

**MAIDSTONE BOROUGH COUNCIL
RECORD OF RECOMMENDATION OF THE EXECUTIVE**

Recommendation Made: 8 February 2023

**MEDIUM TERM FINANCIAL STRATEGY AND BUDGET PROPOSALS
2023/24**

Issue for Decision

To consider the proposed Revenue and Capital Estimates for 2023/24, including service savings and growth, in accordance with the agreed budget strategy and in the context of the Medium-Term Financial Strategy and the Strategic Revenue Projection.

To calculate and approve the Council Tax requirement for 2023/24.

To adopt the Treasury Management, Investment and Capital Strategies for 2023/24.

Recommendations made:

1. That the revised Revenue Estimates for 2022/23 as set out in Appendix A be agreed.
2. That the first £300,000 of 2023/24 unringfenced government grant be allocated for spatial policy and planmaking and a further £400,000 be allocated to increase the salary budget envelope, with the balance transferred to the Housing Investment Fund, to be used to subsidise the Council's Affordable Housing programme.
3. That the Strategic Revenue Projection as set out in Appendix A be endorsed as the basis for future financial planning.
4. That the proposed Council Tax of £284.49 Band D for 2023/24 be agreed.
5. That the Revenue Estimates for 2023/24 as set out in Appendix A be agreed.
6. That the Statement of Earmarked Reserves and General Fund Balances as set in Appendix A be agreed.
7. That the funding of the Capital Programme as set out in Appendix A be agreed.
8. That the Capital Programme as set out in Appendix A be agreed
9. That the Treasury Management Strategy, Investment Strategy and Capital Strategy set out in Appendix A be agreed.
10. That the Medium Term Financial Strategy set out in Appendix A be agreed.
11. That it be noted that the Council's Council Tax base for the year 2023/24 has been calculated as 67,161.69 in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) regulations 1992.

12. That it be noted that in accordance with Government guidance the yield from business rates has been calculated as £60,758,711.
13. That it be noted that the individual parish area tax bases set out in Appendix B are calculated in accordance with regulation 6 of the Regulations and are the amounts of the Council Tax Base for the year for dwellings in those parts of the Council's area to which a special item relates.
14. That the Council Tax requirement for the Council's own purposes for 2023/24 (excluding Parish precepts) is £19,107,027.
15. That the following amounts now be calculated by the Council for the year 2023/24 in accordance with Section 32-36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011:-
 - a) £81,470,441 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2) of the Act taking into account all precepts issued to it by Parish Councils.
 - b) £59,646,750 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3) of the Act.
 - c) £21,823,691 being the amount by which the aggregate at 15(a) above exceeds the aggregate at 15(b) above, calculated by the Council in accordance with Section 32(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 32(4) of the Act).
 - d) £324.94 being the amount at 15(c) above (Item R), all divided by the figure stated at 11 above (Item T in the formula in section 33(1) of the Act), calculated by the Council, in accordance with Section 33 of the Act, as the basic amount of its Council Tax for the year (including parish precepts).
 - e) £2,716,664 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act (as per the attached Appendix B).
 - f) £284.49 being the amount at 15(d) above less the result given by dividing the amount at 15(e) above by the tax base given in 11 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.
16. That it be noted that for the year 2023/24 Kent County Council, the Kent Police & Crime Commissioner and the Kent & Medway Fire & Rescue Authority 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:

Valuation Bands	KCC PRECEPT £	KCC ADULT SOCIAL CARE £	KPCC £	KMFRA £
A	887.88	134.94	162.10	58.20
B	1035.86	157.43	189.12	67.90
C	1183.84	179.92	216.13	77.60
D	1331.82	202.41	243.15	87.30
E	1627.78	247.39	297.18	106.70
F	1923.74	292.37	351.22	126.10
G	2219.70	337.35	405.25	145.50
H	2663.64	404.82	486.30	174.60

17. That, having calculated the aggregate in each case of the amounts at 15 (d), and 16 above, the Council, in accordance with Section 30 (2) of the Local Government Finance Act 1992, hereby sets out in Appendix C, the amounts of Council Tax for the year 2023/24 for each of the categories of dwellings shown.
18. That the Council agrees in principle to implement with effect from 1 April 2024 the measures in the Regeneration and Levelling-up Bill, subject to Royal Assent being obtained, to reduce the period before charging a Council Tax premium on empty property from two years to one and to charge a Council Tax premium on second homes.

Reasons for Recommendation

At its meeting on 23rd November 2022, Executive considered an updated Medium Term Financial Strategy (MTFS) for the next five years. The MTFS sets out in financial terms how the Strategic Plan will be delivered, given the resources available, and reflects priority initiatives including the Town Centre Strategy, commitment to invest in 1,000 new affordable homes and increases in the cost of services to allow for inflation. Various potential scenarios were considered in the MTFS. Projections were prepared for each of the scenarios and budget proposals sought to address the requirements of the MTFS. Scenario 4 was considered the most appropriate for planning assumptions for setting the 2023/24 Budget.

Detailed budget proposals were considered by Policy Advisory Committees for their respective areas. These were then reported to the Executive along with the capital programme at its meeting on 25th January 2023. The Executive considered the Budget as a whole, assuming scenario 4 and including an additional £400,000 increase for the pay envelope, at its meeting on 8th February 2023 and recommended it to Council for adoption.

The recommendations contained in this report allow the Council to set the budget, including the Council Tax rate, for 2023/24 according to the specific provisions contained within the Local Government Finance Act 1992.

Alternatives Considered and Why Not Recommended

The Council could choose not to pass a budget. However, this would be contrary to the Local Government Act 2003.

The Council could choose to amend the budget. Any amendments would be additional to the recommendations made by the Executive. It is important that the Council has a balanced budget after taking account of any amendments. The Director of Finance, Resources and Business Improvement (section 151 Officer) must provide confirmation to Council that "the budget calculations are based upon robust estimates and that the level of reserves is sufficient for the purposes of the budget exercise". Care must be taken in amending the budget so that the Director of Finance, Resources and Business Improvement is able to make the necessary confirmation.

Report Appendices

The following documents are to be published with this report and form part of the report:

- Appendix A: Budget Book
- Appendix B: Schedule of Council Tax Base and Additional Council Tax in Parts of the Area with Parish Precepts
- Appendix C: Schedule of Council Tax levels for all Bands and all Parts of the area.

Background Documents

[Medium Term Financial Strategy 2023-2028, Meeting of the Executive 23 November 2022](#)

[Medium Term Financial Strategy and Saving Proposals 2023/24, Meeting of the Executive, 25 January 2023](#)

[Medium Term Financial Strategy and Budget Proposals 2023/24, Meeting of the Executive, 8 February 2023](#)