

LONDON BOROUGH OF CAMDEN	WARDS: All
<p>REPORT TITLE</p> <p>2023/24 Revenue Estimates and Council Tax Setting (CS/2023/03)</p>	
<p>REPORT OF Cabinet Member for Finance and Cost of Living</p>	
<p>FOR SUBMISSION TO</p> <p>Resources and Corporate Performance Scrutiny Committee Cabinet Council</p>	<p>DATE</p> <p>21st February 2023 22nd February 2023 27th February 2023</p>
<p>STRATEGIC CONTEXT</p> <p>Camden 2025, and its successor We Make Camden, is our communities' vision for Camden. Camden has a proud history of investment in supporting our residents and businesses.</p> <p>Our Camden Plan, and its successor The Way We Work, is the Council's response to Camden 2025. Strong financial management of the Council's finances including Council Tax and other charges enables the Council to maintain a wide range of support and services for its residents in line with our aspirations.</p> <p>The development of our new Medium Term Financial Strategy and the Council's response to the challenges facing the borough have informed the setting of this years' budget, with investments focused on community priorities arising from feedback on the development of We Make Camden.</p>	
<p>SUMMARY OF REPORT</p> <p>In March 2022, we published We Make Camden – our refreshed vision for the future of Camden. It sets out what we want to collectively achieve and lead together and was developed following conversations with residents, partners and community leaders. We Make Camden highlights the big issues facing Camden that we all agree are important, alongside practical ways we can make change together and the change we want to see in the short, medium and long term.</p> <p>The Medium Term Financial Strategy (MTFS) agreed by Cabinet in January 2023 not only took steps to ensure that the Council could continue to operate on a sound financial footing over the medium term, but also to aligned the Council's limited resources to achieving the ambition for our borough, residents and communities. The recommendations in this report build on the Council's new Medium Term Financial Strategy and will support the vision of We Make Camden to make Camden a place where everyone has a chance to succeed, where nobody gets left behind, and where everybody has a voice.</p>	

In summary this report:

- Presents budget and funding proposals that will enable the Council to balance its budget in 2023/24 and utilise available resources towards the achievement of We Make Camden outcomes. Including investment in key areas of support for residents across the borough.
- Provides an update on the overall medium-term financial position for the Council, including detail from the Local Government Finance Settlement for 2023/24, and provides updates on other government announcements and the main areas of financial risk.
- Recommends a council tax increase of 4.99%, made up of:
 - A rise of 2.99% in the 2022/23 core council tax level to support council funding at large, and;
 - A rise of 2% from the levying of an Adult Social Care Precept to support the Council in its response to the unprecedented demographic and demand pressures facing adult social care.
- Sets out the required level of council tax income to balance the budget as:
 - £135,714,867 which equates to a proposed Camden element of council tax of £1,466.02 at the Band D level for residents not in garden squares.
- Sets out the Garden Squares Levies for 2023/24.
- Sets out the proposed Greater London Authority precept at £434.14, for Band D properties, an increase of 9.7% on last year (subject to Greater London Authority approval of the budget), making the total council tax charge at Band D £1,900.16.
- Includes the Executive Director Corporate Services' assessment of the adequacy of general balances available to manage financial risk and the robustness of the budget.
- Recommends fees and charges for approval by Cabinet and by Council where required.

Local Government Act 1972 – Access to Information

The following document(s) has been used in the preparation of this report:

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RECOMMENDATIONS

THE SCRUTINY COMMITTEE is asked to consider the report and make any recommendations to the Cabinet.

THE CABINET is recommended to:

1. Exempt the decisions made regarding the recommendations in this report from call in (as agreed by the Chair of the Resources and Corporate Performance Scrutiny Committee) on the grounds of urgency, and for the reasons set out in paragraphs 2.3 to 2.4 of the report.
2. Note that the Council has not received any feedback following the consultation with Non-Domestic Ratepayers, and the equality impact assessment in Appendix F.
3. Recommend to Council for approval:
 - (a) The council tax requirement for the year 2023/24 of £135,714,867.
 - (b) The calculations for determining the council tax requirement for the year 2023/24 in accordance with the Local Government Finance Act 1992 as set out in Appendix B.
 - (c) To note that the 2023/24 Greater London Authority (GLA) precept set out in this report is £434.14 for Band D and is subject to Greater London Authority approval of the budget on 23 February 2023.
 - (d) That the Council sets the amount of council tax for 2023/24 as detailed in Appendix B and notes that this will mean a Camden element of council tax of £1,466.02 for Band D residents not in garden squares.
 - (e) That the Council hereby determines that its basic amount of council tax for the financial year 2023/24 is not excessive as outlined in paragraph 2.34.
 - (f) The budget summary as set out in Appendix C.
 - (g) The budget investments included in paragraph 2.23, including the continuation of the £2m Cost of Living Crisis Fund.
 - (h) Agree to the extension of the Council's investment in the Voluntary Sector for another seven years as detailed in paragraphs 2.26 – 2.27.
 - (i) The Garden Squares levy requirements received for each Garden Square Committee for 2023/24 as shown in Appendix B.
4. In relation to fees and charges;

- (a) Agree the new fees and charges and those increasing above 7% discussed in paragraphs 2.53 to 2.55 and in Appendix D1 and listed in Appendix D2-D3.
- 5. Note in Paragraphs 2.57 to 2.64 the planned use of reserves, and in Paragraph 2.65 the adequacy of reserves as stated, and that no major allocations of general balances are being considered at this stage.

COUNCIL is recommended to:

1. Note the information set out in this report.
2. Note that the Council has not received any feedback following the consultation with Non-Domestic Ratepayers, and the equality impact assessment in Appendix F.
3. Agree:
 - (a) The council tax requirement for the year 2023/24 of £135,714,867.
 - (b) The calculations for determining the council tax requirement for the year 2023/24 in accordance with the Local Government Finance Act 1992 as set out in Appendix B.
 - (c) To note that the Greater London Authority (GLA) precept set out in this report is £434.14 for Band D and as shown for all bands in Appendix B and is subject to Greater London Authority approval of the budget on 23 February 2023.
 - (d) That the Council sets the amount of council tax for 2023/24 as detailed in Appendix B and notes that this will mean a Camden element of council tax of £1,466.02 (4.99% increase) for Band D residents not in Garden Squares.
 - (e) That the Council hereby determines that its basic amount of council tax for the financial year 2023/24 is not excessive as outlined in paragraph 2.34.
 - (f) The budget summary as set out in Appendix C.
 - (g) The budget investments included in paragraph 2.23 including the continuation of the Cost of Living Crisis Fund detailed in paragraph.
 - (h) Agree to the extension of the Council's investment in the Voluntary Sector for another seven years as detailed in paragraphs 2.26 – 2.27.
 - (i) The Garden Squares levy requirements received for each Garden Square Committee for 2023/24 as shown in Appendix B.

4. Note in Paragraphs 2.57 to 2.64 the planned use of reserves, and in Paragraph 2.65 the adequacy of reserves as stated, and that no major allocations of general balances are being considered at this stage.

Signed: Executive Director Corporate Services

Date:

1. CONTEXT AND BACKGROUND

- 1.1. We Make Camden sets out the Council commitment to investing in our communities, our organisation and our staff to achieve our ambitions of a fairer, more equal and more sustainable Borough. In the absence of a national funding system for local government that reflects the capacity and opportunity of councils in communities, we believe that the Council can and should step forward to plan its spending in a way that is aligned with its values and priorities. The Council has faced significant government funding reductions since 2010 and over the last decade we have been forced to cut close to £200m from our budgets. The Government has no sustainable strategy for funding local government and without intervention there will be further difficult choices in the future.
- 1.2. In January 2023, Cabinet approved our latest Medium-Term Financial Strategy (2023/24 to 2025/26). Not only is this a necessary part of our good financial governance, but it is also an opportunity for us to set out our commitments and our principles for planning the use of our resources.
- 1.3. The financial strategy set out our intentions for investing and transforming beyond the three-year strategy cycle. Through our budgeting we want to invest in high-quality near-term impactful services, and plan for long-term transformative investments – we are setting these plans out in this strategy. This will not fix the core issue of insufficient funding for public services – but we are doing what we can to make the most of our resources and focusing investment on those who need them most, and where we can make the most difference.
- 1.4. This report proposes the detailed budget and council tax levels for 2023/24 in order to support the delivery of services and the renewal to the borough. The Council Tax increase of 4.99% recommended in this report, including the 2% social care levy is designed to ensure the Council can continue to fund high quality services and support the borough through the recovery from the Covid emergency. The proposed council tax increase is also in line with Government assumptions on local council tax rises.

2. PROPOSAL AND REASONS

A Legal Framework for Setting the Budget

- 2.1. The decisions within this report are among the most important that local authorities are called upon to make during the year and the manner in which they must be made is closely prescribed by law. Members are required to give careful consideration to the information and advice set out in this report and to the relevant legal considerations set out in **Appendix A**. In approving the budget and the individual lines the Council is not making decisions as to the implementation, form or detail of service delivery. These are by law, in the most part matters for the Executive - being the Cabinet and Cabinet Members and on occasion delegated Chief Officers, and in its service

delivery decision makers will be required to consider all relevant matters including the results of any consultation and the Council's equality duties.

- 2.2. By law, the Council is required to set the council tax before the 11 March for the following financial year. In order to approve a budget and council tax, Council will need to pass a resolution on the statutory determination of tax in the form attached to this report as **Appendix B**.
- 2.3. The Cabinet is asked to agree that this report is urgent and therefore exempt from the call-in procedure. A decision is urgent if any delay likely to be caused by the call-in process would seriously prejudice the Council's or the public interest. In order to set the council tax by the 11 March, the recommendations of this report must be considered by the Council at its meeting on the 27 February 2023. If the Cabinet's decision were to be called in, it is unlikely that the correct constitutional procedures could be followed in time to allow for this matter to be dealt with at the full Council meeting on the 27 February. Failure to comply with the legal requirement to set the council tax before the 11 March would seriously prejudice the Council's interests.
- 2.4. Given that the final decision on the budget and the council tax rests with Council and all Members will have an opportunity both to speak and vote on the matter at the full Council meeting, the rationale for the call-in procedure will effectively be met. The consent of the Chair of the Resources and Corporate Performance Scrutiny Committee needs to be sought if the Cabinet decides that this decision is urgent. The Chair has confirmed that this report can be exempted from the call-in procedure.

Financial Context and Outlook

- 2.5. Since 2010, austerity has significantly reduced our funding levels while we have seen significant growth in demand for our services, particularly in health and social care. As a result, we will have had to make savings of c.£197m by the end of 2022/23.
- 2.6. The Council is currently facing significant inflationary and demographic pressures along with the ongoing uncertainties regarding government funding following a period of instability during the pandemic and the cost of living crisis. Consequently, the Council is forecasting a budget gap of c.£40m by 2025/26 which will require further savings to balance the budget over the medium term. Ongoing uncertainties regarding government funding mean that the actual budget gap could be significantly higher.
- 2.7. After a decade of low inflation, the economy is currently in a period of significantly high inflation which has risen sharply since the beginning of 2022. Inflation reached 11.1% in November 2022, significantly higher than the 2% target set by the Government. The Bank of England forecasts that inflation will peak around 11% in Q4 2022 and begin to sharply decline in 2023. The average quarterly CPI inflation forecast for the financial year 2023/24 is 6.7% and inflation is forecast to return to 2% by Q2 2024. There is a risk that inflation may take longer than forecast to return to 2%, particularly in the labour market and energy market.

- 2.8. Inflation will continue to be an important consideration for the 2023/24 budget and our Medium Term Financial Strategy. The budget proposes an uplift of 4.5% to budgets for contracts and third party payments, with additional inflation adjustments applied to budgets on an exception basis. A contingency has been created for increased utility costs of £3.5m to support expected gas and electricity increases and for the 2023/24 pay award, which is yet to be confirmed, to ensure that the Council's financial plans reflect likely future inflationary pressures. The cost of inflation to the Council's budget is circa £21m, which represents a significant cost pressure in 2023/24, and is more than double the level of inflation applied to the budgets in 2022/23.
- 2.9. Consideration will also need to be given to the impact on the Council's capital programme. The Bank of England raised its interest rate to 3.5% in December 2022, which will have a significant impact on the cost of borrowing for the Council. The increase in cost of materials and labour will also have a significant impact on the cost of the Council's capital programme and borrowing requirement.
- 2.10. The outlook for the UK economy and local government funding both remain extremely uncertain. Economic uncertainty, the cost of living crisis and projected decline in economic growth all risk increasing poverty in the borough, which impacts demand for local services such as social care and housing and our ability to raise income from sales, fees and charges, business rates and council tax.

Medium Term Financial Strategy

- 2.11. In January 2023 Cabinet agreed a new medium term financial strategy for 2023/24 – 2025/26 including a number of budget savings in order to ensure that the Council remained financially resilient and was able to produce a balanced budget. Details of the savings agreed by Cabinet can be found in the January 2023 Medium Term Financial Strategy (MTFS) report. The MTFS budget savings are included as part of the recommended 2023/24 budget in this report.
- 2.12. The new MTFS builds on the work of previous financial strategies, aligned with our community vision for the Borough outlined in We Make Camden and the Way We Work to continue to improve and deliver for our residents. Our financial planning process is a stimulant to long-term change in the direction we believe we need to move to deliver the best public services in a complex and challenging environment. Our savings proposals are aligned around outcome-focused change, creating a Council for the future, and creating the best services and best value for communities.
- 2.13. Table One below shows a summary of the agreed three year savings programme:

Table One: MediumTerm Financial Strategy Budget Savings

	2023/24 £m	2024/25 £m	2025/26 £m
General Fund	13.6	17.2	20.3
Housing Revenue Account	2.9	6	7.5
Total	16.5	23.2	27.8

Local Government Finance Settlement and Government Funding

- 2.14. The budget proposals also reflect the provisional 2023-24 Local Government Finance Settlement, which was published on 19 December 2022. It outlines provisional funding allocations for local authorities for 2023-24. The draft settlement only includes funding allocations for one year. This will be the fourth year running that local authorities have received a one-year settlement, making long term financial planning difficult. The government also issued a policy statement that outlined their intentions for 2024/25 without providing details for individual local authorities.
- 2.15. The draft financial settlement for 2023/24 provided an increase in ‘Core Spending Power’, a combination of government grants and assumed use of Council Tax raising powers, of 9.2% across England. Camden’s specific core spending allocation is £313.6m which equates to an increase of £23.8m and was a lower increase than the national average and the fourth lowest in London at 8.2%. This is despite Camden having some of the most deprived areas in the country, general inflation of 10.1% and ongoing demographic pressures in a number of services especially adult and children’s social care. As such, the current funding settlement for Camden represents a real terms cut in funding.
- 2.16. Table Two shows the governments estimate of the Council’s core spending power in 2022/23 and 2023/24.

Table Two – Core Spending Power

	2022/23 £m	2023/24 £m
Reveune Support Grant and Estimated Retained Business Rates	124.3	137.6
Government Grants	39.4	43.3
Estimated Available Council Tax	126	132.7
Core Spending Power	289.8	313.6

- 2.17. The Local Government financial settlement refers to a local authorities ‘Core Spending Power’. This is an estimate of the total resources available to a Council from Government Grants and Council Tax and Business Rates. The

Draft Settlement for Camden assumes an increase of 'Core Spending' of 8.2% or approximately £23.8m. The Government estimate for Core Spending Power assumes that the Council will increase Council Tax by the maximum 4.99%. In Camden, approximately 28% of the increase in 'Core Spending Power' relates to an assumed increase in Council Tax of 4.99%.

- 2.18. The 'Core Spending' also assumes that the Council will be able to retain business rates equal to a 'spending assessment' set by the government a number of years ago. However, there is a level of risk and reward built into the Business Rates system that will affect the level of business rates that a Council can retain.
- 2.19. Approximately 67% of the core spending power available to the Council in 2023/24 relates to government grants and available council tax precept that are designed to fund pressures in the social care system including improving the discharge of patients from hospital and supporting the sustainability of the social care market.
- 2.20. In 2010 the Council received £241m in government funding. If this funding had kept pace with inflation the like for like funding in 2023/24 would be £341m. The actual like for like government funding in 2023/24 is estimated to be £153m, a difference of £188m.
- 2.21. The government has also announced that the 'fair funding' review, a planned review of the methodology that determines how much funding each authority receives each year, is delayed until at least 2025. The 'fair funding' review was first announced in 2016 but has been delayed a number of times. In the absence of a review of local government funding, the Council has received a series of one-year settlements, meaning it has no certainty about the level of funding it will receive over the medium term, making strategic financial planning very difficult. It also means that the funding Camden receives bears increasingly little resemblance to the community it serves. For example, there is no real recognition of Camden's current population figures in the current formula. We believe a longer-term funding settlement for local government is needed to properly support the work councils are doing to prevent harm and support communities to flourish.

Strategic Investments and Pressures

- 2.22. In shaping the MTFs and through our outcomes-focused approach, Cabinet acknowledged that there was an inevitable need to provide investment to enable longer term benefits to be realised, as well as addressing the needs of the borough, and funding priorities. Therefore in setting a balanced budget for 2023/24, the Council has ensured the necessary spending plans are in place to deliver the ambitions of We Make Camden along with the renewal of the borough as it recovers from the impact of the Covid-19 pandemic. As such, the following investments are being made to ensure that the Council continues to focus on achieving its strategic aims and addressing emerging priorities.

Supporting our most financially vulnerable

2.23. In response to the cost of living crisis the Council has continued to invest in services to support the least well off in the borough.

Cost of Living Fund

- We recognise the profound impact the cost of living crisis is having on our residents and communities and in 2022/23, we invested £2m in our Cost of Living Fund. This has become a critical part of our efforts to support those in most need.
- So far, we have helped more than 2,600 households and have partnered with forty-six organisations including a number of schools to act as trusted partners who can refer people in need to the Council for support. In addition the Council has established a Cost Of Living Bus that visits different locations every week with local door-knocking and publicity in the local area taking place. The Bus comprises one Citizens Advice Bureau advisor and two Mary Ward Legal Centre advisors and the Council's Tackling Poverty Officers who can offer support and advice and make awards from the cost of living fund.
- This budget proposes that this investment is maintained for 2023/24 and will sit alongside our ongoing investment in our free employment advice service to help residents with career advice and support.

Council Tax Support Scheme

- Investing over £29m in the Council Tax Support scheme. Camden's current scheme, launched in 2020/21, remains one of the most generous Council Tax Support schemes in the country with income bands based on London Living Wage, ensuring that around 16,000 households (including pensioners) in Camden currently receive 100% support and do not pay any Council Tax.

2.24. This year the Council has implemented a number of schemes to provide financial support for residents facing the cost of living crisis:

- Successfully implemented the government funded energy rebate scheme totalling £10.9m and exceeding the government's estimated spend - issuing payments to 56,601 households under the mandatory scheme and a further 12,267 under the discretionary scheme
- Household Support funding totalling £4m has been used to support 9,000 families with 16,500 children through school holidays over the course of the year and in addition providing financial help to 7,306 pensioner households in partnership with Age UK Camden
- In January 2023 we launched a targeted take-up campaign with Age UK Camden to help ensure residents are receiving the Pension Credits they are entitled to.
- We are working with partner organisations to take a 'cost of living' advice bus around the borough, this is proving to be successful and

welcomed by many residents and the Council is also providing extra funds to advice and food partners to help them meet the extra demand for their services during the cost of living crisis.

- The Council is on track to spend the Council's £250,000 resettlement grants fund, aimed at helping those moving out of homelessness into new homes.

Preventative Services

2.25. A key component of the Council's budgets is the continued investment in preventative services to address inequalities across the borough to address the needs of people who are faced with disadvantage or inequalities. In 2023/24 the Council is proposing to increase investment in several areas to support this mission.

- The Council continues to invest in preventing homelessness with its ambitious Temporary Accommodation Purchase Programme (TAPP). In 2019 we launched TAPP to buy back a limited number of ex Right to Buy 1, 2 & 3 bedroom properties. Due to the success of the initial programme the Council launched TAPP2 and the Council has now purchased 109 properties to use as good quality in borough temporary accommodation meaning more families can stay in Camden close to their support networks and saving the Council money on purchasing expensive nightly temporary accommodation. By the end of the programme the Council aims to purchase 140 properties as part of the programme.
- Continuing our proud history of investing in children, families and early years and giving children the best start in life. We have maintained our Sure Start provision and invested in our schools and our family support services. Camden Council's children's services have been rated outstanding by Ofsted in 2022.

Support for the Voluntary Sector

2.26. The Council has a seven year investment programme to support the Voluntary Sector in the borough that was agreed in December 2015. The aim of the programme is to provide long term stability to Camden's voluntary and community sector.

2.27. It is recommended that the Council continue this approach by agreeing a new seven year investment programme of £4m per year, from April 2024 to March 2031. If agreed the new detailed programme will be developed with the Cabinet Member for Voluntary Sector, Equalities and Cohesions and through engagement with key stakeholders. Individual funding award decisions will be taken in line with the delegated responsibilities outlined in Camden's constitution.

2.28. This investment reinforces Camden's commitment to investing in a strong and resilient Voluntary and Community Sector who have been so

instrumental in supporting our communities during the recent pandemic and providing individual support to those impacted by the current cost of living crisis.

- 2.29. In addition to the annual investment in the Voluntary Sector in 2021 the Council established a two year Community Impacts Resilience Fund. Camden's Community Impacts Resilience Fund has been designed to support Camden's Voluntary and Community Sector to adapt to a rapidly changing economic and social context, including increasing costs and the changing community needs brought about by the cost of living crisis and Covid 19 pandemic. The fund will provide one-off support to the sector of £1.9m to help address immediate risks in the short-term and to make changes that will increase organisational sustainability through planning for the longer term.
- 2.30. The Council will also provide funding for three years for the establishment of a Cultural Education and Learning Support fund of £100,000 per annum, operational over the period April 2023 – March 2026. The Cultural Education and Learning Support Fund will provide one-off grants, up to a maximum value of £25,000 per year for organisations to provide arts and cultural programmes/projects that support and deliver on our ambitions set out in 'We Make Camden' and the 'Cultural Framework' alongside programmes such as Camden Future High Streets.
- 2.31. The budget also includes a one-off funding of £85,000 in 2023/24 to help support the celebration of the seventy-five years since the arrival of the Windrush. The seventy-fifth anniversary of the arrival of Windrush is a significant milestone; it is one of the last chances to honour the living pioneers but to also open a wider public conversation about the past present and future of the UK.

Tackling the Climate Crisis

- 2.32. Tackling the climate crisis is another key mission for the Council;
- We have raised £1m to establish the Camden Climate Investment 2027 - a local climate bond through community municipal investment. It provides an alternative source of green financing to invest over £1m in local sustainable schemes including the Healthy Streets programme, solar panels on housing estate roofs, the installation of electric charging points and 'greening' the Council's transport fleet.
 - The Council will receive a one-off windfall payment c. £1.2m from the North London Waste Authority (subject to final agreement in February). The windfall will help support invested in energy efficiency measures such as draught-proofing, insulation and secondary glazing to improve the energy efficiency of certain Council properties. This will be targeted at properties with low energy efficiency ratings that are also occupied by those considered less able to pay energy costs. This will help to reduce energy consumption and the fuel bills of those least able afford the cost.

- Camden has committed to the World Health Organisation (WHO) Air Quality Targets and focused our resources to help deliver air quality improvements across the Borough. The Council's capital programme includes significant investments in improving the public realm and reducing air pollution through transforming transport and mobility in Camden. Investment is targeted towards enabling and encouraging people to travel, and goods to be transported, healthily and sustainably by improving public transport in the borough, increasing walking and cycling, reducing car ownership and making our streets and transport networks safe, accessible and inclusive for all.

Social Care

- 2.33. In December 2021 the Government announced their plans to reform adult social care. The first key milestone was a cost of care research exercise whereby Councils were required to seek cost information from social care providers to determine the true cost of care, to publish this information and for this to inform a new Market Position Statement. The 9.6% increase in National Living Wage and 8.1% increase in London Living Wage together with pressures identified by the Fair Cost of Care exercise, an aging population and increases in complexity of need are anticipated to create a significant cost pressure in Adult Social Care.

Council Tax and Social Care Precept

- 2.34. The Government has confirmed that local councils can raise council tax by up to 3% without the need to hold a local referendum in 2023/24 and they will have the flexibility to raise a dedicated Social Care precept by up to a further 2% on the council tax level in 2023/24. Each 1% increase represents an additional £13.96 per year for a band D property in Camden and would in total raise an additional £1.29m in 2023/24. As detailed in paragraph 1.4 it is recommended that the raising of the social care levy is a vital component of assuring the Council can continue to provide high quality social care services.
- 2.35. This report recommends a 4.99% increase in council tax, made up of 2.99% in core council tax and 2% from the adult social care precept. This will mean that the increase in the Council's element of the council tax for a Band D property is £69.68 for the year or £5.81 a month. This is in line with Government expectations and HM Treasury spending plans for the council.
- 2.36. The authority will be considered to have set an excessive increase in council tax if the increase in the level of band D council tax for 2023/24 is 5% (comprising 2% for expenditure on adult social care, and 3% for other expenditure). Any proposals to increase tax above this threshold would require consent gained through a local referendum. The proposed increase in council tax of 4.99% does not exceed the relevant thresholds set out by the government and is therefore, in terms of the legislation, not deemed as being excessive. The Council should, however, formally declare this at the time of making the decision and there is a recommendation to this effect (recommendation (e)).

- 2.37. The setting of the council tax requirement is a decision reserved to Council. It is the role of the Cabinet to recommend the council tax level to Council, having given consideration to the information and advice in this report.
- 2.38. The Executive Director Corporate Services states that the budget for 2023/24 is robust and balanced, subject to the passing of the appropriate recommendations by Cabinet and Full Council to set a council tax.

Table Three - Council Tax Requirement

Council Tax at Band D	Budget 2023/24 £000
Expenditure charged to revenue account (incl. savings)	965,585
Income credited to revenue account (incl. savings)	-696,420
Sub Total	269,165
Retained Business Rates and Reliefs Grant	-113,777
Revenue Support Grant	-26,473
Collection Fund - Council Tax Deficit	2,988
Collection Fund - Business Rates Deficit	3,812
Sub Total	135,715
Council Tax Requirement	135,715
Garden Squares	-28
Excluding Garden Squares	135,687
<hr/>	
Band D Council Tax (£s)	1,466.02
Percentage change over 2021/22	4.99%

- 2.39. In order to set the council tax, Council must pass a resolution on the statutory determination of tax in the form provided by legislation. A statutory determination reflecting the council tax requirement and council tax details set out above is attached as Appendix B.

GLA Precept

- 2.40. The Greater London Authority (GLA) issues an overall precept, which is added to London Borough Council Tax bills and which includes core GLA services (the Metropolitan Police Authority, the London Fire and Emergency Planning Authority, Transport for London and the London Development Agency).
- 2.41. The Mayor has proposed an increase of £38.55 (9.7%) in the GLA precept for 2023/24, resulting in a band D GLA element of the council tax of £434.14. The GLA precept is being levied to provide additional resources to support frontline policing and fire and rescue services and provide a sustainable funding position for Transport for London including the provision of concessionary travel fares.

Total Council Tax for 2023/24 including GLA Precept

- 2.42. Table Four below shows how the level of Council Tax at band D recommended for 2023/24 compares with the amount set in 2022/23. This does not apply to residents living within garden squares.

Table Four - Total Level of Council Tax for Residents not in Garden Squares

Total Council Tax at Band D	2022/23	2023/24	Increase / (Decrease)	Change
	£	£	£	%
Camden Element	1,396.34	1,466.02	69.68	4.99%
GLA Precept (Proposed)	395.59	£434.14	38.55	9.74%
Total	1,791.93	1,900.16	108.23	6.04%

- 2.43. The full levels of council tax for all Camden residents are set out in the statutory determination in Appendix B.

Council Tax Base

- 2.44. The tax base for Council Tax in 2023/24 has increased slightly to 92,555
- 2.45. The Council tax base also forecasts that the Council Tax Support Scheme will reduce the collectable Council tax by £29m. This is based on the current average Council Tax charge in 2022/23. If the recommended Council Tax increase in this report is agreed for 2023/24 the cost of the scheme will also increase.

Directorate and Departmental Budgets

- 2.46. Directorate budgets and the levies payable by the Council in 2023/24 are detailed in Appendix C.

North London Waste Authority

- 2.47. In 2015 following public consultation, Camden along with the other six partner members of the North London Waste Authority (NLWA) approved the submission of the application for a Development Consent Order (DCO) for a replacement Energy Recovery Facility (ERF) at the Edmonton EcoPark to the Planning Inspectorate. It was approved in February 2017 and the NLWA began the procurement of the works to develop an ERF to replace the existing Energy from Waste facility. The ERF forms part of the wider North London Heat and Power Project (NLHPP), which will generate electricity for use on site and export to the National Grid, alongside supply low-carbon heating and hot water for use in up to 20,000 homes in Enfield, with a capacity for up to 50,000 local homes and businesses. Other aspects of the NLHPP include:

- Resource Recovery facility, enabling a range of waste types to be managed and supporting increased recycling.
- A new reuse and recycling centre for public use.
- EcoPark house – a community and education facility, and replacement centre for the local Sea Cadets.

2.48. The development of the NLHPP will increase costs for all boroughs. Camden is planning for the increase in costs by setting aside an annual sum in a reserved account to smooth the impact of this future financial pressure as the project progresses. The levy payable to the North London Waste Authority is forecast to increase in 2023/24, this is partly as a result of increased costs and costs associated with the NLHPP. There has also been a change in the estimated split between Household and Non-household (commercial) tonnage that the Council will be charged for. This has transferred tonnage from non-household into household waste, which is recharged through the levy. Non-household waste is charged separately and the Council will see a corresponding reduction in the commercial waste charge as a result of the change in estimated split.

2.49. As a partner in NLWA the Council can receive windfall payments when the authority makes a surplus. This year the Council will be investing in energy efficiency measures such as draught-proofing, insulation and secondary glazing to improve the energy efficiency of Council properties (see paragraph 2.32).

Capital Programme

2.50. The capital strategy aims to ensure the Council's resources are invested in a way that meets the objectives of Camden 2025. The review of the current Capital Programme is an opportunity to update future spending plans in light of decisions made on new capital investment over the last year and the progress of existing capital schemes, and revised cost estimates on major projects in the context of the latest economic projections. Changes made to the capital programme over the course of the past year are summarised in **Appendix E**.

Levelling Up Capital Funding

2.51. The Council submitted two bids to the government's Levelling Up Fund to support capital investment in the Infrastructure of the borough. The Council was successful with one of the bids for 'A Healthy & Connected Neighbourhood: improving the physical and community infrastructure across Gospel Oak, Haverstock, and Kentish Town South'. The Council will receive funding of £7.7m to support the project.

2.52. The capital investment will target current areas of concern including health inequalities, lack of infrastructure for cycling and walking, future climate resilience, and the need to provide accessible facilities and green spaces that meet the future needs of the community. We are taking a cross-cutting approach to connect people not just through physical infrastructure but also the civic infrastructure, delivering all elements required for everyone in the

local community to live healthy and fulfilled lives. The funding will cover three core projects:

- Improving the Talacre Community Sports Centre and adjacent play area - creating increased health and wellbeing outcomes and a more connected community.
- Delivering 4 “safe and healthy streets” schemes and 6 “green mobility hubs” throughout the area - creating and promoting sustainable modes of travel and promoting connectivity in the community.
- Redeveloping 2 Prince of Wales neighbourhood space – offering a place that connects residents, community organisations, businesses, and public institutions in the community.

Fees and Charges

- 2.53. Cabinet approved most fees and charges to apply in 2023/24 in the January 2023 report. That report listed new fees and charges rising by more than 7% and agreed to delegate authority to raise fees by up to 7% to Executive Directors in consultation with relevant Cabinet portfolio holders. The new fees proposed in this report that require Cabinet approval include the introduction of fees for the new King Cross Fitness leisure centre which is scheduled to open from the 1st April 2023.
- 2.54. Where possible the Council is working to keep fees and charges increases below inflation, however significant inflationary and service pressures mean some fees and charges will be increasing above 7%. Our leisure centres are facing significant expenditure increases for cleaning and pool treatment materials in addition to significantly increased energy prices. To ensure this service can continue to recover its costs it is proposed to increase some of these fees above 7%. Wherever possible the biggest increases will be on full fee-paying memberships and activities, with smaller increases proposed for concessionaries.
- 2.55. Further details regarding the fees and charges can be found in **Appendix D1**. The associated fees and charges for approval by Cabinet can be found in **Appendix D2 and D3**.

Financial Management Code

- 2.56. A key element of the Council’s strategy for maintaining financial resilience and stability is to work within the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management Code (FM Code). The FM Code has been designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The FM Code is built on six broad principles that local authorities should consider when developing and maintaining their financial planning and governance arrangements. Officers consider the principles of the FM Code when managing financial planning and reporting and are satisfied that the Council’s financial arrangements do comply with the FM Code. Officers also recognise the importance of continuing to test Council’s financial

management arrangements against the code and periodically review the Council's financial governance arrangements.

Reserves and Balances

- 2.57. The Council sets aside specific resources in our reserves as part of our wider approach to prudent financial management. Reserves are treated like long-term savings held for specific purposes and the Council will use them only when strictly necessary. With the on-going financial pressures still being felt by the Council it has been increasingly difficult to transfer unspent income into our reserves. When money is drawn down from reserves and not replenished in equal or greater proportion reserves start to deplete increasing the risk to the Council's financial resilience.
- 2.58. In accordance with CIPFA guidance, we have a number of both general balances and earmarked reserves. General balances are held as a wider financial contingency against unexpected financial shocks while the latter are held for several specific purposes. This includes, but is not limited to, the support to the delivery of our key strategic outcomes within Our Camden Plan, to contribute to our Capital Programme, to mitigate future known financial risks (such as insurance liability or a decline in business rates) and to provide investment and pump prime initiatives that will deliver future financial benefit and longer-term savings as we head into the next round of our three-year savings plan. In managing our reserves over the medium term, we have recognised that they are a one-off resource and not a sustainable solution to the financial challenges that we face over the medium term.
- 2.59. As part of our prudent financial management, all reserves are regularly reviewed to ensure that they remain at appropriate levels and are relevant. If they are no longer required for the purposes originally intended, they are reallocated to best support our strategic priorities.
- 2.60. The Council has a strategy to increase where possible reserve levels. These have historically been held at a low level. Our general fund balances currently stand at £14.8m or roughly 5.5% of our net budgeted expenditure and our general fund earmarked reserves stand at £176.8m. This historic approach has been based on our confidence in our ability to deliver Medium Term Finance Strategy savings and our strong track record of living within our means.
- 2.61. Both of these positions are now uncertain over the medium term owing to significant inflationary pressures and the resulting cost of living crisis along with a lack of certainty over our future funding. The level of reserves are a vital element of the Council's financial resilience and help to support the Council against any future financial shocks.
- 2.62. This judgment has been influenced by the current factors, which should be viewed as both standalone issues as well as cumulative and compounding issues:

- As a sector, local government has seen significant cuts to its funding over the past decade. This leads to additional pressure and if the Council doesn't build up resilience this could impact its ability to serve its residents and communities.
- The financial outlook also remains uncertain due to central government agreeing a one-year settlement for 2023/24 and the outcome of local government funding reforms still being unknown.
- The long-term impact of both Covid-19 and Brexit means the Council continues to experience an unprecedented level of uncertainty over the medium term.

2.63. The forecast balances for earmarked reserves to the end of the financial year are presented in Table Five below. It should be reiterated that use of earmarked reserves would not be considered where there are ongoing structural budget deficits in the organisation.

2.64. The main drawdown from reserves during 2022/23 relate to one-off funding for capital schemes as part of the Council's planned capital strategy and the use of balances to 'repay' collection fund deficits as a result of reductions in the level of Council Tax and Business Rates collected during the Covid pandemic.

Table Five – Summary Movement of General Fund Reserves

Earmarked Reserves	Actual Reserves 31/03/22	Out of Reserves	Into Reserves	Forecast Reserves 31/03/23	Net Movement 2023/24	Forecast Reserves 31/03/24
	£000	£000	£000	£000	£000	£000
Reserves to support Council Priorities	55,056	-17,102	3,373	41,327	2,394	43,721
Reserves with Conditions	29,994	-3,156	2,997	29,835	-350	29,485
Reserves to Support Capital Activity & Asset Management	28,716	-9,547	6,468	25,636	4,254	29,890
Reserves to Manage Future Risk	63,110	-12,509	0	50,601	-3,477	47,124
Total Earmarked Reserves	176,875	-42,314	12,838	147,399	2,821	150,219
General Balances	14,858	0	1,488	16,346	1,000	17,346

2.65. The Executive Director Corporate Services states that the level of reserves is under constant review and is adequate for an organisation of the Council's size and carrying the risks around further reductions in funding. The Executive Director further states that no major allocations of general balances should be considered at this stage.

3. OPTIONS APPRAISAL

3.1. To finance the proposed revenue budget proposals there is a net council tax requirement of £135,714,867 which equates to a Band D council tax level of £1,466.02 for residents not in Garden Squares – a 4.99% increase from 2022/23, the maximum permitted without holding a referendum. The Council

could choose a different council tax level (within limitations imposed by the government), with reductions in council tax funded through expenditure reductions or increased income, and (subject to a referendum) increases in council tax used to fund additional expenditure or reduced income.

- 3.2. The proposed 4.99% increase includes a 2% 'precept' for Social Care, the justification for which is set out in paragraph 1.4. This will generate much needed additional adult social care funding to help manage significant cost pressures from demographic changes and inflation. Cabinet and Council could choose not to levy this precept in 2023/24, which would mean a reduction in the Adult Social Care budgets and could restrict the ability of the Council to respond to rising demand in social care.
- 3.3. The report sets out the proposed departmental budgets for 2023/24. Cabinet and Council could choose alternative budget allocations.
- 3.4. The report proposes new fees and charges for 2023/24 in addition to those agreed by Cabinet on 18 January 2023. Cabinet could decide not to agree these fees and charges. The report also sets out fees and charges that are at the discretion of Council to agree, mainly regarding licensing. Council could decide not to agree these fees and charges.
- 3.5. It is worth noting that the Local Government Act 1992, Section 32 requires that all known and anticipated revenue budgetary requirements of the Authority for the forthcoming year be calculated prior to setting the Council Tax. This must be done no later than 11th March in the preceding financial year, therefore, there are no alternatives other than to agree a balanced budget by the statutory deadline.

4. WHAT ARE THE KEY IMPACTS / RISKS? HOW WILL THEY BE ADDRESSED?

- 4.1. The current **economic situation** is a major risk to the Council's ability to control its costs and collect income from local taxes and fees & charges. The report on the Council's Medium Term Finance Strategy to the Council's Cabinet on 18 January 2023 set out in detail the economic and service risks most of which remain or have been exacerbated.

5. CONSULTATION/ENGAGEMENT

- 5.1. The Council consulted local businesses as part of the decision-making process that culminates with this proposed budget. The consultation was published on the Council's website as a news item and included in an email bulletin to members of Camden Business Network. If there are any further responses arising following the publication of this report, the Cabinet will receive a verbal update.
- 5.2. The investments set out in the Strategic Investments and Pressures section above are informed by the consultation and engagement carried out as part of the Renewal Commission and *We Make Camden*, the refresh of the Camden 2025 borough strategy.

6. LEGAL IMPLICATIONS

- 6.1. Appendix A of this report sets out the relevant legal considerations which affect the budget process. Before considering the details of the budget, Members need to have a clear understanding of the legal duties placed upon them as individuals, upon the Council as a public body and upon the Executive Director Corporate Services (the council's Chief Financial Officer), which are relevant to the budget making process and the decisions on the council tax.
- 6.2. The Cabinet and Council, in recommending and then setting the Council Tax, must have due regard to the impact those decisions will have upon the Council's statutory duty with regard to equalities. In summary these legal obligations require the Council and Cabinet, when exercising its functions, to have 'due regard' to the need to 1) Eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act; 2) to advance equality of opportunity between people who share a relevant protected characteristic and those who don't; 3) Foster good relations between people who share a relevant protected characteristic and those who don't (which involves tackling prejudice and promoting understanding). Under the Duty the relevant protected characteristics are: Age, Disability, Gender reassignment, Pregnancy and maternity, Race, Religion, Sex, Sexual orientation. In respect of the first aim only - i.e. reducing discrimination, etc. - the protected characteristic of marriage and civil partnership is also relevant.
- 6.3. An Equality Impact Assessment (EIA) has been carried out on the setting of the revenue budgets and proposal to increase Council tax and this is attached at Appendix F. The EIA concludes that there is no potential for discrimination and all appropriate opportunities to advance equality and foster good relations have been taken. Members are referred to the detailed commentary within the EIA.
- 6.4. This report sets the budget for the forthcoming financial year and, in some cases where budgets are recommended to be reduced, for example as part of the previously agreed Medium Term Finance Strategy further decisions will be required (or have already been taken) to implement the initiative achieving the budget reduction. These decisions will be subject to any applicable consultation requirements and analysis of equalities impacts together with consideration of other specific legal requirements. This will be undertaken as part the decision making process as required to implement the proposed budget. Further a significant number of these decisions are by law for the executive or delegated officers. Such considerations, which will be fully assessed by the decision makers in due course, are therefore not set out in this report. It therefore follows that the outcome of these decisions may lead to further amendments and/or changes to the proposed savings. Members will be aware that decisions on the budget do not amount to detailed decisions on the precise delivery of services, those decisions, in any event, for most services, being by law a matter for the executive. Decision makers (usually Cabinet, Cabinet Members or Chief Officers) are aware and will be reminded of their flexibility for example, around possible budget virements and adjustments and the use of reserves when they consider it

appropriate to make alternative decisions, which may not accord with a particular budget line. The overall requirement to balance the budget remains however.

7. RESOURCE IMPLICATIONS

The Executive Director Corporate Services (the statutory section 151) states that the budget for 2023/24 is robust and balanced, subject to the passing of the appropriate recommendations by Cabinet and Full Council to set a council tax.

ENVIRONMENTAL IMPLICATIONS

- 8.1 The Council recognises the climate emergency as the most serious threat faced by the borough's residents. The budget provides financial resources for all the Council's services. The Council's Climate Action Plan published in June 2020 sets out how those services will contribute to tackling the climate emergency with the aim of achieving a zero carbon Camden by 2030.

8. TIMETABLE FOR IMPLEMENTATION

- 8.1. The Council operates a robust financial governance and monitoring process. Chief Officers receive regular reports on the financial position and regularly review the capital programme and the medium-term assumptions that underline the Council's modelling.
- 8.2. The report will be considered by the Resources and Corporate Performance Scrutiny Committee as well as Cabinet and Full Council.

9. APPENDICES

A The Legal Framework Governing Budget Decisions

B Statutory Determination of Council Tax 2023/24

C Directorate Budgets and Levies

D Fees and Charges:

- D1. Supporting Information
- D2. List of Fees & Charges – Cabinet to Approve
- D3. List of New Fees & Charges - Cabinet & Council to Approve
- D4. List of Increases to Existing Fees & Charges - Cabinet & Council to Approve

E Capital Programme Summary

F Equality Impact Assessment

REPORT ENDS