

Tabled Paper

Cabinet – 24 November 2022

Agenda Item No. 9

Draft Budget 2023/24

Re: Council Tax Changes and Reserve forecast

Update on Council Tax increase thresholds following the Autumn Statement

1. The Autumn Statement presented on the 17 November 2022 by the Chancellor (Jeremy Hunt) looked to support council's by providing more Council Tax flexibility by raising Council Tax thresholds, this has been summarised by Pixel, the Council's government funding advisors as below:-

“Local government – Band D increases

The Chancellor is using council tax increases to help manage the funding gap within local government.

• Core Band D threshold will increase from 1.99% to 2.99%. This applies to all classes of authority.

• For district councils, we assume that the £5 threshold will also apply, although this will be relevant to fewer authorities (we estimate 51 authorities could still apply the £5 threshold).

• Adult Social Care Precept will increase from 1% to 2%.”

2. For Ashford this means that an increase of 2.99% could be applied, which is slightly higher than the £5 cap previously used by Ashford as a low Council Taxing District. The increase to 5% was for Councils with ASC (Adult Social Care) responsibilities (KCC), and is the total of the Core, and ASC increases thresholds.

Reserve Forecast

3. This table has been requested to show the direction of travel for useable Council reserves and includes funding the current year, 2022/23 and 2023/24 financial forecast deficits.
4. However, as outlined in the report this is not a sustainable trajectory and therefore maximising income streams, such as Council Tax, and finding savings throughout the organisation will be necessary to deliver future balanced budgets.

Analysis of Revenue Reserves (non ring-fenced)	Balance at 31 March 2022	Balance at 31 March 2023	Balance at 31 March 2024
Un-earmarked General Fund Reserve	2,562,000	2,562,000	2,562,000
Earmarked Reserves			
Recovery Project Reserve (now including Victoria Park)	1,093,000	0	0
Climate Change Delivery Fund	2,000,000	1,920,000	840,000
Improvement Delivery Fund	3,000,000	3,586,050	3,586,050
Economic Growth and Risk Fund	8,345,000	5,206,060	2,536,060
Fund Future Expenditure (Risk, Legislation, Transformation)	6,104,000	6,019,500	6,019,500
Provide for Maintenance of Assets	4,932,000	4,782,000	4,882,000
Provision for Discretionary Spend	25,474,000	21,513,610	17,863,610
Total reserves available	28,036,000	24,075,610	20,425,610

Lee Foreman

24/11/2022

Agenda Item No. 10

Financial Monitoring – Quarterly Report

Edited Portfolio Holder Views

54. These continue to be extremely challenging times both for the residents of the borough and the Council as rising inflation and interest rates impact finances.
55. For the Council this has led to further additional pressure on homelessness as well as pressures in our Property Services, due to both an increase in costs and a reduction in income.
56. Being aware of the budget deficit at quarter two gives officers the opportunity to renew efforts to bring the budget outturn nearer to the original balanced position, but this is very challenging, for the reasons detailed in the report.
57. Directors and the wider Management Team are continuing to review the savings still outstanding and have put measures in place to ensure that all recruitment is reviewed before approval is given.
58. The pressures we are seeing during this financial year are not one-offs, it is expected that increased costs will be an issue for some time to come, which will impact on the Council's ability to deliver discretionary services to our residents, in both the short and long-term.