

Cabinet – Supplementary Agenda No.1

A meeting of the Cabinet will be held on:

Date: Tuesday, 13 February 2024

Time: 7.00pm

Venue: St George's Centre, Pembroke Road, Chatham Maritime, Chatham ME4 4UH

Membership:	Councillor Vince Maple	Leader of the Council
	Councillor Teresa Murray	Deputy Leader of the Council
	Councillor Tracy Coombs	Portfolio Holder for Education
	Councillor Simon Curry	Portfolio Holder for Climate Change and Strategic Regeneration
	Councillor Lauren Edwards	Portfolio Holder for Economic and Social Regeneration and Inward Investment
	Councillor Naushabah Khan	Portfolio Holder for Housing and Property
	Councillor Harinder Mahil	Portfolio Holder for Heritage, Culture and Leisure
	Councillor Tristan Osborne	Portfolio Holder for Community Safety and Enforcement
	Councillor Adam Price	Portfolio Holder for Children's Services (including statutory responsibility)
	Councillor Zoë Van Dyke	Portfolio Holder for Business Management

Agenda

14. Proposed Capital and Revenue Budget 2024/25

**(Pages
5 - 24)**

Please find enclosed an Addendum report.

For further information please contact Jon Pitt, Democratic Services Officer/Teri Reynolds, Democratic Services Officer on Telephone: 01634 332715/332104 or Email: democratic.services@medway.gov.uk

Date: 8 February 2024



Cabinet

13 February 2024

Proposed Capital and Revenue Budget 2024/25: Addendum Report

Portfolio Holder: Councillor Vince Maple, Leader of the Council

Report from: Phil Watts, Chief Operating Officer (Section 151 Officer)

Author: Katey Durkin, Chief Finance Officer

Summary

This addendum report sets out the impact of the Local Government Finance Update (including the Final Local Government Finance Settlement 2024/25), announced via a written statement on 5 February 2024, on the Council's Proposed Budget for 2024/25. This report also presents a revised Appendix 7 to the Proposed Budget, correcting an error in the previously published version.

1. Final Local Government Finance Settlement

- 1.1. On 5 February 2024 the government published a Local Government Finance Update via a written statement which included the publication of the Final Local Government Finance Settlement 2024 to 2025. The majority of the allocations for Medway for 2024/25 were confirmed as per those in the Provisional Statement and as such the impact on the Proposed Budget is minimal, limited to the exceptions detailed below.
- 1.2. Social Care grant – on 24 January 2024, the government announced a further £600million funding for councils, in addition to the funding outlined in the Provisional Settlement. The Final Settlement confirmed that of this package £500million has been added to the social care grant and that Medway's allocation is £2.079million, £1,000 less than estimated in the Proposed Budget. The written statement sets out that "Further details on the exceptional provision of this funding will be set out at the upcoming Budget" It is not clear whether this indicates there may be a further increase in funding, or whether there will be prescriptive guidance as to the use of this additional funding.
- 1.3. The remaining £100million of the £600million funding announced on 24 January 2024 has been distributed through an increase in the Rural Services Delivery Grant of £15million, £3million for the Isle of Wight and Isles of Scilly, an increase in the funding guarantee from 3% to 4% costing £72million and an increase in the Services Grant of £11million. Of these, Medway only benefits from the Services Grant increase. Medway's final allocation through the

Services Grant for 2024/25 is £337,000; while this is £29,000 more than the Provisional Settlement this still represents a reduction of £1.613million compared to the 2023/24 allocation.

- 1.4. Funding Guarantee – the Final Settlement sets out that “The government is also supporting all councils through the sector-wide Funding Guarantee, ensuring that all councils will see an increase in Core Spending Power of at least 4% before any local choices on council tax – an increase from the 3% announced at the provisional settlement.” However as set out in the report to Cabinet in January on the Provisional Settlement, the Provisional Settlement represented a reduction in funding for Medway Council through the Services Grant of £1.643million and through the New Homes Bonus of £426,000 compared to 2023/24 allocations. Though the Services Grant allocation has now been increased by £30,000, this still represents a net reduction of £2.039million compared to 2023/24 funding levels. Many councils including districts are compensated for these reductions through the Guarantee. The Ministerial Statement published alongside the Provisional Settlement states that “The Government recognises that many local authorities are facing social care demand pressures. That is why we announced significant additional funding at the 2022 Autumn Statement.” The further increase in social care funding announced on 24 January represents additional ring-fenced funding, which for Medway represents a greater than 4% increase in Core Spending Power; as such the funding guarantee does not apply to Medway, and in common with the vast majority of authorities with social care responsibilities, we are required to bear reductions in non-ringfenced grants that other local authorities are compensated for.

2. Measures outside of the Local Government Finance Settlement

- 2.1. Business Rates – alongside Final Settlement, the Local Government Finance Update set out two measures relating to Business Rates. Firstly the written statement confirms that “increased growth in business rates income... has generated a surplus in the business rates levy account in 2023-24. I can confirm that £100 million will be returned to the sector on a one-off basis, to be distributed based on each local authority’s 2013-14 Settlement Funding Assessment.” The same measure was announced in February 2023 with the same national funding, and Medway’s allocation was £400,000. This funding will need to be accounted for in 2023/24 and therefore represents an improvement of £400,000 compared to the position in the Round 3 Revenue Monitoring Report presented elsewhere on this agenda. The second measure set out by the government was that “we will compensate local authorities for the Green Plant and Machinery business rates exemption via grant on a continuing basis until the business rates retention system is reset.” The allocations for Medway are £62,000 for 2022/23 and £63,000 for 2023/24 and the announcement indicates that a similar sum can be expected for 2024/25 and future years until the Business Rates system is reset, which government have confirmed will not take place in this parliament. Finance officers are currently consulting specialist advisors on how to appropriately account for these within the Collection Fund; as such it is not yet possible to confirm how these impact Medway’s budget and in which year.

- 2.2. Internal Drainage Board authorities – alongside Final Settlement, the Local Government Finance Update also confirmed that the government will be “providing exceptional funding of £3 million in addition to the Settlement to support those experiencing the biggest pressures” however allocations will be confirmed “in the coming months when data on projected levy spend becomes available”. Given the small national sum, the impact of any allocation for Medway would likely be negligible, however any confirmed allocation will be added to the budget through the delegation of the Chief Operating Officer and reported to the Cabinet in due course.
- 2.3. Public Health Grant – In a separate announcement from the Department of Health and Social Care, also made on the 5 February 2024, the Public Health Grant for 2024/25 was confirmed. Medway’s allocation is £19.037million, as per the projection in the Proposed Budget.
- 2.4. The impact of these announcements (where confirmed) on Medway’s Proposed Budget for 2024/25 is summarised in the tables below; Revised Table 1 from the Proposed Budget Report, and Table 2 Revised Core Spending Power, and Table 3 Impact of Announcements, all overleaf.

Table 1: Revised Proposed Budget Summary 2024/25

General Fund Activities	2023/24 Adjusted Base £000	2024/25 Adjusted Base £000	2024/25 Net Adjustments £000	2024/25 Proposed Budget £000	2024/25 Proposed Budget - Expenditure £000	2024/25 Proposed Budget - Income £000	2024/25 Proposed Budget - Net £000
Children and Adult Services	286,646	284,796	39,777	324,573	351,077	(26,505)	324,573
Regeneration, Culture & Environment	62,441	61,808	4,039	65,847	105,616	(39,769)	65,847
Business Support Department	20,481	20,884	5,383	26,266	93,804	(67,538)	26,266
Interest & Financing	15,300	15,300	3,911	19,211	25,030	(5,819)	19,211
Corporate Management	3,150	3,583	(911)	2,673	2,839	(166)	2,673
Additional Government Support Expenditure	4,525	4,525	(4,525)	0	0	0	0
Budget Requirement	392,543	390,895	47,674	438,569	578,366	(139,797)	438,569
Council Tax	(148,883)	(148,883)	(9,579)	(158,462)	0	(158,462)	(158,462)
Retained Business Rates	(53,255)	(53,255)	983	(52,272)	0	(52,272)	(52,272)
Business Rates Related Grants	0	0	(22,227)	(22,227)	0	(22,227)	(22,227)
Non ringfenced Government Grants	(20,442)	(20,442)	12,313	(8,129)	0	(8,129)	(8,129)
New Homes Bonus	(1,998)	(1,998)	425	(1,573)	0	(1,573)	(1,573)
Education Related Grants	(112,400)	(112,400)	(14,703)	(127,103)	0	(127,103)	(127,103)
Children Social Care Related Grants	(70)	(70)	(127)	(197)	0	(197)	(197)
Adult Social Care Related Grants	(26,646)	(24,998)	(7,153)	(32,151)	0	(32,151)	(32,151)
Public Health Grant	(18,665)	(18,665)	(373)	(19,037)	0	(19,037)	(19,037)
Budgeted Use of Reserves	(2,985)	0	0	0	0	0	0
Additional Government Support	(7,200)	(7,200)	4,525	(2,675)	0	(2,675)	(2,675)
Exceptional Financial Support	0	0	(14,742)	(14,742)	0	(14,742)	(14,742)
Estimated Available Funding	(392,543)	(387,910)	(50,659)	(438,569)	0	(438,569)	(438,569)
Budget Gap - General Fund	0	2,985	(2,985)	0	578,366	(578,366)	0

Table 2: Revised Core Spending Power: Final Local Government Settlement

	2023/24	2024/25
	£000	£000
Revenue Support Grant	7,308	7,792
Business Rates Baseline Funding Level	50,019	52,414
Settlement Funding Assessment	57,327	60,206
Council Tax excluding Parishes	149,302	158,948
Section 31 Compensation for under-indexing the Business Rates Multiplier	8,520	9,876
Improved Better Care Fund	7,307	7,307
New Homes Bonus	1,998	1,572
Social Care Grant	14,330	18,770
Adult Social Care Market Sustainability	2,337	4,365
Adult Social Care Discharge Fund	1,025	1,707
Lower Tier Services Grant	0	0
Services Grant	1,950	337
Adjustment for rolled in grants	1,518	0
Core Spending Power	245,614	263,088

Table 3: Impact of Final Settlement Announcements on the Proposed Budget 2024/25

	2024/25 £000
Non-ringfenced Government Grants:	
Services Grant – funding increase	(30)
Social Care Grant – funding decrease	1
Total	(29)

3. Productivity Plans

- 3.1. In the announcement made on 24 January 2024, the government set out that “councils will be asked to produce productivity plans which will set out how they will improve service performance and reduce wasteful spend – including on consultants and HR spending on equality, diversity and inclusion. Alongside this, an expert panel to advise the government on financial sustainability in the sector will be established by DLUHC and contain both internal and external experts. Work will also continue between DLUHC, DfE and DHSC to ensure value for money and sustainability of the sector.”
- 3.2. The announcements on 5 February 2024 provided further details, with plans required to be agreed by Council Leaders and Members and published on council websites by July 2024 before the House rises for the summer recess.

Councils are required to publish progress updates and plans which must cover the following four areas:

1. Transformation of services to make better use of resources;
 2. Opportunities to take advantage of advances in technology and make better use of data to inform decision making and service design;
 3. Ways to reduce wasteful spend within systems, including specific consideration of expenditure on consultants and discredited staff Equality, Diversity and Inclusion programmes – this does not include programmes designed to promote integration and civic pride, and counter- extremism; and
 4. Barriers preventing activity that government can help to reduce or remove.
- 3.3. The announcement also confirmed that the government “will establish a new productivity review panel, made up of sector experts including the Office for Local Government and the Local Government Association.”
- 3.4. The Corporate Management Team will review the requirements and ensure this requirement is met for Medway.
4. Revised Appendix 7 – Medium Term Financial Projections
- 4.1. The version of Appendix 7B published alongside the main Cabinet report had the row showing the projected Exceptional Financial Support borrowing hidden in error, though the sum was included in the total row. The revised version of Appendix 7 published alongside this Addendum report corrects that error and also reflects the impact of the revised allocations of Social Care grant and Services Grant as set out in Sections 1.2 and 1.3 of this Addendum report.

Lead officer contact

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Appendices

Appendix 1 – Report back from Overview and Scrutiny Committees on Draft Budget Proposals (marked as to follow in main agenda)

Appendix 7A to C – Medium Term Financial Projections (revised version)

Report back from other Overview and Scrutiny Committee on Draft Capital and Revenue Budget Proposals 2024/25

Summary

This Appendix presents for consideration the comments of all Overview and Scrutiny (O&S) Committees on the provisional draft budget for 2024/2025 proposed by Cabinet on 21 November 2023.

1. Background

- 1.1 On 21 November 2023 Cabinet considered the draft capital and revenue budgets for 2024/2025 and agreed to forward these to all Overview and Scrutiny (O&S) Committees as work in progress inviting them to offer comments on the proposals outlined.
- 1.2 The Business Support and Digital O&S Committee has a pivotal role in the consultation process that surrounds Cabinet's construction of the budget. It has the responsibility to scrutinise and comment on the proposals. To this end the other O&S Committees have been invited to forward their comments to inform the process of scrutiny by this Committee as part of the constitutional consultation requirement for budget formulation.
- 1.3 The views expressed by the O&S Committees during this consultation period will be considered by Cabinet at its meeting on 13 February 2024.

2. Draft Capital and Revenue Budgets 2024/2025

- 2.1 The draft proposals discussed by Cabinet were disaggregated into overview and scrutiny responsibilities and each Committee has been asked to consider the draft proposals pertinent to their area of responsibility and comment back to this Committee.
- 2.2 All of the other O&S Committees – dates included for information – have now had the opportunity to consider the budget proposals recommended by Cabinet and their views are set out in this Appendix.

Business Support and Digital O&S Committee	30 November 2023
Children and Young People O&S Committee	5 December 2023
Health and Adult Social Care O&S Committee	7 December 2023
Regeneration, Culture and Environment O&S Committee	14 December 2023

2.3 The relevant extracts from the minutes of these Committees are set out below.

2.4 **Business Support and Digital Overview and Scrutiny Committee, 30 November 2023**

The Chief Finance Officer introduced the report and highlighted the new approach to balancing the budget where each directorate would operate within an agreed budget allocation. The directorate had responsibility to deliver savings or additional income to meet the identified gap. The current identified draft budget gap stood at c£36m.

The government's Autumn Statement was announced the day after the Cabinet at which the Draft Budget was discussed (22 November 2023), however there was little in the Statement which would affect Medway's finances as it was in line with the Draft Budget projections. The Department of Levelling Up, Housing and Communities were expected to publish the Provisional Local Government Finance Settlement before Christmas and any impact would be included in the next report to Cabinet in January 2024.

Portfolio Holders were working with officers to close the draft budget gap. In addition, the Council was working with CIPFA (Chartered Institute Public Finance and Accountancy) and Partners in Care & Health to review of spending Council assumptions and these bodies were expected to report informally ahead of Christmas.

The following issues were discussed:

Staffing Costs – in response to a question whether the proposed increase in staff costs of £10m was affordable, the Chief Finance Officer explained that the current Council staff budget increases had been capped in recent times at 1%-2% and then a flat rate increase of £1,000 in 2022-23 which represented less than 2% for many staff. Recruitment and retention was a significant issue for the Council and this had led to agency staff being employed at a higher cost to the Council than permanent staff. If the Council paid more attractive rates of pay then it may reduce costs and improve services through more effective recruitment and retention of staff via changes to Medpay.

The Chief Finance Officer added that in previous years the Council had been criticised by unions and Members during pay negotiations where salary budgets had been already been capped in the draft budget.

Housing Infrastructure Fund (HIF) staff – A Member noted the £375,000 cost to integrate HIF staff into the Council. The Chief Finance officer explained that the Council had recruited permanent staff into the department to deliver the HIF given the long timescales, however, the end of the HIF programme did not end the Council's regeneration programme, for which those staff were an important part.

Increase to School Costs - In response to a request for clarification regarding the £263,000 increase in costs charged to schools, the Chief Finance Officer reported that the costs to the Council of delivering these services in 2023/24 were not covered by the charges made to schools but had been increased to cover the costs in 2024/25. Schools purchased services in an academic year and there had not been a significant loss to the Council since the changes had been made.

Increase to Court Costs – In response to a question whether the additional £500,000 in court costs claimed by the Council was achievable, the Chief Finance Officer explained that the amount was considered reasonable and that the costs recovered by authorities across Kent had been reviewed and even with the increase proposed, Medway would remain amongst the lowest in the region.

Increase in Business Rates – the increase in collection of Business Rates was noted, the Chief Finance Officer informed the Committee that Business Rates continued to slowly increase from a healthy tax base.

Council Tax – in response to a question regarding reviews of the single person discounts awarded, the Chief Finance Officer explained the increased revenue would mostly not be due to fraud detection but proactive work which would identify earlier where people's circumstances had changed and lead to an increase in council tax.

Concern was raised that the changes to Council Tax in relation to second homes would affect landlords and in turn raise rents in the area. The Chief Finance Officer informed the Committee that the Council did a significant amount of work to bring empty homes back into use, so the council tax discount for empty second homes was contrary to those policies. The discount was discretionary and was not considered the best use of resources in the current financial climate.

Return on investment in services – A Member commented that where the Council had invested in services to make savings it would be helpful to show the planned return within the draft budget such as the Transformation investment of £427,000. The Chief Operating Officer acknowledged this and informed the Committee further detail would be provided within the Medway 2.0 programme.

Gun Wharf - in response to a query whether additional cost pressures related to the partial closure of Gun Wharf had been included in the report, the Chief Operating Officer stated that the Council was currently considering its options and it was not possible to predict additional costs at this time, however, it would be included in the draft budget when costs were available.

Budget Gap – It was commented that the gap in next year's budget remained significant. The Chief Operating Officer acknowledged the challenging gap in the draft budget, the senior leadership team was working with services and partners to review spending assumptions.

Decision:

1. The Committee noted that Cabinet has instructed officers to continue to work with Portfolio Holders in formulating robust proposals to balance the budget for 2024/25.
2. The Committee considered and noted the proposals outlined in the Draft Capital and Revenue Budgets and forwarded the proposals to the individual overview and scrutiny committees.
3. The Committee noted that the Cabinet agreed to recommend to Full Council that in February 2024 when setting the Council Tax, the following changes are applied to Council Tax premia in line with the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, as set out in paragraph 8.18 of this report:
 - the 100% premium for long-term empty properties may be brought forward so that it can commence after being empty for one year rather than two with effect from 1 April 2024; and
 - a 100% premium may be charged for properties that are unoccupied but furnished (known as second homes) with effect from 1 April 2025.
4. The Committee noted that the Cabinet agreed to recommend to Full Council that in February 2024 when setting the Council Tax, the following changes are applied to the Council Tax discretionary discounts, as set out in paragraph 8.18 of this report:
 - reduce the discount in respect of class C to 0% from the day on which a property becomes vacant, and
 - reduce the discount in respect of class D to 0%.

2.5 Children and Young People Overview and Scrutiny Committee, 5 December 2023

Discussion:

The Committee received a presentation from the Finance Team, the presentation highlighted the budget for different services within the Department, the capital and revenue budget position for the current financial year and the proposed draft budget 2024/2025.

The Chief Finance Officer informed the Committee that the draft budget reflected a new approach where each directorate would operate within an agreed budget and savings would need to be found from within that budget allocation. The overall budget gap for 2024/25 was £35m with £22.6m of savings to be found within the Children and Adult Directorate.

The Head of Corporate Accounts highlighted that the Capital Programme would invest more than £43m to provide more school places in both mainstream and SEND provision and enhance the learning environment. There was a forecast an underspend of £5,000 in relation to Children and Adults programme.

Savings - in response to a query how £22.6m in savings could be made without impacting services, the officer informed the Committee that the £22.6m gap was based on a number of projections of future costs, those costs were currently being reviewed. Additionally, that the Council may be a more attractive place for social workers following the good Ofsted rating, which may assist in reducing reliance on agency staff and create savings, however, addressing the gap remained a challenge.

The Director of People and Deputy Chief Executive added that Children Services had faced significant challenges in its improvement journey, and it had been difficult to recruit staff to an authority which had been judged inadequate. There would be savings available, though this may be limited due to the market. The Committee was informed that there had been positive interest a recent recruitment campaign and the impact of the Ofsted judgement of good was now being positive.

Provider Uplift – in response to a question how the proposed provider uplift of 5.4% had been calculated, the Committee was informed that the Council shared information with other Councils and agencies in regional forums and all packages and placements were made with a clear understanding of costs and expectations of service. The costs were broken down into its service elements to arrive at a calculation and 5.4% was broadly the middle ground of where Councils were likely to provide an uplift.

Placements - in response to a question whether the Council could be sure it received value for money from placements the officer explained that residential placements were regularly reviewed, and the Council robustly challenged any provider that was not meeting the required standard. Eden House Management Team was in place, and it was scheduled to open by the end of the financial year and would provide additional provision.

International Social Workers – in response to a question on whether the change in Government visa rules had adversely affected recruitment, the Director of People and Deputy Chief Executive stated that the change had been made only recently and it was too early to note an impact.

Safety Valve Programme – in response to a question regarding the position of the Safety Valve Programme, the officer stated that the programme was on track. The shortfall had occurred due to an increased student population, this would, however, be reflected in additional income next year. It was queried whether schools would receive additional funding following the increased student population, the officer explained that schools where bulge classes had been in effect would be in receipt of additional funding.

Social Work Apprenticeships - in response to a question how many social work apprenticeships were accepted, it was explained that four were appointed this financial year and four would be appointed next year.

The Committee was further informed that there was a structured approach with a career pathway to social work for current staff.

Reinforced Autoclaved Aerated Concrete (RAAC) - in response to a question whether any additional budget pressure was faced by schools due to the RAAC issue which forced the partial closure of Gun Wharf, the officer informed the Committee there were no budget pressures related to RAAC in schools.

School Improvement – in response to a question whether there had been any negotiation with Academy Trusts in relation to school expansion and building improvements, the Assistant Director Education and SEND explained the responsibility for provision of school places lay with the local authority to provide, so capacity was a matter for the Council.

Budget overspend - a Member commented that an overspend had been forecast at round 2 monitoring for several years so this was not unknown to the Council. The Chief Finance Officer acknowledged this, however, in the last financial year the Council had used £16m in general reserves and those levels of reserves were no longer available and the position was therefore more challenging.

SEN Transport - in response to a question whether the Council had considered investing in after school clubs which could result in savings if it assisted parents to provide transport, the officer informed the Committee that whilst a range of options were under consideration to reduce SEND transport costs, this did not currently include after school clubs to facilitate parents providing transport. The officer undertook to add this to the potential range of options to be considered.

Decision:

1. The Committee noted that Cabinet has instructed officers to continue to work with Portfolio Holders in formulating robust proposals to balance the budget for 2024/25.
2. The Committee noted the proposals outlined in the Draft Capital and Revenue Budgets in so far as they relate to the services within the remit of this Committee, and feed this back to the Business Support and Digital Overview and Scrutiny Committee in January.
3. The Committee noted that the Cabinet agreed to recommend to Full Council that in February 2024 when setting the Council Tax, the following changes are applied to Council Tax premia in line with the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, as set out in paragraph 9.18 of this report:
 - the 100% premium for long-term empty properties may be brought forward so that it can commence after being empty for one year rather than two with effect from 1 April 2024; and
 - a 100% premium may be charged for properties that are unoccupied but furnished (known as second homes) with effect from 1 April 2025.

4. The Committee noted that the Cabinet agreed to recommend to Full Council that in February 2024 when setting the Council Tax, the following changes are applied to the Council Tax discretionary discounts, as set out in 17 Agenda Item 5 paragraph 9.18 of this report:
 - reduce the discount in respect of class C to 0% from the day on which a property becomes vacant, and
 - reduce the discount in respect of class D to 0%.

2.6 Health and Adult Social Care Overview and Scrutiny Committee, 7 December 2023

Discussion:

Members discussed the draft capital and revenue budgets 2024/25 and also the second round of the capital and revenue budget monitoring process for 2023/24.

In response to a query about the impact of £36m of cuts on communities, the Chief Finance Officer advised that this figure represented the draft budget projected gap. Budget gaps had been closed in previous years but there would be difficult choices to make this year. The Council was lobbying the government for more funding and also a fairer distribution for the sector, given Medway was one of the twenty lowest funded councils per head of population in the country.

With regard to how the impact on residents of savings or increases in council tax were monitored, the Chief Finance Officer advised services would produce equality impact assessments to accompany any budget proposals. The increase in council tax was expected to be just under 5% and details of what increase in bills this represented could be provided.

Officers were asked for their thoughts on the recent immigration measures introduced by the Government on the Council and its partners in delivering social care. The Director of People and Deputy Chief Executive advised it was too early to say but the new measures were likely to impact on different occupations, particularly care staff.

Decision:

- a. The Committee noted that Cabinet had instructed officers to continue to work with Portfolio Holders in formulating robust proposals to balance the budget for 2024/25.
- b. The Committee noted the proposals outlined in the Draft Capital and Revenue Budgets in so far as they relate to the services within the remit of the Committee and agreed to forward their comments to the Business Support and Digital Overview and Scrutiny Committee in January.

- c. The Committee noted that the Cabinet had agreed to recommend to Full Council that in February 2024 when setting the Council Tax, the following changes are applied to Council Tax premia in line with the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, as set out in paragraph 8.18 of the report:
 - the 100% premium for long-term empty properties may be brought forward so that it can commence after being empty for one year rather than two with effect from 1 April 2024; and
 - a 100% premium may be charged for properties that are unoccupied but furnished (known as second homes) with effect from 1 April 2025.

- d. The Committee agreed to note that the Cabinet had agreed to recommend to Full Council that in February 2024 when setting the Council Tax, the following changes are applied to the Council Tax discretionary discounts, as set out in paragraph 8.18 of the report:
 - reduce the discount in respect of class C to 0% from the day on which a property becomes vacant, and
 - reduce the discount in respect of class D to 0%.

2.7 Regeneration, Culture and Environment Overview and Scrutiny Committee, 14 December 2023

Discussion:

The Committee were informed that the report outlines the new approach to balancing the budget for 2024/25. There was a current budget gap of 35.85m with Directorates continuing to work on saving proposals to address the gap.

Decision:

- 1.1. The Committee noted that Cabinet has instructed officers to continue to work with Portfolio Holders in formulating robust proposals to balance the budget for 2024/25.
- 1.2. The Committee did not make any comment on the proposals outlined in the Draft Capital and Revenue Budgets in so far as they relate to the services within the remit of this Committee.
- 1.3. The Committee noted that the Cabinet agreed to recommend to Full Council that in February 2024 when setting the Council Tax, the following changes are applied to Council Tax premia in line with the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, as set out in paragraph 8.18 of the report:
 - the 100% premium for long-term empty properties may be brought forward so that it can commence after being empty for one year rather than two with effect from 1 April 2024; and
 - a 100% premium may be charged for properties that are unoccupied but furnished (known as second homes) with effect from 1 April 2025.

- 1.4. The Committee noted that the Cabinet agreed to recommend to Full Council that in February 2024 when setting the Council Tax, the following changes are applied to the Council Tax discretionary discounts, as set out in paragraph 8.18 of the report:
- reduce the discount in respect of class C to 0% from the day on which a property becomes vacant, and
 - reduce the discount in respect of class D to 0%.

2.8. **Business Support and Digital Overview and Scrutiny Committee, 1 February 2024**

Discussion:

The Head of Revenue Accounts introduced the report, he highlighted since the report had previously been considered by the Committee in November and the other Overview and Scrutiny Committee's in December. Following this, the government announced the provisional finance settlement on 19 December 2023 and additional funding in January 2024 including £500m through the local care grant. The additional income from this grant to Medway would be confirmed on 7 February, however the budget included a provision for £2m.

Work was ongoing to reduce the gap and final budget proposals would be considered by Cabinet in February. Comments by the other Overview and Scrutiny Committees were at appendix one to the report, though no specific recommendations had been made.

The following issues were discussed:

Children Services budget gap - concern was expressed at the £22m budget gap in Children Services and the £36m gap for the Council as a whole. Chief Operating Officer explained that significant work had taken place and final budget proposals would be published on Monday 5th February in advance of the forthcoming Cabinet meeting.

Social Care – in response to a question why the Council was considering providing direct care when this had been previously considered and rejected, the Chief Operating Officer advised using the private sector had been a lower cost than employing staff in the past, however, this was no longer the case. One option to reduce cost was to consider in house provision of care, another option was to promote independent living.

Children Services agency staff – it was asked whether the work to reduce reliance on agency staff had resulted in any savings to the Council. The Chief Operating Officer stated the proposed pay offer was to correct pay which had not kept pace with inflation and pay in the local government sector. This would improve staff retention and reduce reliance on agency staff.

The Chief Organisational Cultural Officer added agency staff in Children's Services were not only locums but also project teams which attracted a higher cost than locums. Children's Services was focused on developing its permanent workforce and reducing reliance on those project teams.

Regeneration, Culture and Environment Department – it was asked whether the £500,000 budgeted for opening of splashers and £340,000 investment in street wardens was affordable, the Head of Revenue Accounts noted that further work had been undertaken on the budget and final budget proposals would be published on Monday.

Fees increases – in response to a question whether there would be an increase in parking and leisure fees, the Head of Revenue Accounts noted that parking fees are low compared to the rest of Kent and difficult decisions would need to be made to meet the budget gap.

Single Person Discount - in response to a question whether additional staff were required to complete the proactive work related to the single person discount, the Chief Operating Officer explained the Business Support Department had been reduced in recent years and was a lean department, consequently, to complete the additional workload more staff would be required.

Low Income Family Tracker – it was asked how many residents the been supported through the low-income family tracker, the Chief Operating Officer undertook to provide the information to the Committee outside of the meeting.

Decision:

The Committee commented on the proposals outlined in the Draft Capital and Revenue Budgets in so far as they relate to the services within the remit of this Committee, and considered the comments from the individual Overview and Scrutiny Committees, as set out in Appendix 1 and forwarded these to the Cabinet.

Medium Term Financial Outlook - Proposed Budget 2024/25
Scenario: No EFS support

Revised Appendix 7A

General Fund Activities	2023/24 Base	2024/25 Proposed Budget	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£000s	£000s	£000s	£000s
Adult Social Care	84,337	93,910	99,161	103,691	106,491	110,229
Directorate Management Team	471	471	471	471	471	471
Children's Services	65,938	67,678	69,390	70,431	71,118	72,718
Education	74,687	78,643	80,719	81,869	83,019	84,169
Partnership Commissioning	2,373	2,373	2,373	2,373	2,373	2,373
Public Health	14,632	15,006	15,196	15,388	15,583	15,779
School Retained Funding and Grants	41,532	56,236	56,236	56,236	56,236	56,236
Additional Government Grants	2,675	2,675	2,675	2,675	2,675	2,675
Pay award	0	5,080	6,673	7,767	8,883	10,021
Total for Children and Adults	286,646	322,073	332,895	340,902	346,849	354,671
Front Line Services	42,515	41,829	43,196	44,134	45,072	46,009
Culture & Community	12,333	13,366	13,606	13,846	14,086	14,326
Regeneration	6,940	6,947	6,947	6,947	6,947	6,947
Director's Office	653	631	631	631	631	631
Pay award	0	2,813	3,695	4,300	4,918	5,548
Total for Regeneration, Culture and Environment	62,441	65,587	68,075	69,859	71,654	73,462
Directorate Management Team	302	903	903	903	903	903
Communications	789	889	889	889	889	889
Finance & Business Improvement	14,649	15,993	16,193	16,393	16,593	16,793
Legal & Contracts	2,192	2,630	2,630	2,630	2,630	2,630
Legal & Governance	2,549	2,805	2,855	2,880	2,905	2,930
Pay award	0	2,107	2,768	3,221	3,684	4,156
Total for Business Support	20,481	25,326	26,237	26,916	27,604	28,301
Interest & Financing	15,300	17,933	16,933	15,933	14,933	13,933
Interest & Financing - Capitalisation Direction borrowing costs	0	0	0	0	0	0
Total Interest & Financing	15,300	17,933	16,933	15,933	14,933	13,933
Corporate Management	1,355	1,788	1,788	1,788	1,788	1,788
Levies	1,796	2,021	2,061	2,082	2,102	2,123
Medway 2.0 Investment	0	0	0	0	0	0
Medway 2.0 Savings	0	0	0	0	0	0
Total Corporate Management	3,150	3,808	3,849	3,869	3,890	3,911
Total for Business Support (inc Centralised costs)	38,931	47,068	47,019	46,718	46,426	46,144
Additional Gov't Support Expenditure	4,525	0	0	0	0	0
Total Projected Budget Requirement	392,543	434,727	447,989	457,479	464,930	474,277
Council Tax	(148,883)	(158,462)	(168,007)	(178,130)	(188,866)	(200,250)
Retained Business Rates	(53,255)	(52,272)	(53,790)	(54,690)	(55,290)	(56,694)
Business Rates Related Grants	0	(22,227)	(22,227)	(22,227)	(22,227)	(22,227)
Non ringfenced Government Grants	(20,442)	(8,129)	(8,210)	(8,292)	(8,374)	(8,458)
New Homes Bonus	(1,998)	(1,573)	0	0	0	0
Education Related Grants	(112,400)	(127,103)	(127,103)	(127,103)	(127,103)	(127,103)
Additional Government Grants	(7,200)	(2,675)	(2,675)	(2,675)	(2,675)	(2,675)
Children Social Care Related Grants	(70)	(197)	(197)	(197)	(197)	(197)
Adult Social Care Related Grants	(26,646)	(32,151)	(32,452)	(32,756)	(33,062)	(33,372)
Public Health Grant	(18,665)	(19,037)	(19,228)	(19,420)	(19,614)	(19,810)
Budgeted Use of Earmarked Reserves	(2,985)	0	0	0	0	0
Budgeted Use of Reserves	0	0	0	0	0	0
Estimated Available Funding	(392,543)	(423,827)	(433,889)	(445,490)	(457,409)	(470,787)
Total Projected Budget Gap - General Fund	(0)	10,900	14,100	11,989	7,521	3,490

Medium Term Financial Outlook - Proposed Budget 2024/25
Scenario: EFS Capitalisation Direction only

Revised Appendix 7B

General Fund Activities	2023/24 Base	2024/25 Draft Budget Assumptions	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£000s	£000s	£000s	£000s
Adult Social Care	84,337	96,210	100,861	103,691	103,691	103,691
Directorate Management Team	471	471	471	471	471	471
Children's Services	65,938	67,678	69,390	70,431	71,118	72,718
Education	74,687	78,843	80,919	82,069	83,219	84,369
Partnership Commissioning	2,373	2,373	2,373	2,373	2,373	2,373
Public Health	14,632	15,006	15,196	15,388	15,583	15,779
School Retained Funding and Grants	41,532	56,236	56,236	56,236	56,236	56,236
Additional Government Grants	2,675	2,675	2,675	2,675	2,675	2,675
Pay award	0	5,080	6,673	7,767	8,883	10,021
Total for Children and Adults	286,646	324,573	334,795	341,102	344,250	348,334
Front Line Services	42,515	42,029	43,396	44,334	44,272	44,209
Culture & Community	12,333	13,366	13,606	13,846	14,086	14,326
Regeneration	6,940	7,007	7,007	7,007	7,007	7,007
Director's Office	653	631	631	631	631	631
Pay award	0	2,813	3,695	4,300	4,918	5,548
Total for Regeneration, Culture and Environment	62,441	65,847	68,335	70,119	70,914	71,722
Directorate Management Team	302	903	903	903	903	903
Communications	789	889	889	889	889	889
Finance & Business Improvement	14,649	16,933	17,133	17,333	17,533	17,733
Legal & Contracts	2,192	2,630	2,630	2,630	2,630	2,630
Legal & Governance	2,549	2,805	2,855	2,880	2,905	2,930
Pay award	0	2,107	2,768	3,221	3,684	4,156
Total for Business Support	20,481	26,266	27,177	27,856	28,544	29,241
Interest & Financing	15,300	17,933	16,933	15,933	14,933	13,933
Interest & Financing - Capitalisation Direction borrowing costs	0	1,278	2,718	3,272	3,515	3,515
Total Interest & Financing	15,300	19,211	19,651	19,205	18,448	17,448
Corporate Management	1,355	1,788	1,828	1,849	1,869	1,890
Levies	1,796	2,021	2,061	2,082	2,102	2,123
Medway 2.0 Investment	0	1,014	1,014	1,014	0	0
Medway 2.0 Savings	0	(2,150)	(4,670)	(7,507)	(10,344)	(10,344)
Total Corporate Management	3,150	2,673	233	(2,562)	(6,372)	(6,331)
Total for Business Support (inc Centralised costs)	38,931	48,150	47,061	44,498	40,619	40,357
Additional Gov't Support Expenditure	4,525	0	0	0	0	0
Total Projected Budget Requirement	392,543	438,569	450,192	455,719	455,783	460,413
Council Tax	(148,883)	(158,462)	(168,007)	(178,130)	(188,866)	(200,250)
Retained Business Rates	(53,255)	(52,272)	(53,790)	(54,690)	(55,290)	(56,694)
Business Rates Related Grants	0	(22,227)	(22,227)	(22,227)	(22,227)	(22,227)
Non ringfenced Government Grants	(20,442)	(8,129)	(8,210)	(8,292)	(8,374)	(8,458)
New Homes Bonus	(1,998)	(1,573)	(0)	(0)	(0)	(0)
Education Related Grants	(112,400)	(127,103)	(127,103)	(127,103)	(127,103)	(127,103)
Additional Government Grants	(7,200)	(2,675)	(2,675)	(2,675)	(2,675)	(2,675)
Children Social Care Related Grants	(70)	(197)	(197)	(197)	(197)	(197)
Adult Social Care Related Grants	(26,646)	(32,151)	(32,452)	(32,756)	(33,062)	(33,372)
Public Health Grant	(18,665)	(19,037)	(19,228)	(19,420)	(19,614)	(19,810)
Budgeted Use of Earmarked Reserves	(2,985)	0	0	0	0	0
Budgeted Use of Reserves	0	0	0	0	0	0
Exceptional Finance Support Scheme	0	(14,742)	0	0	0	0
Estimated Available Funding	(392,543)	(438,569)	(433,889)	(445,490)	(457,409)	(470,787)
Total Projected Budget Gap - General Fund	(0)	(0)	16,303	10,229	(1,626)	(10,375)

Medium Term Financial Outlook - Proposed Budget 2024/25
Scenario: EFS Flexibility to increase Council Tax and Capitalisation

Revised Appendix 7C

General Fund Activities	2023/24 Base	2024/25 Draft Budget Assumptions	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£000s	£000s	£000s	£000s
General Fund Activities						
Adult Social Care	84,337	96,210	100,861	103,691	103,691	103,691
Directorate Management Team	471	471	471	471	471	471
Children's Services	65,938	67,678	69,390	70,431	71,118	72,718
Education	74,687	78,843	80,919	82,069	83,219	84,369
Partnership Commissioning	2,373	2,373	2,373	2,373	2,373	2,373
Public Health	14,632	15,006	15,196	15,388	15,583	15,779
School Retained Funding and Grants	41,532	56,236	56,236	56,236	56,236	56,236
Additional Government Grants	2,675	2,675	2,675	2,675	2,675	2,675
Pay award	0	5,080	6,673	7,767	8,883	10,021
Total for Children and Adults	286,646	324,573	334,795	341,102	344,250	348,334
Front Line Services	42,515	42,029	43,396	44,334	44,272	44,209
Culture & Community	12,333	13,366	13,606	13,846	14,086	14,326
Regeneration	6,940	7,007	7,007	7,007	7,007	7,007
Director's Office	653	631	631	631	631	631
Pay award	0	2,813	3,695	4,300	4,918	5,548
Total for Regeneration, Culture and Environment	62,441	65,847	68,335	70,119	70,914	71,722
Directorate Management Team	302	903	903	903	903	903
Communications	789	889	889	889	889	889
Finance & Business Improvement	14,649	16,933	17,133	17,333	17,533	17,733
Legal & Contracts	2,192	2,630	2,630	2,630	2,630	2,630
Legal & Governance	2,549	2,805	2,855	2,880	2,905	2,930
Pay award	0	2,107	2,768	3,221	3,684	4,156
Total for Business Support	20,481	26,266	27,177	27,856	28,544	29,241
Interest & Financing	15,300	17,933	16,933	15,933	14,933	13,933
Interest & Financing - Capitalisation Direction borrowing costs	0	659	1,442	1,442	1,442	1,442
Total Interest & Financing	15,300	18,592	18,375	17,375	16,375	15,375
Corporate Management	1,355	1,788	1,828	1,849	1,869	1,890
Levies	1,796	2,021	2,061	2,082	2,102	2,123
Medway 2.0 Investment	0	1,014	1,014	1,014	0	0
Medway 2.0 Savings	0	(2,150)	(4,670)	(7,507)	(10,344)	(10,344)
Total Corporate Management	3,150	2,673	233	(2,562)	(6,372)	(6,331)
Total for Business Support (inc Centralised costs)	38,931	47,531	45,785	42,668	38,546	38,284
Additional Gov't Support Expenditure	4,525	0	0	0	0	0
Total Projected Budget Requirement	392,543	437,950	448,916	453,889	453,710	458,340
Council Tax	(148,883)	(166,060)	(176,065)	(186,675)	(197,928)	(209,861)
Retained Business Rates	(53,255)	(52,272)	(53,790)	(54,690)	(55,290)	(56,694)
Business Rates Related Grants	0	(22,227)	(22,227)	(22,227)	(22,227)	(22,227)
Non ringfenced Government Grants	(20,442)	(8,129)	(8,210)	(8,292)	(8,374)	(8,458)
New Homes Bonus	(1,998)	(1,573)	(0)	(0)	(0)	(0)
Education Related Grants	(112,400)	(127,103)	(127,103)	(127,103)	(127,103)	(127,103)
Additional Government Grants	(7,200)	(2,675)	(2,675)	(2,675)	(2,675)	(2,675)
Children Social Care Related Grants	(70)	(197)	(197)	(197)	(197)	(197)
Adult Social Care Related Grants	(26,646)	(32,151)	(32,452)	(32,756)	(33,062)	(33,372)
Public Health Grant	(18,665)	(19,037)	(19,228)	(19,420)	(19,614)	(19,810)
Budgeted Use of Earmarked Reserves	(2,985)	0	0	0	0	0
Budgeted Use of Reserves	0	0	0	0	0	0
Exceptional Finance Support Scheme	0	(6,525)	0	0	0	0
Estimated Available Funding	(392,543)	(437,950)	(441,947)	(454,035)	(466,471)	(480,398)
Total Projected Budget Gap - General Fund	(0)	(0)	6,969	(146)	(12,762)	(22,058)

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