A 2% increase on all salary levels is proposed. This recognises the complexities of setting a budget in the current climate and reduced resources the future years, but also the commitment of all staff to work more flexibly and provide important services to the residents of Dartford.
- 10.2. The Council's Pay Policy Statement is attached at Appendix P.

11. CONCLUSIONS

- 11.1. Members are requested to give full and proper consideration to the issues raised in this report, having regard to the legal responsibilities in relation to taking decisions on these issues (Appendix K refers).
- 11.2. If Members wish to pursue other options, the Head of Finance is able to give advice as to the implications and viability of these. Any proposals, however, must be achievable, produce a legally balanced budget, and be within the powers of the General Assembly of the Council to approve the budget envelope.

12. BACKGROUND PAPERS

<u>Documents consulted</u>	<u>Date</u>	<u>File Ref</u>	<u>Report Author</u>	<u>Section and Directorate</u>	<u>Exempt Information Category</u>
See Appendix M			Tim Sams 01322 343148	Financial Services/ Corporate Services	N/A