

COUNCIL

21 FEBRUARY 2019

CAPITAL AND REVENUE BUDGETS 2019/20

ADDENDUM REPORT

Portfolio Holder: Councillor Alan Jarrett, Leader
Report from: Phil Watts, Chief Finance Officer
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Summary

This addendum report updates Members on a correction to the calculation of the Council Tax uplift and yield, a series of revisions to the budget requirement and a change to the schedule of Parish Council precepts.

1. Background

- 1.1 The proposed Capital and Revenue Budget recommends an increase of 2.994% to the Council Tax levied in Medway. Since the publication of the main agenda, an error has been identified in the calculation of this uplift, meaning the Council Tax yield from a 2.994% increase has been understated in the original papers. The corrected calculation results in a revised Band D rate of £1,415.43; an increase of £2.99 on the £1,412.44 quoted in the original papers. This generates an additional £252,755 revenue income for the Council, over and above that stated in the original papers. The effect of this change is set out in revised Appendices 5, 6 and 6a with revised figures in **bold text**.
- 1.2 A series of revisions have also been proposed to the budget requirement;
 - The revenue impact of acquiring the Pentagon Centre, both in terms of additional rental income and the cost of financing the acquisition;
 - Revision to resources in Children and Adults;
 - Increased pay award for Medway Council employees;
 - National Cycling Championships (one-off); and
 - Other service priorities, as identified by the Leader.
- 1.3 The effect of these amendments is shown in **bold text** in revised Appendix 1.
- 1.4 Finally, Members are advised that since publication of the Council agenda, on 13 February 2019, High Halstow Parish Council met and agreed a revised precept demand of £47,434. This increases the total parish council precept requirement

from £474,327 presented in the original papers to £478,921. The effect of this change is set out in revised Appendix 5 with revised figures in **bold text**.

2. Recommendations

- 2.1 Council are asked to approve the following recommendations (set out in paragraph 22 of item 9 on the main agenda) with the revisions highlighted in **bold text** as set out below:
- 2.2 Consider the recommendations of Employment Matters Committee on 30 January 2019 regarding the proposals for a pay award as set out at paragraph 4.5 of the original report and to delegate authority to the Assistant Director, Transformation to agree the competency based awards for staff assessed under MedPay at Levels 1A, 1B and 2 as set out in paragraphs 4.5.1 and 4.5.2 of the original report;
- 2.3 Approve the general fund gross, income and net revenue estimates as summarised in **revised** Appendix 1 in the sum of **£297.995million**;
- 2.4 Approve the proposed capital programme as set out in Appendix 3 and section 12 of the original report;
- 2.5 Note the Kent Police and Crime Commissioner's precept requirement;
- 2.6 Note the Kent Fire and Rescue Service precept requirement;
- 2.7 Note the parish council precept requirements of **£478,921** as detailed at **revised** Appendix 5 to this report.
- 2.8 Agree the schedule of precept instalment dates as set out in section 15.1 of the original report;
- 2.9 Approve the **revised** basic rate of Council Tax at band D for 2019/20, before adding the police, fire and parish precepts, at **£1,415.43**.
- 2.10 As part of the budget proposals, approve fees and charges, as recommended by Cabinet and set out in the booklet 'Medway Council - Fees and Charges April 2019' as set out in Appendix 7 to the original report;
- 2.11 Agree to delegate authority to the Chief Finance Officer, in consultation with the Leader and relevant Portfolio Holder, to vary existing fees and charges and introduce new fees charges during the financial year on the basis set out in paragraphs 10.3 and 10.4 of the original report.
- 2.12 Agree the recommendations set out at 13.3 to 13.11 in the original report with regard to the Housing Revenue Account and detailed in the following appendices:
 - The proposed decrease in rents as set out at Appendix 4a to the original report;
 - The proposed service charges as set out at Appendix 4b to the original report;
 - The budget proposed as summarised at Appendix 4c to the original report;
 - The 30 year business plan projections at Appendix 4d to the original report.

- 2.13 Adopt the formal resolution for the Council Tax requirement and schedule of Council Tax charges for 2019/20 as set out in **revised** Appendix 6 to this report and to incorporate any amendments arising from the meeting;
- 2.14 Note the findings of the Diversity Impact Assessments as set out at Appendix 8 to the original report, and the proposal to continue, where necessary, to report through quarterly monitoring any further unidentified or unintentional impact.

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Appendices:

Revised Appendix 1

Summary of Revenue Budget Requirement by Directorate

Revised Appendix 5

Schedule of Parish Precepts

Revised Appendix 6

Council Tax Resolution

Revised Appendix 6a

Council Tax Bandings

REVENUE BUDGET 2019/20 SUMMARY

Revised Appendix 1

Directorate	2018/19 Adjusted Base £000's	2019/20 Draft Budget Requirement £000's	Further Savings and Adjustments £000's	2019/20 Budget Requirement £000's	2019/20 Budget Requirement		
					Gross Expenditure £000's	Direct Income £000's	Net Expenditure £000's
Children and Adult Services (C&A):							
General Fund Services	105,475	108,462	1,699	110,161	148,465	(38,303)	110,161
DSG and School Specific Expenditure	89,689	89,689	0	89,689	89,689	0	89,689
Public Health	1,871	1,871	0	1,871	1,871	0	1,871
Public Health Directorate (RCET)	13,286	12,839	(7)	12,831	13,628	(797)	12,831
General Fund Services	53,118	53,616	1,168	54,784	107,146	(52,361)	54,784
DSG	699	699	0	699	699	0	699
Public Health	1,114	1,114	0	1,114	1,114	0	1,114
Business Support Department (BSD):							
General Fund Services	14,261	14,141	(3,829)	10,312	136,320	(126,009)	10,312
DSG	400	400	0	400	400	0	400
Public Health	945	945	0	945	945	0	945
Interest & Financing	9,243	11,951	2,045	13,996	18,673	(4,677)	13,996
Levies	1,260	1,455	0	1,455	1,455	0	1,455
Norse JV Rebate	(263)	(263)	0	(263)	0	(263)	(263)
Budget Requirement	291,099	296,919	1,076	297,995	520,405	(222,410)	297,995
Dedicated Schools Grant	(86,312)	(86,312)	0	(86,312)	0	(86,312)	(86,312)
Other School Specific Grants	(4,476)	(4,476)	0	(4,476)	0	(4,476)	(4,476)
Council Tax	(114,663)	(119,034)	(617)	(119,651)	0	(119,651)	(119,651)
Revenue Support Grant	0	(6,053)	0	(6,053)	0	(6,053)	(6,053)
Business Rate share	(60,094)	(51,657)	(2,309)	(53,966)	0	(53,966)	(53,966)
New Homes Bonus	(2,512)	(2,117)	138	(1,978)	0	(1,978)	(1,978)
Adult Social Care Grants	(5,775)	(6,095)	(2,703)	(8,797)	0	(8,797)	(8,797)
Public Health Grant	(17,217)	(16,769)	7	(16,762)	0	(16,762)	(16,762)
Use of Reserves	(50)	0	0	0	0	0	0
Estimated Available Funding	(291,099)	(292,512)	(5,483)	(297,995)	0	(297,995)	(297,995)
Budget Gap	(0)	4,407	(4,407)	0	520,405	(520,405)	0

TOWN AND PARISH COUNCIL PRECEPTS

Revised Appendix 5

Parish/Town Council	2018/19			2019/20			Council Tax Increase / decrease
	Tax Base	Precepts £	Council Tax Band D (£)	Tax Base	Precepts £	Council Tax Band D (£)	
Allhallows	480.62	49,920	103.87	491.12	51,417	104.69	0.79%
Cliffe and Cliffe Woods	1,835.36	52,931	28.84	1,852.47	58,224	31.43	8.98%
Cooling	86.41	2,300	26.62	86.49	2,300	26.59	-0.10%
Cuxton	982.90	60,200	61.25	1,004.65	60,200	59.92	-2.17%
Frindsbury Extra	2,574.50	66,000	25.64	2,591.49	66,000	25.47	-0.65%
Halling	1,383.78	51,500	37.22	1,436.87	53,000	36.89	-0.88%
High Halstow	733.53	46,050	62.78	771.63	47,434	61.47	-2.08%
Hoo St. Werburgh	3,132.54	67,175	21.44	3,192.95	77,251	24.19	12.80%
St. James Isle of Grain	429.76	33,214	77.28	436.84	35,095	80.34	3.95%
St. Mary Hoo	102.26	6,500	63.56	100.62	7,000	69.57	9.45%
Stoke	324.83	19,000	58.49	326.02	21,000	64.41	10.12%
TOTAL	12,066.49	454,790		12,291.15	478,921		

COUNCIL TAX REQUIREMENT AND SCHEDULE OF COUNCIL TAX CHARGES FOR 2019/20

1. That it be noted that at its meeting on 13 January 2011 (minute 696) Council agreed that the Chief Finance Officer (in consultation with the Finance Portfolio Holder) be authorised to set future council tax bases. The Chief Finance Officer has calculated the Council Tax Base for 2019/20:
 - (a) for the whole Council area as 84,533.23 [Item T in the formula in Section 31B of the Local Government Finance Act 1992]; and
 - (b) for dwellings in those parts of its area to which a Parish precept relates as in the table below:

Parish	Tax Base
Allhallows	491.12
Cliffe and Cliffe Woods	1,852.47
Cooling	86.49
Cuxton	1,004.65
Frindsbury Extra	2,591.49
Halling	1,436.87
High Halstow	771.63
Hoo St Werburgh	3,192.95
St James, Isle of Grain	436.84
St. Mary Hoo	100.62
Stoke	326.02

2. Calculate that the Council Tax requirement for the Council's own purposes for 2019/20 (excluding Parish precepts) is **£119,650,870**.
3. That the following amounts be calculated for the year 2019/20 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended by Section 74 of the Localism Act 2011:
 - (a) **£535,386,407** being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils;
 - (b) **£415,256,616** being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act;
 - (c) **£120,129,791** being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act);

Revised Appendix 6

- (d) **£1,421.10** being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts);
- (e) **£478,921** being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act (as per the attached Appendix 6);
- (f) **£1,415.43** being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.

4. To note that the Police Authority and the Fire Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the tables below.

Authority	Band A £	Band B £	Band C £	Band D £	Band E £	Band F £	Band G £	Band H £
MEDWAY COUNCIL	943.62	1,100.89	1,258.16	1,415.43	1,729.97	2,044.51	2,359.05	2,830.86
KENT POLICE AUTHORITY	128.77	150.23	171.69	193.15	236.07	278.99	321.92	386.30
KENT FIRE AND RESCUE SERVICE	51.84	60.48	69.12	77.76	95.04	112.32	129.60	155.52

5. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the table at Appendix 6a, as the amounts of Council Tax for 2019/20 for each part of its area and for each of the categories of dwellings.
6. Determine whether the Council's basic amount of Council Tax for 2019/20 is excessive in accordance with principles approved under Section 52ZC(1) of the Local Government Finance Act 1992.

NB. See the requirements of Chapter 4ZA Local Government Finance Act 1992: Referendums relating to Council Tax increases.

Revised Appendix 6a

Council Tax Schedule 2019/20	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Allhallows	1,194.02	1,393.03	1,592.03	1,791.03	2,189.03	2,587.04	2,985.05	3,582.06
Cliffe and Cliffe Woods	1,145.18	1,336.05	1,526.91	1,717.77	2,099.49	2,481.22	2,862.95	3,435.54
Cooling	1,141.96	1,332.28	1,522.61	1,712.93	2,093.58	2,474.23	2,854.89	3,425.86
Cuxton	1,164.18	1,358.20	1,552.23	1,746.26	2,134.32	2,522.37	2,910.44	3,492.52
Frindsbury Extra	1,141.21	1,331.41	1,521.61	1,711.81	2,092.21	2,472.61	2,853.02	3,423.62
Halling	1,148.82	1,340.29	1,531.76	1,723.23	2,106.17	2,489.11	2,872.05	3,446.46
High Halstow	1,165.21	1,359.41	1,553.61	1,747.81	2,136.21	2,524.61	2,913.02	3,495.62
Hoo St Werburgh	1,140.36	1,330.41	1,520.47	1,710.53	2,090.65	2,470.76	2,850.89	3,421.06
St James, Isle of Grain	1,177.79	1,374.09	1,570.38	1,766.68	2,159.27	2,551.87	2,944.47	3,533.36
St. Mary Hoo	1,170.61	1,365.71	1,560.81	1,755.91	2,146.11	2,536.31	2,926.52	3,511.82
Stoke	1,167.17	1,361.70	1,556.22	1,750.75	2,139.80	2,528.86	2,917.92	3,501.50
All other parts of Medway	1,124.23	1,311.60	1,498.97	1,686.34	2,061.08	2,435.82	2,810.57	3,372.68