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Council Meeting

10 February 2022 - 7.30 P.M.

Addendum

Item 11

11. **Budget and Council Tax 2022/23 - Recommendation from Corporate Management Committee of 20 January 2022**

At its meeting on 20 January 2022, the Corporate Management Committee considered a report on the Council's Budget and Council Tax for 2022/23.

The report included an updated General Fund Summary for the Council's Revenue Budget following the announcement of the Provisional Local Government Finance Settlement for 2022/23. The indicative Settlement figures included additional grants to the Council, in respect of the extension of New Homes Bonus, a new Services Grant, and continuation of the Lower Tier Services Grant for a further year. In light of these anticipated additional funds, the Committee agreed to recommend an increase to the transfer to the Property Repairs and Renewals Reserve of £595,000 in order to protect the significant income stream arising from commercial property holdings. Consequently, the Committee also recommended the amended budget for 2021/22 and 2022/23, and the Medium-Term Financial Strategy, as amended for this change and some other minor adjustments.

On 7th February, the Final Local Government Finance Settlement figures were announced and included a minor reduction in grant funding from that previously reported, of £36,335.

A Revised General Fund Summary for both the 2022/23 Budget and the Medium-Term Financial Strategy are now presented, which reflect this change in funding and a subsequent increase in use of balances in order to maintain a balanced budget. The Summary is further amended to reflect a £4.96 increase in Runnymede's share of the Council Tax, which is within the permissible limits before triggering a referendum and marginally below the £5 increase recommended by Corporate Management Committee at its meeting of 16 December 2021. This minor change facilitates the calculation of each Council Tax band which are set in proportion to the average band D tax level.

The revised recommendations are set out ahead of the formal Council Tax Resolution which is also required to be considered at this meeting.

General Fund Summary Revenue Account

Council Budget for the Year Ending 31 March 2023

	<u>2020/21</u> Actual £	<u>2021/22</u> Estimate £	<u>2021/22</u> Probable £	<u>2022/23</u> Estimate £
<u>Expenditure on Services</u>				
Housing Committee	1,543,197	2,050,009	2,072,139	2,229,070
Community Services Committee	3,912,566	5,507,175	4,707,320	4,870,489
Environmental and Sustainability Committee	3,250,844	4,067,145	4,219,724	4,453,171
Licensing Committee	8,293	30,885	26,348	25,429
Regulatory Committee	86,864	97,873	92,439	105,325
Planning Committee	1,391,390	1,645,277	1,619,933	2,047,735
Corporate Management Committee	(16,688,673)	(15,712,263)	(16,735,997)	(17,651,960)
Efficiencies and revenue reductions	0	(500,000)	0	0
Net Expenditure on Services	(6,495,519)	(2,813,899)	(3,998,094)	(3,920,741)
<u>Transfers and Financing Adjustments</u>				
Accounting and Other Adjustments:				
Reversal of Depreciation Charge	(2,232,141)	(2,736,854)	(1,976,574)	(2,178,067)
Cost of Capital Charge to HRA	(43,000)	(43,000)	(43,000)	(43,000)
Other accounting adjustments	1,051,409	0	0	0
Transfer to/(from) Reserves:				
Business Rates Equalisation Reserve	8,000,000	(3,880,000)	(3,147,000)	(3,147,000)
Equipment repairs and renewals reserve	1,286,000	750,000	750,000	750,000
Property repairs and renewals reserve	445,000	500,000	750,000	1,345,000
Investment Property income equalisation reserve	0	0	750,000	750,000
Infrastructure Feasibility Study Reserve	122,000	0	(20,000)	(162,000)
Financing and Investment Income:				
Investment Income	(353,639)	(209,000)	(259,000)	(440,000)
Interest on loans to RBC companies	(1,460,731)	(1,477,000)	(1,496,000)	(1,862,000)
Capital financing costs	12,149,650	15,097,000	12,670,000	13,480,000
Minimum Revenue Provision	3,819,919	3,973,000	4,275,000	4,586,000
Taxation and Non-Specific Grant Income:				
Council Tax income	(5,782,890)	(5,832,000)	(5,832,000)	(6,198,784)
Council Tax surplus/deficit	0	44,000	44,000	(165,770)
Business Rates Retention (net)	(10,425,862)	1,100,000	454,000	(1,383,000)
New Homes Bonus	(1,657,919)	(599,418)	(599,418)	(907,260)
Services Grant	0	0	0	(127,777)
Lower Teir Services Grant	0	(800,000)	(800,000)	(125,888)
Other Grants	(1,242,569)	0	(416,000)	0
Use of / (Contribution to) Working Balance	(2,820,292)	3,072,829	1,105,914	249,713

Council Tax Income Calculation

Council Tax Base (note 1)	34,099	33,404	33,404	34,524
Basic Amount of Council Tax (note 2)	£169.59	£174.59	£174.59	£179.55
Notes				
1. This represents the number of properties adjusted for discounts, exemptions and bandings.				
2. Calculated by dividing the net demand by the Council Tax base.				

Medium Term Financial Strategy 2021/22 to 2024/25 - General Fund Summary

	Estimate 2021/22 £'000	Probable 2021/22 £'000	Forecast 2022/23 £'000	Forecast 2023/24 £'000	Forecast 2024/25 £'000
Base Budget 2021/22 agreed by Council Feb 2021	(2,314)	(2,314)	(2,314)	(2,314)	(2,314)
Efficiencies & Revenue reductions	(500)				
Budget Adjustments		(824)	(1,047)	(2,704)	(3,090)
Adjusted base budget A	(2,814)	(3,138)	(3,361)	(5,018)	(5,404)
Accounting adjustments:					
- Reversal of depreciation charges	(2,737)	(2,737)	(2,737)	(2,737)	(2,737)
- Capital charge to HRA	(43)	(43)	(43)	(43)	(43)
- Other Accounting Adjustments	0	(100)	0	0	0
Transfers to/from reserves:					
- Business Rates Equalisation reserve	(3,880)	(3,147)	(3,147)	(3,147)	0
- Equipment repairs and renewals reserve	750	750	750	750	750
- Property repairs and renewals reserve	500	750	1,345	750	750
- Investment Property income equalisation reserve	0	750	750	750	750
- Surrey Infrastructure Feasibility Fund	0	(20)	(162)	0	0
Treasury and Financing					
- Investment & Dividend Income	(209)	(259)	(440)	(612)	(829)
- Interest on loans to RBC companies	(1,477)	(1,496)	(1,862)	(2,025)	(2,025)
- Capital Financing	15,097	12,670	13,480	14,239	14,783
- Minimum Revenue Provision (MRP)	3,973	4,275	4,586	4,884	5,161
Government Grants (Non-Service Specific)					
- New Homes Bonus	(599)	(599)	(907)	0	0
- Services Grant	0	0	(127)	0	0
- Lower Tier Services Grant	(800)	(800)	(126)	0	0
- Covid 19 LA Support Grants	0	(416)	0	0	0
Budget requirement B	7,761	6,440	7,998	7,791	11,156
Funded by:					
- Business rates retention scheme	(2,780)	(2,700)	(3,800)	(3,300)	(2,800)
- Share of Business Rates (surplus)/deficit for prior years	3,880	3,147	3,147	3,147	0
- Share of Council Tax (surplus)/deficit for prior years	44	44	(166)	0	0
- Share of Business Rate Enterprise Zone receipts	0	107	170	0	0
- Share of Business Rate Pooling Fund gain	0	(100)	(900)	0	0
Sub total of government funding C	1,144	498	(1,549)	(153)	(2,800)
Net demand (B less C)	8,905	6,938	6,449	7,638	8,356
Tax base - Band D equivalent numbers	33,404	33,404	34,524	34,674	34,824
Band D tax per year	174.59	174.59	179.55	184.55	189.55
Council tax income D	(5,832)	(5,832)	(6,199)	(6,399)	(6,601)
Use of / (contribution to) Working Balance	3,073	1,106	250	1,239	1,755

**RECOMMENDATIONS FROM CORPORATE MANAGEMENT COMMITTEE (16TH DECEMBER
2021 & 20TH JANUARY 2022) AND COUNCIL TAX RESOLUTION 2022/23**

The Council is recommended to approve:

- i) that the Runnymede Borough Council Tax be increased by £4.96 (band D equivalent) for 2022/23;**
- ii) £595,000 of the additional grant money received from the provisional Finance Settlement be transferred to the Property Repairs and Renewals Reserve;**
- iii) the revised budget for 2021/22; and the Budget for 2022/23 as amended in light of the final Local Government Finance Settlement**
- iv) the amended Medium-Term Financial Strategy 2021/22 to 2024/25; and**
- v) the Council Tax Resolution for 2022/23 as set out below:**

Following consideration of the budget-related matters referred to in items 7 to 11 on the agenda and the reference from the Housing Committee, the Council is required under Statute to make a formal resolution in respect of the amount of Council Tax to be levied in Runnymede Borough for the financial year commencing 1 April 2022. If the recommendations above are approved, this will result in a 2.84% increase in the Runnymede Borough Council element of the Council Tax for 2022/23.

The figures below have been calculated in accordance with regulations made under Sections 31B (3) and 34 (4) of the Local Government Finance Act 1992 (as amended) ("the Act").

- 1.** The Council Tax Base 2022/23 for the Council has been calculated as 34,524.0 in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012
- 2.** That the following amounts be calculated for the year 2022/23 in accordance with Sections 31 to 36 of the Act:
 - (a)** £71,855,392.00 being the aggregate of the amount 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 major preceptors and parish councils.
 - (b)** £65,656,607.80 being the aggregate of the amount which the Council estimates for the items set out in Section 31A (3) of the Act.
 - (c)** £6,198,784.20 being the amount by which the aggregate at 2(a) above exceeds the aggregate at 2(b) above, calculated by this Council in accordance with Section 31A (4) of the Act as its Council Tax requirement for the year.
 - (d)** £179.55 being the amount at 2(c) above, divided by the Council Tax base (item 1 above), calculated by the Council, in accordance with Section 31B (1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts)

(e) £0.00 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act

(f) £179.55 being the amount at 2(d) above less the result given by dividing the amount at 2(e) above by the Council Tax base, 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 special item (Parish precept) relates.

(g) That the following amounts be calculated for the year 2022/23 in accordance with Sections 31 to 36 of the Act as amended.

Valuation Band	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Runnymede Borough Council	119.70	139.65	159.60	179.55	219.45	259.35	299.25	359.10

Being the amounts given by multiplying the amount at 2(f) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a valuation band 'D' calculated by the Council in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

3. To note for the year 2022/23 Surrey County Council and the Police and Crime Commissioner for Surrey have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Act for each of the categories of dwelling in the Council's area as shown below:

Valuation Band	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
County Council	1,084.26	1,264.97	1,445.68	1,626.39	1,987.81	2,349.23	2,710.65	3,252.78
Police & Crime Commissioner	197.05	229.89	262.73	295.57	361.25	426.93	492.62	591.14

4. That, having calculated the aggregate in each case of the amounts in 2(g) and 3 above, the Council, in accordance with Sections 30 to 36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011, hereby sets the amounts of Council Tax for the year 2022/23 for each of the categories of dwellings:

Valuation Band	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Total Council Tax due	1,401.01	1,634.51	1,868.01	2,101.51	2,568.51	3,035.51	3,502.52	4,203.02

5. The Council has determined that its relevant basic amount of Council Tax for 2022/23 is not excessive in accordance with the principles approved under Section 52ZB of the Act.

As the billing authority, the Council has not been notified by a major precepting authority that its relevant basic amount of council tax for 2022/23 is excessive and therefore the billing authority is not required to hold a referendum in accordance with Section 52ZK of the Act.

6. The payment dates for the statutory ten monthly instalments scheme be set to run from 1 April 2022 to 1 January 2023.

The Council Tax (Administration and Enforcement Regulations 1992 allow customers to opt out of the ten monthly instalment scheme and request payment over a 12-month period. Where this is

requested, the Council authorises that the payment dates are to be on such a day in each month as is most efficient for administrative purposes.

Explanatory Note:

The following narrative provides some additional explanation of the figures contained within the formal resolution at section 2.

2(a)	£71,855,392.00	This represents the gross expenditure of the Council
2(b)	£65,656,607.80	This represents the total income to the Council, including Government support and share of any Council Tax surplus from prior years
2(c)	£6,198,784.20	This represents the balance to be raised by Council Tax (including any Parish precepts)
2(d)	£179.55	This represents the average Band D Council Tax for the year (including any Parish precepts)
2(e)	£0.00	This represents the amount reapportioned to specific areas under special expenses or Parish precepts. There are no such charges for Runnymede Borough Council
2(f)	£179.55	This represents the average Band D Council Tax excluding the amounts covered by special expenses or Parish precepts. As there are no such charges in Runnymede, the Band D amount remains the same as in 2(d)