

LONDON BOROUGH OF CAMDEN	WARDS: All
REPORT TITLE 2021/22 Revenue Estimates and Council Tax Setting (CS/2020/04)	
REPORT OF Cabinet Member for Finance and Transformation	
FOR SUBMISSION TO Resources and Corporate Performance Scrutiny Committee Cabinet Council	DATE: 22 February 2021 24 February 2021 1 March 2021
STRATEGIC CONTEXT Camden 2025 is our communities' vision for Camden. Camden has a proud history of investment in supporting our residents and businesses. Our Camden Plan 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 Camden Plan aspirations.	
SUMMARY OF REPORT Camden continues to operate in unprecedented times. Since the start of the coronavirus pandemic, the Council has moved swiftly to mobilise our staff, our partners and our communities to provide a vital safety net, ensuring that people have the support that they need and are able to stay at home to prevent the spread of covid-19. Inevitably, the pandemic is having a significant impact on our financial position. In 2020/21, we are currently anticipating a net financial pressure of £9.1m after government funding support and the financial impact will almost certainly be felt into 2021/22. At present, it is incredibly difficult to provide a definitive assessment of what this could be and much depends on the length and depth of the pandemic and its long-term impact on the economy and the Government's long term public spending. Against such an uncertain backdrop, Camden continues to be challenged by a tough financial environment. This report sets out the detailed budget for 2021/22, including a series of proposals to ensure a balanced budget. The detailed budget aligns with the overall Medium Term Financial Strategy agreed by Cabinet in December 2018 that not only sought to ensure that the Council could continue to operate on a sound financial footing over the medium term, but also to align the Council's limited resources to achieving the ambition for our borough, residents and communities as set out within Our Camden Plan. The recommendations in this report will support the vision of Camden 2025 to make Camden a place where everyone has a chance to succeed, where nobody gets left behind, and where everybody has a voice.	

Looking ahead, 2021/22 is the final year of our agreed Medium Term Financial Strategy (MTFS) and will mean that the Council will have reduced its budget by £28.4m in the three years from 2019/20 to 2021/22. This will mean that the council's budget will have reduced by £197m since 2010. The cumulative impact of such a reduction in resources cannot be underestimated, particularly in the context of the council's response to the current global pandemic.

Ongoing austerity from central government, including the lack of a sustainable funding strategy for local authorities, is coupled with rising pressures and very significant growth in demand for our services, most notably within health and social care. As a result, the Council is projecting a new budget deficit of between £35m and £40m by 2024/25.

In summary this report:

- Presents budget and funding proposals that will enable the Council to balance its budget in 2021/22 and utilise available resources towards the achievement of Our Camden Plan outcomes.
- Provides an update on the overall medium-term financial position for the Council, including detail from the provisional Local Government Financial Settlement for 2021/22, and 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 1.99% in the 2021/22 core council tax level to support council funding at large, and
 - A rise of 3% 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 £119,507,043. This equates to a proposed Camden element of council tax of £1,355.81 at the Band D level for residents not in garden squares.
- Sets out the Garden Squares Levies for 2021/22.
- Sets out the proposed Greater London Authority precept at £363.66, an increase of 9.5% on last year (subject to Greater London Authority approval of the budget), making the total council tax charge at Band D £1,719.47
- Includes the Executive Director Corporate Services' assessment of the adequacy of general balances available to manage financial risk and the robustness of the budget.
- Provides an update on Camden's participation in the London Business Rates pilot in 2020/21 and an update on the plans to for the London pool for 2021/22.

- Recommends fees and charges for approval by Cabinet and by Council where required.

Local Government Act 1972 – Access to Information

The following documents were used in the preparation of this report:

- [Final 2021/22 Local Government Finance Settlement – Ministry of Housing, Communities & Local Government \(MHCLG\)](#)

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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 any feedback received following the consultation with Non-Domestic Ratepayers as set out in Paragraphs 6.1 and 6.2, and the equality impact assessment in Appendix E.
3. Recommend to Council for approval:
 - (a) The council tax requirement for the year 2021/22 of £119,507,043.
 - (b) The calculations for determining the council tax requirement for the year 2021/22 in accordance with the Local Government Finance Act 1992 as set out in Appendix B.
 - (c) To note that the 2021/22 Greater London Authority (GLA) precept set out in this report is £363.66 for Band D and is subject to Greater London Authority approval of the budget on 25 February.

- (d) That the Council sets the amount of council tax for 2021/22 as detailed in Appendix B and notes that this will mean a Camden element of council tax of £1,355.81 (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 2021/22 is not excessive as outlined in Paragraph 2.34.
- (f) The budget summary as set out in Table One (paragraph 2.28).
- (g) The Garden Squares levy requirements received for each Garden Square Committee for 2021/22 as shown in Appendix C

4. In relation to fees and charges;

- (a) Agree the new fees and charges and those increasing above 5% discussed in Appendix D1 and listed in Appendix D2.
- (b) Delegate authority to the relevant Director to decide increases to existing fees and charges up to a maximum of 5% or to keep them at the same amount, in consultation with the relevant portfolio holder.
- (c) Agree and recommend to Council approval of the new fees and charges and those increasing above 5% discussed in Appendix D1 and listed in Appendices D3 and D4, and a delegation to the relevant Director to decide increases to those existing fees and charges requiring Council approval in the same terms as recommendation 4 (b) above.

5. Note in Paragraphs 2.53 to 2.54 the planned use of reserves, and in Paragraph 2.60 the adequacy of reserves as stated, and that no major allocations of general balances are being considered at this stage.

6. Note the current position with regards to the business rates pool (paragraph 2.24 to 2.25) and that in regard to 2021- 22, the Council will revert to being considered as an individual authority for the purposes of the business rates retention scheme.

COUNCIL is recommended to :

- 1. Note the information set out in this report.
- 2. Note any feedback received following the consultation with Non-Domestic Ratepayers as set out in Paragraphs 6.1 and 6.2, and the equality impact assessment in Appendix E.
- 3. Agree:
 - (a) The council tax requirement for the year 2021/22 of £119,507,043.

- (b) The calculations for determining the council tax requirement for the year 2021/22 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 £363.66 for Band D and as shown for all bands in Appendix B, and is subject to Greater London Authority approval of the budget on 25 February 2021.
- (d) That the Council sets the amount of council tax for 2021/22 as detailed in Appendix B and notes that this will mean a Camden element of council tax of £1,355.81 (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 2021/22 is not excessive as outlined in Paragraph 2.34.
- (f) The budget summary as set out in Table One.
- (g) The Garden Squares levy requirements received for each Garden Square Committee for 2021/22 as shown in Appendix C

4. In relation to fees and charges;

- (a) Agree the new fees and charges and those increasing above 5% that are reserved for Council approval discussed in Appendix D1 and listed in Appendices D3 and D4.
- (b) Delegate authority to the relevant Director to decide increases to existing fees and charges up to a maximum of 5% or to keep them at the same amount, in consultation with the relevant portfolio holder.

5. Note in Paragraphs 2.53 to 2.54 the planned use of reserves, and in Paragraph 2.60 the adequacy of reserves as stated, and that no major allocations of general balances are being considered at this stage.

6. Note the current position with regards to the business rates pool (paragraph 2.24 to 2.25) and that in regard to 2021- 22, the Council will revert to being considered as an individual authority for the purposes of the business rates retention scheme.

Agreed by: Executive Director Corporate Services

Date:

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1.0 CONTEXT AND BACKGROUND

- 1.1 This report proposes the budget and council tax levels for 2021/22 within the context of the challenging financial environment that the Council is operating in. The financial year 2021/22 is the final year of the current three year Medium Term Financial Strategy (MTFS).
- 1.2 In December 2018, the Council forecast a growing budget deficit over the three years to 2021/22 of £35m to £40m, from a combination of rising demand and cost pressures coupled with government funding reductions. Cabinet considered and approved a Medium Term Financial Strategy (MTFS) that set out the financial framework designed to ensure the Council can continue to operate on a sustainable and sound financial footing. This strategy continues to ensure that the Council's limited resources are invested in the activities that have the most impact on the delivery of Our Camden Plan.
- 1.3 Since the development of the current MTFS the Council, and the economy as a whole, has suffered a significant financial shock from the economic consequences of the Covid pandemic which will continue to have a major impact on the Council's financial position over the medium term. While the Council is not forecasting for a net reduction in its reserve position in 2020/21 and is able to produce a balanced budget for 2021/22 it will have to take some difficult decisions in order to ensure its financial resilience over the medium term. As part of the Council's strategy on financial resilience it is committed to building up sufficient reserves to ensure both that the Council has sufficient resources in place to meet future policy investment commitments and to provide a strong financial basis to protect the Council from any future financial uncertainty.
- 1.4 The Council is facing a significant financial challenge following the global pandemic – one that has the potential to severely undermine and threaten our financial sustainability and resilience. The resulting financial pressure will have a significant and long term impact on the Council and its medium term financial position. Securing the Council's financial stability and resilience is more important and challenging than ever as the Council enters a period of significant uncertainty. The ongoing uncertainty relating to central government funding, with no certainty over funding levels beyond 2021/22, means that while the Council remains in a strong position financially, there are significant medium term financial risks that the Council needs to take account of and manage to ensure the Council remains financially resilient. In addition to the uncertainty relating to government funding the Council also faces a great deal of uncertainty about both the economic climate and the demands that will be placed on the Council to support local residents and businesses during the renewal of the borough from the Covid pandemic.
- 1.5 A key element of Our Camden Plan is the Council's response to the Climate Crisis. In July 2019 the Council declared a climate and ecological emergency and committed to producing a new climate action plan. In June 2020 Cabinet approved an ambitious five-year programme of projects and activities that brings to life a vision of a zero carbon borough. The Council is working

closely with climate change experts from University College London to support the Citizen's Assembly on the climate crisis. The Council is investing in its Sustainability team to ensure that the recommendations of the Citizens Assembly are carried out. In addition the Council has increased the emphasis on the need to tackle the climate emergency when deciding what goods and services to procure.

- 1.6 A further key component of Camden 2025 is the Council's work on tackling poverty and inequality in the borough. The Council commits resources to support a Council Tax Reduction Scheme for low earners that provides more financial support than the national scheme. The Council is also working to eliminate food poverty through a number of initiatives and funds a local welfare scheme to support vulnerable residents or those facing a crisis. The Council will increase investment in the welfare scheme to £1m in 2021/22 to help support the least well off in the borough and those affected by the economic consequences of the Covid pandemic. The Council is also investing £1.5m per annum to design and develop an integrated employment support offer with our business and education partners to support residents into meaningful employment.

2.0 PROPOSALS 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 course of 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 11th 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's interests. In order to set the council tax by the 11th March, the recommendations of this report must be considered by the Council at its meeting on the 1st March 2021. 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

1st March. Failure to comply with the legal requirement to set the council tax before the 11th 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.

Strategic Investments and Pressures

- 2.5 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 new pressures, and funding priorities.
- 2.6 In setting a balanced budget for 2021/22, the Council has ensured the necessary spending plans are in place to deliver the ambitions of our Camden Plan and Camden 2025 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:
- **Employment Support:** as part of its budget proposals the Council will continue to make an investment of £1.5m per annum to design and develop an integrated employment support offer with our business and education partners. As part of the Council's response to the Covid crisis a Job Hub has been created that works with a number of local services to provide support around employment and money for local residents during the Covid crisis and beyond.
 - **Safer Camden Network and Youth Services:** the Council is continuing to investing £270K in a Safer Camden Network seeking to address issues of violent crime, safety within our communities, and drug activity in the Borough. Building on the recommendations of the Youth Safety Taskforce, the team will lead the Council to do everything we can to seek to minimise the likelihood of further violent crime in Camden. The Network has adopted a community led, test and learn approach to develop hyper-local solutions to issues identified by the community and frontline staff.
 - **Climate Crisis:** In June 2020 the Council the Council's Cabinet approved an ambitious five-year programme of projects and activities that brings to life a vision of a zero carbon borough. The Council is working closely with climate change experts from University College London to support the Citizens' Assembly on the climate crisis. The Council is investing in its Sustainability team to ensure that the recommendations of the Citizens Assembly are carried out.
 - **Low Traffic Neighbourhoods:** As part of the Council's response to the Climate Crisis there will be a continued investment in the design and

implementation of new traffic schemes including low traffic neighbourhoods.

- **Homelessness and Street Activity:** Camden will continue to fund the Hotspots Team pilots approach to addressing homelessness and street activity, tackling the inequality and multiple disadvantages experienced by homeless individuals and by those sleeping rough. The Council will fund two teams of Community Presence Officers and Specialist Outreach Workers at an annual cost of £0.57m.
- **Local Welfare Fund:** Camden will increase its contribution from £240K per annum up to £1m per annum to continue the provision of the Local Welfare Fund after Government transferred responsibility for the Social Fund to local authorities and then removed funding. The Fund provides grants to support vulnerable households, reducing the amount of time families spend in temporary accommodation.
- **HS2:** We continue to support our residents and communities in responding to and mitigating the impacts of HS2 construction, working to ensure HS2 meet their commitments to residents regarding noise insulation and the improvement of green spaces, this includes urging HS2 Ltd. to step forward and fund the rehousing of residents suffering intolerable noise and disruption from the next phase work on HS2. We will continue to invest £0.243m to ensure residents' voices continue to be heard and to plan for the future of the area to maximise potential for local improvements.
- **Participation:** The Council is investing £0.5m to improve resident participation in the design and delivery of Council services.
- **Covid related Support to the Borough:** Throughout the Covid pandemic the Council has provided support to the most vulnerable across the borough via a range of support from food parcels and emergency grants to self-isolation support payments and helping to bridge the digital divide. It is expected that this targeted support will need to continue into 2021/22 as the economic consequences of the Covid pandemic continue to be felt by vulnerable households across the borough. The timeframe for the recovery of the economy is still unclear and over the medium term the Council will need to taper the additional emergency support it is providing in line with the changing economic and social impacts of the pandemic. The Council will also continue to lobby government to make sure that the right level of support from national welfare schemes remains in place

Our financial context and outlook

- 2.7 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 2021/22. Despite the scale of the challenge, we have done this successfully, balancing our budget each year and unlike many other councils, we have not overspent over this period.

- 2.8 However, the current financial year (2020/21) has been exceptional and the Council is expecting to overspend by £53m-£58m as a result of the current pandemic and the efforts we have taken to support our residents, communities and businesses.
- 2.9 These efforts have been wide-ranging and beyond our emergency and public health response, we are also experiencing increasing demand on services, above and beyond what we would consider normal. For example,
- in our housing repairs, we are on track to receive 300,000 repair calls this year – an increase of 100,000 compared to previous years.
 - our welfare team has seen the number of people claiming out of work benefits rise from c.4,265 before the first lockdown to 11,185 in November 2020.
- 2.10 Alongside the pressure on our services, the economic consequences of the pandemic has meant that some local residents and businesses have struggled to pay their council tax or business rates in 2020/21. As such, we are anticipating a reduction in council tax income of £5.9m (4.9%) on a like-for-like basis to the budget in 2019/20. It is uncertain how quickly the economy will recover from the shock of the Covid pandemic and it is possible that the Council will see a reduction in its tax base over the medium term, which will again place increased pressure on the Council medium term financial position.
- 2.11 The global pandemic is having a fundamental and negative impact on the economy and presents a series of significant challenges for the economic health of the country and its public finances in the medium term. As such, the Government has declined to provide funding allocations to local government beyond the recent Spending Review, which only provided funding allocations for the next financial year (2021/22). As the council seeks to plan its response to the impact of the pandemic in both the immediate and medium term, this is becoming increasingly difficult due to the uncertainty relating to future government funding.
- 2.12 The Chancellor of the Exchequer is expected to deliver a budget in March 2021, and it remains to be seen whether, following 10 years of austerity measures, there is a change of direction on public finance spending, or how the economy will react to both the Covid-19 pandemic and the new economic relationship with the European Union.
- 2.13 At the same time, the long awaited reforms to local government funding have been delayed. At present, local government is still awaiting detail on the following:
- 'The Fair Funding Review' is underway to assess the relative 'need' of each local authority and will consider how resources are distributed across local government,
 - There are proposed changes to the system of Business Rates Retention, which will decide how much business rates local authorities can retain

- locally and the extent to which they can benefit from local economic growth, and
- Adult Social Care funding reform to ensure that services are put on a more sustainable funding footing.

Financial Resilience

- 2.14 It is now more important than ever that the Council takes action to secure its financial resilience and ensure that it organises its resources effectively to support the borough through the pandemic and beyond. Over the recent months, there has been a number of high-profile financial failures within local government and some local authorities have been forced to issue section 114 notices – effectively acknowledging a form of bankruptcy – such has been their financial difficulties.
- 2.15 Pre-Covid, the Council was following a strategy of low reserves, ensuring that we could maintain high levels of investment in services to our communities. Our general fund balances stand at £14m or roughly 3.3% of our net budgeted expenditure and our earmarked reserves stand at £95.7m or 21% of our net expenditure. This is at the lower end of the acceptable range, but this historic approach has been based on our confidence in our ability to deliver MTFS savings and our strong track record of living within our means. Both of these things are now in doubt over the medium term owing to the current pandemic, Brexit and the current lack of certainty over our future funding. In order to support financial resilience, it is recommended that the Council makes a revenue contribution to its reserves at the end of 2020/21 to support ongoing Covid related pressures and to continue to support the most vulnerable in the borough. As part of the 2021/22 budget, we are proposing to contribute a further £5m to our reserves to strengthen our financial resilience and allow us to respond to emerging financial shocks.

Local Government Finance Settlement

- 2.16 The provisional Local Government Finance Settlement (LGFS) for 2021/22 was announced on 17th December 2020, with final figures to be confirmed on 25 February 2021. As anticipated, the settlement followed closely the funding announcements made by the Chancellor of the Exchequer in the 2020 Spending Round, delivered in November, which laid out the government departmental funding levels for the coming year. As with the previous year, the 2021/22 LGFS is for one year only. The government had announced plans for a multi-year settlement, but have reverted to a one-year settlement for 2021/22 due to the uncertainty in public sector finances. It is not yet clear if the government will provide a multi-year settlement from 2022/23 onwards or if there will be a further one year settlement for 2022/23.
- 2.17 The LGFS confirmed the proposals to increase English councils' Core Spending Power (CSP) from £49.1bn to £51.3bn, representing a 4.5% cash increase. The increase in CSP is primarily due to the assumption that councils will raise council tax and the adult social care precept by 5%. This accounts for £1.9bn of the CSP increase, with the remaining £0.3bn coming

from an increase in the core grant (Revenue Support Grant) paid to local authorities.

- 2.18 Camden's Settlement Funding Assessment (SFA) has been set at £114.3m, an increase of £0.01m from 2020/21 levels, which is an increase of 0.55% in line with CPI inflation. The retained business rates element of the SFA has been frozen at the same level as 2020/21 but the Council has received an increase in the compensation grant of £1.1m to offset the impact of frozen business rates levels.
- 2.19 It is important to note that the financial settlement figures relating to core spending power published by the government for both the country as a whole and for Camden are based on a number of assumptions relating to Council Tax. According to the Government figures Camden's 'core spending power' will increase by £8.8m (3.3%), this includes an assumed increase in income from Council Tax of £7.6m (6.4%) relating to an increase in the Council tax charge of 4.99% along with an assumed increase in the overall Council Tax base (the equivalent number of properties on which the Council Tax charge is levied).
- 2.20 In practise the actual increase in Core Spending Power for Camden is £5.6m (2.2%). This is due to the actual Council Tax base decreasing as a result of an increase in properties applying for Council Tax exemptions, an increase in eligibility for the Council Tax Support Scheme and a decrease in the expected collection rate from 98% to 95%. The decrease in the assumed collection rate for Council tax is a recognition of the continuing economic hardship that is likely to be faced across the borough in 2021/22. The Council needs to set a prudent expected collection rate in order to not set a budget based on funding that it will not receive.
- 2.21 The Council's actual Core Spending Power includes one-off funding from the Government of approximately £3.2m to fund the increased cost in the Council Tax Support scheme in 2021/22. The final grant will be dependent on the actual increased cost of the scheme compared to 2020/21.
- 2.22 The Local Government Finance Settlement (LGFS) for 2021/22 also announced some one-off funding elements, largely to support the economic consequences of the Covid pandemic including:
- £1.7m of additional one-off funding added to the Social Care Support Grant, and continuation of the Improved Better Care Fund elements at 2020/21 levels.
 - Confirmation of the New Homes Bonus (NHB) due to Camden of £2.27m. This is £3.5m lower than the previous year. We have a longstanding policy of using the majority of NHB for our capital requirements and so this will be transferred into the capital programme.
 - £1.2m 'Lower Tier' grant to support additional costs relating to homelessness and other services provided by 'lower tier' authorities.

- Confirmation that the core council tax requirement can be increased by up to 2% in 2021/22 without the need for a local referendum, this is the same referendum trigger level as 2020/21.
- Confirmation that councils will be able to raise a precept for Social Care funding of a further 3% on council tax. This includes the option to defer some or all of the Social Care precept increase for one year. It is assumed in the CSP figures that councils will fully raise this precept.
- A continuation of the Covid related support to local authorities into the first quarter of 2021/22 including a Covid grant of £9m and the extension of the 'Sales, Fees and Charges' compensation scheme until the end of June 2021.

2.23 At the time of writing, the government are yet to publish the Public Health Grant allocations for 2021/22. Following announcements in the Spending Review, it is anticipated that there will be a freeze in the Public Health Grant with the grant for 2021/22.

London Business Rates Pool

2.24 For the last three years Camden, along with all London authorities and the GLA, have been participating in a pilot scheme to pool business rates income across the capital and retain an increased proportion of any business rate income growth, as the government sought to make moves towards greater local financial autonomy.

2.25 Given the current level of uncertainty regarding both the valuation of businesses and the tax base for business rates the Leaders Committee of London Councils took the decision to request a pause in the participation in the pilot scheme in 2021/22. The request has been granted by the Ministry of Housing, Communities and Local Government (MHCLG). This means that for 2021/22 the Council will revert to being considered as an individual authority for the purposes of the business rates retention scheme.

MTFS Savings Programme 2019/20 – 2021/22 Update

2.26 In December 2018, Cabinet agreed a MTFS that set our financial timelines for the next three financial years, including a programme of approximately 100 separate projects and initiatives, designed to deliver the outcomes of the Camden Plan and also to deliver savings of over £30m by 2021/22.

2.27 2021/22 is the final year of that agreed strategy and so, a further £8.3m of additional savings will be reflected in the council's base budget. Alongside these savings, the budget also includes a 'vacancy factor' of 2.5%. This is not a recruitment freeze, but each directorate is expected to consider whether any new recruitment can be suspended, delayed or stopped as a way of controlling costs. This will support the Council in controlling expenditure in a challenging financial environment. The impact of Covid has been felt throughout the MTFS, principally in delays to projects in terms of both delivery and savings due to the way demand for services has been affected (in some cases leading to increased workload, which is impacting upon potential staff

changes) and/or uncertainty in the markets. However, despite this, many are still projecting to meet their agreed savings by 21/22. Only one or two projects across the entire portfolio look uncertain in terms of whether they are still deliverable, however project leads and finance colleagues are working through possible mitigations and solutions to these particular challenges.

2021/22 Budget

- 2.28 The Council is presenting a proposed gross expenditure budget of £936.338m and gross income budget of £253.455m. The balanced budget for 2021/22 presented here has been delivered through a combination of the proposals within the December 2018 MTFs, business rates income and grants. This remains subject to the council tax proposals in this report, as shown in Table 1 below.

Table 1 – 2021/22 Budget Summary

	Budget 2021/22 £000
Expenditure (excl. savings)	936,338
Income (excl. savings)	-253,455
Net Budget Requirement	682,883
To be funded from	
Retained Business Rates	-92,327
Collection Fund - Business Rates Deficit	4,617
Council Tax (incl. garden squares)	-119,507
Collection Fund - Council Tax Deficit	4,922
Government Grants	-449,655
Revenue Support Grant	-22,807
MTFS Savings (as agreed December 2018)	-8,126
Balance	0

- 2.29 The Equality Impact Assessment (EIA) relating to the setting of budgets for 2021/22 and the proposal to increase council tax by 4.99% for 2021/22 (including 3% to be spent on social care) is attached as **Appendix E**. It concludes that there is no potential for discrimination and that all appropriate opportunities to advance equality and foster good relations have been taken.
- 2.30 Departmental budgets are summarised in Appendix C. It is important to note that in some cases where budgets are proposed to be reduced in a particular area, further decisions will be required (or will have already been taken) to implement the initiative achieving the budget reduction. Those further decisions are often subject to consultation or engagement with residents and other stakeholders and to the results of EIAs or assessments of best value. The results of any consultations and EIA considerations will be analysed and taken into account as part of the decision-making process required to put the proposed budget into effect. The savings that can be derived from these

initiatives identified in the budget presented for agreement are therefore subject to change. If the proposals are changed in a way that materially reduces the budget reductions derivable from them (for example from having considered in detail the results of a consultation), there will be a need to make up for the shortfall through other additional reductions elsewhere, the use of reserves or by departing from the budget envelope – for which there is a particular constitutional procedure.

Council Tax and Social Care Precept

- 2.31 The Government has confirmed that local councils can raise council tax by up to 2% without the need to hold a local referendum in 2021/22 and they will have the flexibility to raise a dedicated Social Care precept by up to a further 3% on the council tax level in 2020/21. Each 1% increase represents an additional £12.91 per year for a band D property in Camden and would in total raise an additional £1.138m in 2021/22.
- 2.32 This report recommends a 4.99% increase in council tax, made up of 1.99% in core council tax and 3% from the adult social care precept. This will mean that the increase in council tax for a Band D property is £64.43 for the year or £5.37 a month.
- 2.33 In proposing the adult social care precept, the pressure on the health and social care system cannot be overestimated. The current pandemic has amplified the pressures on the system and it is clear that more individuals need support from the local authority. As such, and in the absence of a sustainable long term funding plan from government, the raising of the Adult Social Care precept will be vital in addressing the following significant financial pressures:
- Current projections indicate that demographic increases over the next 3 years across the Older Adults and Mental Health services alone will cost an additional £4.3m partly as a result of additional hospital discharges relating to Covid.
 - Increases in the Living Wage and the resulting increase in contracts and direct payments are expected to increase this pressure by a further £1m.
 - We face new financial burdens from the payment of carers for sleep-in shifts, and plans to deliver new extra care services that will cost in the region of £1m.
 - We are also likely to face increased social care pressures from the ongoing impact of the Covid-19 pandemic as residents are discharged from hospital requiring long term care.
- 2.34 The proposed combined increase in council tax levels is therefore 4.99%, made up of 1.99% core council tax plus 3% Social Care precept. 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 2020/21 is 5% (comprising 3% for expenditure on adult social care, and 2% for other expenditure), or more than 5% greater than its council tax for 2020-21. 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 at Paragraph 2.27 and is therefore, in terms of the legislation, deemed as not being excessive. Council should, however, formally declare this at the time of making the decision and there is a recommendation to this effect.

- 2.35 The setting of the council tax requirement is a decision reserved to Council. It is the role of the Cabinet to recommend a council tax to Council, having given careful consideration to the information and advice in this report. The Executive Director Corporate Services states that the budget for 2021/22 is robust and balanced, subject to the passing of the appropriate recommendations by Cabinet and Council to set a council tax.
- 2.36 The proposals in this report would result in a council tax requirement of £119.507m. The calculation of the council tax at Band D for the Council based on a council tax requirement at the level indicated is shown in Table 2 below.

Table 2 - Council Tax Requirement

Council Tax at Band D	Budget 2021/22
	£000
Expenditure charged to revenue account (incl. savings)	926,817
Income credited to revenue account (incl. savings)	-693,676
Sub Total	233,141
Retained Business Rates and Reliefs Grant	-100,366
Revenue Support Grant	-22,807
Collection Fund - Council Tax Deficit	4,922
Collection Fund - Business Rates Deficit	4,617
Sub Total	119,507
Council Tax Requirement	119,507
Garden Squares	-27
Excluding Garden Squares	119,480
Band D Council Tax (£s)	1,355.81
Percentage change over 2020/21	4.99%

- 2.37 In order to raise £119.507m, £0.027m will be received from garden square council tax payers, leaving £119.480m to be raised from a council tax base of 88,125. This means that it is necessary to set council tax at the Band D level at £1,355.81, before the GLA precept. This is a 4.99% increase compared to the previous year.
- 2.38 The Council tax base for 2021/22 has reduced from that of 2020/21 by 4,575 as a result of a number of factors including an increase in the number of

properties receiving an exemption and an increase in the expected level of Council Tax Support claimants.

- 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**.

Greater London Authority Precept

- 2.40 The Greater London Authority (GLA) issues an overall precept, which is added to 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 £31.59 (9.5%) in the GLA precept for 2021/22, resulting in a band D GLA element of the council tax of £363.66. The London Mayor has stated that the GLA precept increase is to contribute towards the costs of the under 18 and 60+ Oyster photocard concessionary travel schemes in London (£15), the cost of policing in London (£15) and funding to be allocated to the London Fire Commissioner (£1.59). Members will be informed should any changes occur following the GLA budget meeting on the 25th February 2021.

Total Council Tax for 2021/22 including GLA Precept

- 2.42 Table 3 below shows how the level of council tax at band D recommended for 2021/22 compares with the amount set in 2020/21. This does not apply to residents living within garden squares.

Table 3 - Total Level of Council Tax for Residents not in Garden Squares

Total Council Tax at Band D	2020/21	2021/22	Increase / (Decrease)	Change
	£	£	£	%
Camden Element	1,291.38	1,355.81	64.43	4.99%
GLA Precept (2021/22 Proposed)	332.07	363.66	31.59	9.51%
Total	1,623.45	1,719.47	96.02	5.91%

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

Collection Fund - Council Tax

- 2.44 There is an estimated deficit on the council tax collection fund of £11.1m, of which Camden's share is £8.7m. This is a result of expected non-collection of

some Council tax during 2020/21 due to the economic impact of the Covid pandemic. The impact of the deficit can be spread over the next three years with £4.9m contribution from the general fund in 2021/22.

Collection Fund – Business Rates

- 2.45 There are 8,617 appeals outstanding against the 2010 rating valuation list. These have been fully provided for based on best estimates. An early estimate for the impact of appeals on the 2017 list is £33.9m, covering Camden, the GLA and MHCLG elements. Provisions are set aside to manage the loss on appeals and other unforeseen reductions in Rateable Value such as through refurbishments.
- 2.46 In addition the severe economic impact of Covid has meant that there is an estimated uncollectable debt relating to business rates within the Collection Fund that is estimated to be £68.3m at the year end. The Collection Fund has set aside a provision to manage these debts if they are uncollectable.
- 2.47 The total collection fund deficit is estimated at £47.2m, with Camden's share at £13.8m. The large deficit is a result of the economic impact of Covid, additional regulations passed by the government will allow local authorities to meet the deficit over the next three years instead of the usual one year. The deficit will be met from the business rates safety net reserve, which is set aside to manage collection fund deficits. The final outcome on the collection fund will be determined by the amounts distributed by the London Business Rates pool.

Directorate and Departmental Budgets

- 2.48 Directorate budgets and the levies payable by the Council in 2021/22 are detailed in Appendix C.

Fees and Charges

- 2.49 Cabinet approved the majority of fees and charges to apply in 2021/22 in the December 2020 report [Review of Camden Council's Medium Term Financial Strategy](#). That report listed new fees and charges rising by more than 5%, and agreed to delegate authority to raise fees by up to 5% to Directors in consultation with relevant Cabinet portfolio holders. The new fees proposed in this report that require Cabinet approval include the introduction of a fee for the occupation and care elements of new supported living accommodation and fixed penalty notices for anti-social behaviour.
- 2.50 Some fees, mainly relating to licensing and planning, by law require Council approval, and all such fees that are new or rising by more than 5% are presented individually. As with last year a delegation is sought from Council to delegate authority to Directors in consultation with relevant Cabinet portfolio holders to raise such existing fees by up to 5%.

- 2.51 A number of the fees and charges set out in statute have not been increased by the relevant Government Departments for many years. It is hoped this will ensure that these fees and charges keep pace with rising costs and that the financial burden from the fees and charges regime does not fall on the Council's budget and local taxpayers.
- 2.52 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**, with those fees and charges for approval by Cabinet and Council found in **Appendices D3-D4**.

Reserves and Balances

- 2.53 The Council sets aside specific resources in our reserves as part of our wider approach to prudent financial management. Reserves are similar to long-term savings and can only be used once. Therefore, the Council will use them to fund investment in transformation programmes and to mitigate future risks and financial uncertainty.
- 2.54 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 a number of specific purposes. This includes, but is not limited to, 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. 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.
- 2.55 As part of our prudent financial management, all reserves are regularly reviewed to ensure that they remain at appropriate levels and relevant. If they are no longer required for the purposes originally intended, they are reallocated to best support our strategic priorities. In carrying out this review of general balances and reserves for 2021/22 and beyond, consideration has been given to our current policy on reserves and balances, which states that the level of general balances shall be no less than 3% and no more than 10% of total budgeted net expenditure and dedicated schools grant.
- 2.56 On review, it is felt that the Council ought to strengthen its level of financial resilience and as part of this strategy, the Council is aiming to increase the level of reserves over the medium term. 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. High profile financial failures at both Northamptonshire County Council and the London Borough of Croydon demonstrate the pressure that the sector has been under and the effect

that a lack of resilience has on a council's ability to serve their residents and communities.

- The financial outlook is uncertain. The council has no funding confirmed beyond 2021/22 and the outcome of local government funding reforms are unknown. As such, the 'fair funding' review and the rebasing of the Business Rates system represent threats to our funding position and therefore, we need to provide some provision for their potential detrimental impact.
- The long-term impact of both covid-19, alongside the economic consequences of Brexit means that the Council is facing an unprecedented level of uncertainty over the medium term. Increasing the reserves will be a vital component in maintaining the Council's financial resilience and ability to respond to unexpected events.

2.57 The forecast balances for earmarked reserves to the end of the financial year are presented in Table 4 below. It should be reiterated that use of earmarked reserves would not be considered where there is ongoing structural budget deficits in the organisation.

2.58 The main drawdown from reserves during 2020/21 relate to one-off funding for capital schemes as part of the Council's planned capital strategy and the drawdown of the first Covid grant of £9m that was received in March 2020 and transferred to reserves in order to be utilised in this financial year to help meet the Covid related financial pressures. The balances summarised in table four do not include any movement in reserves as a result of any surplus of deficits in service budgets in 2020/21.

Table 4 – 2020/21 Summary Movement of Earmarked Reserves

Earmarked Reserves	Actual Reserves	Out of Reserves	Into Reserves	Forecast Reserves	Net Movement
	31/03/20			31/03/21	2020/21
	£0	£0	£0	£0	£0
To Support Key Revenue Outcomes	49,466	-16,300	3,423	36,589	-12,877
To Support Council's Remodelling Programmes	7,007	-3,272	3,434	7,169	162
On-going Capital Activity and Asset Management	32,486	-26,022	9,192	15,656	-16,830
Mitigation of Future Corporate Risk	6,770	0	4,945	11,715	4,945
To Support Mayor's Charity	12	0	0	12	0
Total Earmarked Reserves	95,741	-45,594	20,994	71,141	-24,600

2.59 The Housing Revenue Reserve sits outside of the General Fund reserves and is used to support the Housing Revenue Account. It has reduced by £5.8m between 2016 and 2020 mainly due to the evacuation of the Chalcots Estate and an investment in the enhanced level of Resident Safety. It has also been used to fund all necessary expenditure to help deliver the Medium Term Financial Strategy within the Housing Revenue Account which was developed following Government legislation changes around rent reduction across the

housing stock. Current projections show a reserve position of £22.4m by the end of 20/21. This position could further deteriorate through fluctuations in interest rates on borrowings and rent loss though the development of properties which is expected to be funded by the reserve in the short term.

- 2.60 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.

Revenue Outturn Forecast

- 2.61 As part of its approach to prudent financial management, the Council operates a monthly monitoring cycle and quarterly reporting system of its revenue position. The authority is currently forecasting a net overspend in the General Fund of £7m at the end of the financial year. This includes the Council's share of an expected deficit on the collection fund as a result of reduced income from Council Tax and Business Rates. During 2020/21, the Council has been significantly impacted by the Covid-19 pandemic which has resulted in the Council having a significant increase in expenditure to support local residents and businesses as well as a reduction in income from sales, fees and charges as well as a reduction in the receipt of local taxes.
- 2.62 In response to the financial impact of the Covid pandemic the government have issued a number of grants to support local authorities. These have been a combination of grants to be paid directly to local businesses or to support the reduction in business rates bills, funding for specific new burdens such as the local track and trace system and other public health responses and general grants to help support service pressures across the Council. The table below summarises the Covid related grants due to the Council in 2020/21 at the end of January 2021;

Table 5 – Covid related grants received 2020/21(at 31 January 2021)

Covid Grants Summary		
	£m	Notes
Non-Ring-fenced Grants to support Council Service Pressures	-30.18	Four tranches of general grant funding plus £3.1m Hardship fund that has been used to support reduced Council Tax bills and emergency hardship payments
Lost Sales Fees and Charges compensation Grant	-12.9	Grant claim to partly compensate for lost income due to Covid. To be agreed at the end of the financial year based on the final level of lost income.

Grants Ring-fenced to specific additional burdens	-7.03	Public Health and 'Track and Trace' funding along with additional grants to support Covid Marshalls etc and payments to individual households facing hardship
Grants to Support rough sleeping initiatives	-6.98	Funding from short and medium term initiatives to support the end of rough sleeping. Most of this funding is capital and will be used over the medium term.
Total Funding Grants	-57.09	

2.63 The Council is in the second year of its three-year savings programme and adapting to its reduced funding base. As part of its regular monitoring processes, the organisation will continue to review its financial position and performance against the MTFs savings programme.

Capital Outturn Forecast

2.64 The Council has an ambitious capital programme delivering on our aspirations and outcomes. The capital expenditure budget covers ten years and stands at a total of £991.3m, with a 2020/21 budget of £159.8m. The latest outturn forecast indicates an over achievement of £6.3m in 2020/21, reflecting an increase in activity in projects across property services, meaning planned expenditure is slightly ahead of schedule. Overall the Capital programme is forecasting to be underspent by £12m.

2.65 To help fund the capital programme the Council has set challenging capital receipts targets of £590.8m over the next ten years, with £33m budgeted to be generated in the current year. The latest forecast is for capital receipts to be £43.7m across the capital programme in the current year, an over achievement of £10.7m.

2.66 The Covid-19 crisis has had an immediate impact on the construction industry and the sales value of capital assets and the Council has made prudent estimates for both expenditure and capital receipts. These assumptions are regularly tested through the Council's governance structures and through expert external advice on future market trends. Forecasts are regularly updated both for existing schemes and any new capital schemes being considered.

3.0 OPTIONS

3.1 The report sets out the proposed departmental budgets for 2021/22. Cabinet and Council could choose alternative budget allocations.

3.2 To finance the proposed revenue budget proposals there is a net council tax requirement of £119,507,043 which equates to a Band D council tax level of £1,355.81 for residents not in Garden Squares – a 4.99% increase from 2020/21. 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 increases in council tax used to fund additional expenditure or reduced income.

- 3.3 The proposed 4.99% increase includes a 3% 'precept' for Social Care, as set out in Paragraph 2.32. This will generate much needed additional adult social care funding in the short-term to help manage significant cost pressures from demographic changes and funding reductions. Cabinet and Council could choose not to levy this precept in 2021/22, which would mean a reduction in the Adults and Children's Social Care budgets.
- 3.4 The report proposes new fees and charges for 2021/22 in addition to those agreed by Cabinet on 16th December 2020. 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.

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

- 4.1 This report sets out our financial outlook and is based on a series of emerging issues, challenges and risks. These are outlined below:
- The economic outlook is uncertain, including the uncertainty as a result of Brexit (paragraphs 2.56)
 - The Council has no confirmation of its funding levels beyond 2021/22 (2.13),
 - Business rates and council tax income are volatile (paragraph 2.43-2.45)

Beyond the above risks, there are a series of policy risks set out below.

Financial Hardship and Vulnerability

We have been at the forefront of supporting our low income and vulnerable residents, but there is significant concern at the impact the new lockdown is having on our communities. While undoubtedly necessary, we know the new restrictions will limit the ability of low-income households to earn while adhering to public health requirements and dealing with long-term income shocks.

- 4.3 This phase of the pandemic is different – any household savings have been run down, and there is a marked increase in the need to use credit to cover ordinary household expenses. A further period of lockdown followed by social distancing will place ongoing constraints on demand in the economy. The disproportional impact of COVID is marked, with higher savings rates through "enforced savings" (such as travel costs or not eating out) for higher income families but no reduction in spending for lower income households. While some households, higher up the income scale, have been able to strengthen their budgets, it is those who can afford it least that have seen their budgets depleted. Equally, demand for support – for things like Self Isolation Payments - and local ability to support this has become increasingly mismatched.

- 4.4 As a consequence, we have seen an exponential rise in financial hardship. There are now 11,185 people claiming out of work benefits compared to around 4,000 before the pandemic. The number of those accessing our local council tax support scheme has increased by 1,300 to 25,356 and there have been over 1700 'change of circumstances' as individuals and families face increasing pressure on their household budgets.

Risks in Adult Social Care and Health Integration

- 4.5 Adult Social Care operates in a challenging financial environment which has been exacerbated by the Covid-19 pandemic.
- 4.6 The Covid-19 response has had a profound effect on the operating model of Adult Social Care. The requirement to "protect the NHS" necessitated the Council to focus much of its social care response on facilitating hospital discharges and preventing admissions. A streamlining of processes, together with Government funding for care packages for those being discharged enabled very rapid discharges and improvements in integrated working within the health system. The service is now planning the transition from this emergency response to a new operating model which will look to maintain the progress made on integrated working between the NHS system which is free at the point of use and a social care system which is means tested.
- 4.7 The Council, in conjunction with North Central London has provided a significant level of practical and financial support to social care providers, but there are ongoing financial viability concerns within the sector.
- 4.8 Prior to the pandemic, Adult Social Care was already facing demographic pressures from increasing numbers of older adults with multiple long term conditions. Learning disability services are also experiencing significant demographic pressures from a combination of increasing numbers of young people with complex needs transitioning into the service and improvements in longevity. The impact of the pandemic is likely to lead to increases in numbers and frailty of those seeking adult social care support in the future.
- 4.9 The national funding arrangements for social care remain volatile as the Government continues its approach of one-off or short-term funding solutions. Although the Government has released a 10 year forward plan for the NHS, which includes some funding guarantees, the Adult Social Care Green paper continues to be delayed, which makes longer term financial planning difficult.
- 4.10 The Council has delivered significant savings programmes in Adult Social Care, the most recent of which was the £16.8m delivered between 2015/16 and 2018/19. A new three-year MTFs programme began in 2019/20 and was broadly delivered. However, work on this programme was paused whilst the service responded to the Covid-19 pandemic. The service is now undertaking a review of the adult social care transformation programme to incorporate lessons from the pandemic response. Delivery of the 2020/21 saving programme is uncertain.

- 4.11 Although the 10 year forward view for the NHS had some guarantees of funding for the NHS, the local NHS system is under increasing financial strain, which is being addressed locally through the North Central London Sustainability and Transformation Plan. The pressures in the health system will also be impacted by the pandemic.
- 4.12 The financial pressures facing adult social care services are expected to be long term, ongoing pressures due to the above issues.

Risks in Children's Services and Special Educational Needs (SEN)

- 4.13 The Council's approach to transformation and investment in early intervention and prevention has enabled the management of the children's social care budget within the available resources. However, the Council is experiencing increasing numbers of unaccompanied asylum seeking children (UASC) which are having a consequential impact on the availability of places in the young people's pathway. The Government announced an increase in the funding for UASC to £143 per night, an increase of 25% which will help to alleviate some of the financial pressure in the service.
- 4.13 In common with other education authorities, Camden is experiencing cost pressures on its Dedicated Schools Grant High Needs Block (DSG HNB). The DSG HNB pays for educational services for children and young people with special educational needs (SEN). The HNB is experiencing cost pressures from a combination of demographic and cost inflation. However, the most significant pressure has been caused by the implementation of the Children and Families Act 2014, which extended local authority responsibilities for SEN services to support young people to age 25, the government have committed to increasing the new burdens funding from £6m to £9m nationally in 2020/21, to help meet the cost of providing support to the age of 25, but this funding does not guarantee that all additional costs associated with the support will be met. The Council's careful management of its HNB had resulted in the creation of a HNB reserve within the DSG reserve. Additional funding within the Dedicated Schools Grant for the High Needs Block in 2020/21 and 2021/22 has mitigated the risk of the HNB falling into deficit in the short term. The longer term risk of increasing demand and costs for children and young people with special educational needs remains. The SEN pressures are not unique to Camden and so we are working with London Councils as part of a national lobbying arrangement to put pressure on the Department for Education (DfE) to increase funding for SEN. In September 2019 the DfE announced an additional £700m for HNB. Camden is expected to receive additional funds of circa £3.1m which will alleviate much of the in-year pressure, but the rate of increase in numbers of children with an EHCP and cost increases are anticipated to increase the deficit on the HNB DSG reserve. We are seeking to mitigate SEN cost pressures by working with Camden schools to deliver additional resource provision for children with autism in the borough so that we can reduce expensive out-of-borough placements, as well as a review of external high cost placements.

Climate Crisis

- 4.14 In 2019, Camden declared a “climate emergency” and held the UK’s first Citizens’ Assembly on the climate crisis. The Citizens’ Assembly brought together residents with a broad range of experiences and backgrounds, who closely reflected the demographics of Camden, to develop proposals that would inform a new Climate Action Plan for Camden. Assembly members were provided with high quality evidence about the climate crisis and independently facilitated by a leading public participation organisation called Involve to devise a set of climate proposals for Camden. All evidence presented to the Assembly is available at www.camden.gov.uk/climate-crisis
- 4.15 Full Council considered and endorsed the Citizens’ Assembly proposals in October 2019 and committed to adopt them within a new Climate Action Plan. Full Council also passed a Motion committing the Council to target a zero carbon Camden by 2030. A draft of the Climate Action Plan was developed over November and December and published for formal public consultation in January 2020 and was formally adopted by Cabinet on 10 June 2020, to align with the conclusion of Camden’s existing 10-year environmental sustainability plan, Green Action for Change.

5.0 LINKS TO OUR CAMDEN PLAN

- 5.1 The vision and ambition set out in Camden 2025 and Our Camden Plan (2018-22) sit at the heart of this financial strategy and the proposed 2021/22 budget.

6.0 CONSULTATION/ENGAGEMENT

Consultation with Business Rate Payers

- 6.1 The Council consulted the business community during the decision making process that culminated with the 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.
- 6.2 If there are any further responses arising following the publication of this report, the Cabinet will receive a verbal update.
- 6.3 In addition to the consultation with the business community, the Council has built on the commitments set out in Camden 2025 and Our Camden Plan, and the engagement with citizens that took place during the development and agreement of our Medium Term Financial Strategy in December 2018.

7.0 LEGAL IMPLICATIONS (comments of the Borough Solicitor)

- 7.1 **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.
- 7.2 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.
- 7.3 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 E**. 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.
- 7.4 This report sets the budget for the forthcoming financial year and, in some cases where budgets are recommended to be reduced, 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 virements¹ 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.

8.0 RESOURCE IMPLICATIONS (finance comments of the Executive Director Corporate Services)

8.1 The comments of the Executive Director Corporate Services are contained within this report.

9.0 TIMETABLE FOR IMPLEMENTATION

9.1 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.

10.0 APPENDICES AND RESOURCES USED IN THE PREPARATION OF THIS REPORT

10.1 The following resources have been used in the preparation of this report and are available online through the hyperlink below or via [the website](#):

- [2021/22 Budget Book](#)

Appendices:

- A. The Legal Framework Governing Budget Decisions
- B. Statutory Determination of Council Tax 2021/22
- 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. Equality Impact Assessment
- F. Glossary of Terms

REPORT ENDS

A THE LEGAL FRAMEWORK FOR SETTING THE COUNCIL TAX**Setting the Council Tax**

- A1. Section 1 of the Local Government Finance Act 1992 establishes the basic duty of a billing authority to levy and collect the Council Tax in respect of dwellings within its area.
- A2. It requires every “billing authority” (local authority) to set a Council Tax for each financial year.
- A3. The process of setting the Council Tax and the setting of a balanced budget are closely linked as the Council Tax is a major source of income and will be set at a level to enable the Council to meet its financial obligations for the following year, or in other words, for it to be able to balance its books. The Council is then under a legal obligation to publish details of the amount set.
- A4. The amount of Council Tax set by the billing authority must be set before 11th March in the preceding financial year, although failure to do so does not affect validity of an amount set after that date (but would result in the Council having acted and while it had not set the Tax continuing to act unlawfully and open to challenge). No amount may be set before the earlier of 1st March or the date of issue to the billing authority of the precept from the major precepting authority. A setting of an amount of Council Tax will be void and of no legal effect if it fails to meet these requirements or those relating to relevant calculations set out in the Act.
- A5. This decision to set the Council Tax is reserved to the authority and cannot be taken by the Cabinet or delegated to officers (Regulation 4 of the Local Authority (Functions and Responsibilities) (England) Regulations 2000/2853). However, the Cabinet has responsibility for preparing, revising and submitting estimates and other amounts to the authority for consideration by the authority when reaching its decision on the Council Tax. The “estimates” relate to the budget proposals, which, having taken account of income and grant, lead to the Council Tax “calculation”. The “calculation” relates to the amount of Council Tax that the Council itself formally “calculates” before the decision to set the level of Council Tax is made.

Balancing the Budget

- A6. Before setting the level of the tax, the Council must have agreed a balanced budget, differentiated by services, which is sufficient to meet estimated revenue expenditure, levies, contingencies, any deficit estimated to be brought forward from previous years, and any amounts required to be transferred between funds. As part of the achieving of a balanced budget the Council must ensure that its income is sufficient to achieve and maintain sufficient reserves. The level of the budget requirement itself must not be unreasonable having regard to the Council’s fiduciary duty to its tax payers.

- A7. Setting a budget which does not balance could be subject to a declaration by the Courts of the accounts being illegal and anything done as a direct result of that would also be vulnerable to being overturned (R v Liverpool CC Exp. Ferguson [1985]).
- A8. Members will be aware of the provisions of the Localism Act with regard to Council Tax. Previously, central government had the power to 'cap' Council Tax rises. If Ministers thought that local authorities were increasing taxes excessively they could stop them doing so by way of a cap. Under these new provisions the Secretary of State will determine a limit for Council Tax increases which has to be approved by the House of Commons. If an authority proposes to raise taxes above this limit they will have to hold a referendum to get approval for this from local voters who will be asked to approve or to veto the rise. The authority is, therefore, under a legal obligation, in order to avoid the need for a referendum, taking into account guidance from the Secretary of State, to decide whether its relevant basic amount is excessive.
- A9. The legislation lays down in detail the matters which an authority must take into account in general terms with regard to income and expenditure and by taking one away from the other this results in the "council tax requirement" for the year. Previously the calculation resulted in its budget requirement. The Council is then under a legal obligation should it have a requirement to calculate the tax by dividing the council tax requirement by its Council Tax base - which was agreed by Council on the 18th January 2021.
- A10. The role of the Director of Finance as the Council statutory finance officer (s151 Local Government Act 1972) is pivotal. Members are under a duty (and may expose themselves to liability if they do not) to take his advice unless they have good and rational reason to not do so pursuant to the Code of Conduct.
- A11. Under Section 25 of the Local Government Act 2003, the Council's Chief Financial Officer is required to report to the Council on the robustness of the estimates made for the purposes of the calculations, and the adequacy of the proposed financial reserves. The Council is under a duty to have regard to the report when making decisions about the calculations in connection with which it is made.
- A12. Another consideration which members must take into account in reaching their decisions is the views of business ratepayers (Section 65 of the Local Government Finance Act 1992).
- A13. Failure to set a balanced budget or set a Council Tax would also have practical implications as the Council could be faced with acute cash flow and potential collection difficulties.

Member Voting

- A14. Section 106 of the Local Government Finance Act 1992 makes it a criminal offence for any member with arrears of Council Tax which have been outstanding for two months or more to attend any meeting at which a decision affecting the budget is to be made, unless the member concerned declares at the outset of the meeting that he or she is in arrears and will not be voting on the decision for that reason. The member concerned must not vote but may speak. If a Cabinet member has arrears outstanding for two months or more, they are prevented from taking any part in such a decision. The application of Section 106 of the 1992 Act is very wide and members should be aware that the responsibility for ensuring that they act within the law at all times rests solely with the individual Member concerned.

Common Law Duties

- A15. In making decisions in relation to the revenue budget and the Council Tax the Council (and its Members), as well as having a duty to ensure that the Council acts in accordance with its statutory duties, must act reasonably and must not act in breach of its fiduciary duty to its ratepayers and Council Tax payers.
- A16. In reaching decisions on these matters, Members are bound by the general principles of administrative law. Local authority decisions need to be rational, prudent and made in accordance with recognised procedures. A local authority's discretion must not be abused or fettered and all relevant considerations must be taken into account. No irrelevant considerations may be taken into account, and any decision made must be one which only a reasonable authority, properly directing itself, could have reached. The resources available to the Council must be deployed to their best advantage.
- A17. There is an overriding legal duty on Members to act prudently, responsibly, in a businesslike manner and in the best interests of the general body of local taxpayers. In deciding upon expenditure, the Council must fairly hold a balance between recipients of the benefits of services provided by the Council and its local taxpayers. Members should note that their fiduciary duty includes consideration of future local taxpayers as well as present local taxpayers. Fiduciary duty is also likely to include acting in good faith with a view to complying with statutory duties and financial prudence in the short and long term.
- A18. 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.
- A19. In making those subsequent decisions the decision makers will be required to consider all relevant matters including the results of any consultation and the Council's equality duties. Further the decision maker will be aware of the fact that should they consider it appropriate, for example when being asked to make service changes to achieve a budget reduction and having taken into account all relevant facts (including but not limited to the results of any consultation and after due consideration of the Council's equalities duties)

they have the option of not making the budget reductions detailed within the overall budget. They will still be required to balance the budget overall via for example finding the savings from elsewhere or using reserves and otherwise comply with the Council's rules on budget setting and management. However, while being required to find balancing savings or alternative funding, there is the flexibility to allow the level of savings or even the saving itself to be disregarded should on detailed analysis the decision makers consider it to be appropriate.

¹ FSO – subject to the scheme of delegation Chief Officers can vire between budget headings within their department. The ED Corporate Services can transfer resources in consultation with the relevant ED or Director of Public health. The transfer will be reported to the Cabinet at the earliest possibility

B STATUTORY DETERMINATION OF COUNCIL TAX 2021/22**BY THE COUNCIL OF THE LONDON BOROUGH OF CAMDEN**

- B1. The report to the 24th February 2021 Cabinet sets out the net council tax requirement for 2021/22 of £119,507,043. This equates to a basic amount of Council Tax at Band D of £1,356.11, which for Camden residents not in Garden Squares is £1,355.81 for Camden Council's purposes.
- B2. The Mayor of London's budget for the Greater London Authority reflects a 9.51% increase producing a total at the Band D level of £1,719.47 for residents not living within the Garden Squares.

In accordance with s.30 of the Local Government Finance Act 1992 (and amendments made in the Localism Act 2011 and the Local Audit and Accountability Act 2014), the Council resolves;

1. Special Expenses (Garden Squares)

- B3. That it be agreed that the levies totalling £26,585.14 raised by the Garden Square committees for Fitzroy Square, Gordon Square, and Mecklenburgh Square should be designated as special Council expenses within the provisions of Section 35(1) of the Local Government Finance Act 1992.

2. Council Tax Base

- B4. That it be noted that at its meeting on 13th January 2021 the Council's Cabinet calculated the following amounts for the year 2020/21 in accordance with regulations made under Section 33(5) of the Local Government Finance Act 1992:
- (1) 88,125 being the amount calculated by the Council in accordance with Regulation 3 of the Local Authorities (Calculations of Council Tax Base) Regulations 1992, as its Council Tax base for the year.
- (2) Fitzroy Square 49.03
Gordon Square 22.59
Mecklenburgh Square 93.15

Being the amounts calculated by the Council, in accordance with Regulation 6 of the Regulations, as the amounts of its council tax base for the year for dwellings in those parts of its area to which one or more special items relate.

3. Calculation of Council Tax

- B5. That the following amounts be now calculated by the Council for the year 2020/21 in accordance with The Local Government Finance Act 1992 as amended by Sections 31A to 36 of the Localism Act 2011 and the Local Audit and Accountability Act 2014.

(1) In relation to each financial year a billing authority in England must make the calculations required by this section.

(2) The authority must calculate the aggregate of: (in accordance with Section 31A(2) of the Act)

- (a) £913,329,517 being the expenditure which the authority estimates it will incur in the year in performing its functions and will charge to a revenue account, other than a BID Revenue Account, for the year in accordance with proper practices.
- (b) £nil being such allowance as the authority estimates will be appropriate for contingencies in relation to amounts to be charged or credited to a revenue account for the year in accordance with proper practices.
- (c) £13,487,793 being the financial reserves which the authority estimates it will be appropriate to raise in the year for meeting its estimated future expenditure.
- (d) £nil being such financial reserves as are sufficient to meet so much of the amount estimated by the authority to be a revenue account deficit for any earlier financial year as has not already been provided for.
- (e) £9,538,911 being the amount which it estimates will be transferred in the year from its general fund to its collection fund in accordance with section 97(4) of the 1988 Act, and
- (f) £nil being the amount which it estimates will be transferred from its general fund to its collection fund pursuant to a direction under section 98(5) of the 1988 Act and charged to a revenue account for the year.

(3) The authority must calculate the aggregate of: (in accordance with Section 31A(3) of the Act)

- (a) £806,383,205 being the income which it estimates will accrue to it in the year and which it will credit to a revenue account, other than a BID Revenue Account, for the year in accordance with proper practices.
- (b) £nil being the amount which it estimates will be transferred in the year from its collection fund to its general fund in accordance with section 97(3) of the 1988 Act.
- (c) £nil being the amount which it estimates will be transferred from its collection fund to its general fund pursuant to a direction under section 98(4) of the 1988 Act and will be credited to a revenue account for the year, and
- (d) £10,465,973 being the amount of the financial reserves which the authority estimates it will use in order to provide for the items mentioned in subsection (2) (a), (b), (e) and (f) above.

(4) Council Tax Requirement

£119,507,043 being the amount by which the aggregate calculated under subsection (2) above exceeds that calculated under subsection (3) above, the authority must calculate the amount equal to the difference; and the amount so calculated is to be its council tax requirement for the year.

(5) Basic Amount

£1,356.11 being the amount at (4) divided by the amount at 2(1) above, calculated by the Council, in accordance with section 31A of the Act as amended, as the basic amount of its council tax for the year.

(6) Special Items (Garden Squares)

£26,585.14 being the aggregate amount of all special items referred to in Section 34(1) of the Act.

(7) Basic Amount for Areas of the Borough not including Garden Squares

£1,355.81 the amount at (5) above less the result given by dividing the amount at (6) above by the amounts at 2(1) 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 special items relate.

(8) Basic Amounts for Garden Squares

	£
Fitzroy Square	1,539.37
Gordon Square	1,523.52
Mecklenburgh Square	1,503.92

Being the amounts given by adding to the amount at (5) above the amounts of the special items relating to dwellings in those parts of the Council’s area mentioned above divided in each case by the amount at 2(2) above, calculated by the Council in accordance with Section 34(3) of the Act, as the basic amounts of its council tax for the year for dwellings in those parts of its area to which one or more special items relate.

(9) Camden’s Council Tax

Location	A	B	C	D	E	F	G	H
Fitzroy Square	£1,026.25	£1,197.29	£1,368.33	£1,539.37	£1,881.45	£2,223.53	£2,565.62	£3,078.74
Gordon Square	£1,015.68	£1,184.96	£1,354.24	£1,523.52	£1,862.08	£2,200.64	£2,539.20	£3,047.04
Mecklenburgh Square	£1,002.61	£1,169.72	£1,336.82	£1,503.92	£1,838.12	£2,172.33	£2,506.53	£3,007.84
All other parts of the Council’s Area	£903.87	£1,054.52	£1,205.16	£1,355.81	£1,657.10	£1,958.39	£2,259.68	£2,711.62

Being the amounts given by multiplying the amounts at (7) and (8) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in the proportion is applicable to dwellings listed in 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.

(10) Greater London Authority Precept

That it be noted that for the year 2021/22 the following amounts in a precept issued to the Council has been stated in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below.

Location	A	B	C	D	E	F	G	H
Greater London Authority	£242.44	£282.85	£323.25	£363.66	£444.47	£525.29	£606.10	£727.32

(11) Council Tax for the Area

That subject to the decisions on recommendation 1 above, having calculated the aggregate (to two decimal places) in each case of the amounts at (9) and (10) above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amount of Council Tax for the year 2021/22 for each of the categories of dwellings shown below.

Location	A	B	C	D	E	F	G	H
Fitzroy Square	£1,268.69	£1,480.14	£1,691.58	£1,903.03	£2,325.92	£2,748.82	£3,171.72	£3,806.06
Gordon Square	£1,258.12	£1,467.81	£1,677.49	£1,887.18	£2,306.55	£2,725.93	£3,145.30	£3,774.36
Mecklenburgh Square	£1,245.05	£1,452.57	£1,660.07	£1,867.58	£2,282.59	£2,697.62	£3,112.63	£3,735.16
All other parts of the Council's Area	£1,146.31	£1,337.37	£1,528.41	£1,719.47	£2,101.57	£2,483.68	£2,865.78	£3,438.94

C DIRECTORATE AND DEPARTMENTAL BUDGETS AND LEVIES

Table A sets out the proposed departmental budgets for 2021/22. Further information is provided in the Council's Budget Book which are [on the Council's website](#). The Housing Revenue Account budget, which was agreed by Cabinet in January, is also shown in the Budget Book for reference.

Table A - Directorate Budgets 2021/22

Directorate	2021/22	2021/22	2021/22
	Gross Budget £000	Income Budget £000	Final Net Budget £000
Corporate Services	81,508	-57,255	24,254
Supporting Communities	187,103	-91,327	95,775
Supporting People	424,923	-267,223	157,699
Public Health*	22,065	-332	21,733
Non-Departmental	211,219	-277,539	-66,320
Total	926,817	-693,676	233,141

*The Public Health grant received by the Council is allocated across departments in addition to the Public Health Directorate.

Levies

The Council pays levies to a number of organisations, which it must meet within its total budget requirement. Table B summarises the total levy payable to each organisation and compares it to the amount for the previous year.

Table B – Levies

Levy	2020/21	2021/22	Change
	£000	£000	%
North London Waste Authority (provisional)	5,731	5,187	-9%
London Councils Grant Scheme	196	201	3%
Traffic Signals	343	356	4%
Concessionary Fares	12,285	10,474	-15%
London Pensions Fund Authority (estimate)	1323	1326	0%
Lee Valley Regional Park Authority (estimate)	215	217	1%
Environment Agency (estimate)	210	216	3%
Total	20,303	17,977	-11%

The Council is also required to provide for levies on council tax issued by Garden Square Committees - Fitzroy Square, Gordon Square and Mecklenburgh Square. The Council is empowered to set a differential council tax on residential properties in these squares in recognition of these levies. Should any residents in the garden squares be entitled to benefit from council tax reduction, the Council will contribute towards the requested levy, applying the same eligibility criteria as residents outside of the squares.

The levy requirements received for each Garden Square Committee for 2021/22 are shown in Table C below.

Table C - Garden Squares Levies

Garden Square	Levy Request 2020/21 £	Levy Request 2021/22 £	CTRS Adjustment £*	Collected through Council Tax 2020/21 £	Increase / (Decrease) in Levy Requested
Fitzroy Square	9,000.00	9,000.00	0	9,000.00	0%
Gordon Square	3,883.00	3,930.00	-141.62	3,788.38	1%
Mecklenburgh Square	14,000.00	14,000.00	-203.24	13,796.76	0%
TOTAL	26,883.00	26,930.00	-344.86	26,585.14	

**this is the Camden contribution towards the levy requirement due to residents eligible for Council Tax Reduction Scheme support.*

D FEES AND CHARGES 2021/22**D1 FEES & CHARGES 2021/22 SUPPORTING INFORMATION****Fees Requiring Cabinet Approval**

This report delegates authority for approving fees and charges increasing up to a maximum of 5% to the relevant Executive Director in consultation with Portfolio holders. New fees and charges or exceptions where increases are above 5% on the previous year's maximum level are detailed for Cabinet approval.

Supporting information is provided below to explain the exception proposals and the reasonableness of the fee or charge.

A summary table of new fees and fee increases over 5% that require Cabinet approval can be found in Appendix D2.

Fees Requiring Full Council Approval

Some fees and charges by law require Full Council approval, which include some licensing fees. These are detailed in Appendices D3 and D4.

This report delegates authority for approving fees and charges increasing up to 5% to the relevant Executive Director in consultation with Portfolio holders.

Licence fees fall broadly into two categories. Those set by statute which the Council has no power to amend and those where the relevant statute gives Councils the power to set their fees in line with cost recovery, a cap may be set by statute in some cases.

Environment and Sustainability**Environment Services**

PLA.792 is a statutory fee and increased accordingly with the legislation.

Community Services**Public Protection**

The Business & Planning Act 2020 received Royal assent on 22 July 2020 making provisions for the promotion of economic recovery and growth. The Act introduced pavement licenses that can be granted for a limited duration not to extend beyond 30 September 2021, unless the legislation is amended by the Secretary of State. A new statutory fee has been introduced as decided by the Chief Executive under urgency powers as part of the Councils response to Covid-19 (PLA.804) to reflect the pavement licencing regime for hospitality businesses following the covid19 outbreak. These charges are therefore included for completeness. Pavement licenses are a non-executive function but constitutionally all fees and charges also require approved by Cabinet. These charges are included for completeness.

Community Safety

Enforcement powers under the Anti-Social Crime and Policing Act 2014, mean community protection notices can be issued to tackle specific environmental crime.

The fees (CPN.001 and CPN.002) is capped at £100 under the legislation. These fees relate to the amount of Fixed Penalty Notice for breach of Community Protection Order served as a result of anti-social behaviour.

Regeneration and Planning

Development Management

Two new statutory charges REG.152 and REG.153 are required to be approved.

Adult Social Care

Adult Social Care

A new fee has been introduced for Charlie Ratchford which is a new care scheme that will be going live in April 2021. The fees are designed to recover the cost of the occupation of the premises and of the services under the Care Act 2014. All charges will be means assessed and people will only be charged what they can afford to pay in line with the Care Act guidance.

D2. FEES AND CHARGES – CABINET TO APPROVE

New Fees & Charges in 2021/22

All proposed increases are from the 1st April 2021.

Ref	Division	Service	Description	Legislation	2021/22 Fee (£)
ASC.005	Adult Social Care	Social Care	The charge for occupying each of the 32 one-bedroom flats and six two-bedroom flats will be genuinely affordable and set in line with other extra care schemes in Camden. 1 Bedroom charge	Care Act 2014	155.34
ASC.006	Adult Social Care	Social Care	Rents for the 32 one-bedroom flats and six two-bedroom flats will be genuinely affordable and set in line with other extra care schemes in Camden. 2 bedroom	Care Act 2014	186.90
ASC.007	Adult Social Care	Social Care	There are a number of scheme running costs which will be recharged to residents as a service charge. 1 bedroom	Care Act 2014	112.85
ASC.008	Adult Social Care	Social Care	There are a number of scheme running costs which will be recharged to residents as a service charge. 2 bedroom	Care Act 2014	178.14
ASC.009	Adult Social Care	Social Care	Core Charge. This is a charge to cover fixed service costs (e.g. Shared staff including CQC Registered Manager (Wellbeing Leader), night staff) which will facilitate care management, emergency response, etc. All residents will pay this charge. 1 bedroom	Care Act 2014	153.34
ASC.010	Adult Social Care	Social Care	Core Charge. This is a charge to cover fixed service costs (e.g. Shared staff including CQC Registered Manager (Wellbeing Leader), night staff) which will facilitate care management, emergency response, etc. All residents will pay this charge. 2 bedroom	Care Act 2014	153.34
ASC.011	Adult Social Care	Social Care	Menu Charge. This is an hourly charge for care and support provided by the extra care service. Support could range from providing personal care (e.g. support with washing, toileting) to supporting someone to go shopping or take part in an activity. 1 bedroom	Care Act 2014	24.75
ASC.012	Adult Social Care	Social Care	Menu Charge. This is an hourly charge for care and support provided by the extra care service. Support could range from providing personal care (e.g. support with washing, toileting) to supporting someone to go shopping or take part in an activity. 2 bedroom	Care Act 2014	24.75

FEES AND CHARGES**APPENDIX D**

CPN.001	Community Services	Community Safety	Fixed Penalty Notice for breach of Community Protection Order served as a result of anti-social behaviour - non-statutory noise nuisance, waste dumping and community safety.	Anti-Social Crime and Policing Act 2014	100.00
CPN.002	Community Services	Community Safety	Fixed Penalty Notice for breach of Community Protection Order served as a result of anti-social behaviour - non-statutory noise nuisance, waste dumping and community safety. (Reduced charge)	Anti-Social Crime and Policing Act 2014	80.00

New Proposed Fees and Charges

All proposed fees and charges are from the 1st April 2021.

D3. NEW FEES AND CHARGES - CABINET AND COUNCIL TO APPROVEAll proposed fees are effective from the 1st April 2021

Ref	Division	Service	Description	Legislation	2021/22 Fee (£)
PLA.804	Community Services	Public Protection	Pavement Licence	Business and Planning Act 2020	100.00
REG.152	Economy, Regeneration and Investment	Development Management	Prior approval under Part 20 of the Town and Country Planning Act (General Permitted Development) Order for construction of new dwellings (50 dwellings or less)	Town and Country Planning Act 1990	334.00
REG.153	Economy, Regeneration and Investment	Development Management	Prior approval under Part 20 of the Town and Country Planning Act (General Permitted Development) Order for construction of new dwellings (Exceeds 50 dwellings). Plus an additional £100 per dwelling in excess of 50 up to a maximum of £300,000	Town and Country Planning Act 1990	16,525.00
CUS.212	Regeneration & Planning	Contact Camden	Street Naming & Numbering Applications - additional units	Localism Act 2011, Local Government Act 2003	38.00

D4. EXISTING FEES AND CHARGES – CABINET AND COUNCIL TO APPROVE

All proposed fees are effective from the 1st April 2021.

Ref	Division	Service	Description	Legislation	2021/22 Fee (£)	% Increase from 2020/21	Increase from 2020/21 (£)
PLA.792	Environment and Sustainability	Environment Services	CN9 - FPN - Failure to comply with a waste receptacle notice (early payment reduction)	Environmental Protection Act 1990	80.00	6.67%	5.00

E EQUALITY IMPACT ASSESSMENT

Equality Impact Assessments -
equality through public services



Our approach

Equality Impact Assessments (EIAs) are our chosen way for working out the effect our policies, practices or activities (the word activity will be used throughout as an umbrella term) might have on different groups before we reach any decisions or take action. They are an important service improvement tool, making sure that our services are as effective as they can be for everyone Camden serves. Additionally, they also help to prevent us from taking actions which might have outcomes that we did not intend.

Stage One - what is being analysed and who is responsible for the equality impact assessment?

Name of the activity being analysed	Setting of revenue budgets and proposal to increase council tax by 4.99% for 2021/22, including 3% for the adult social care precept.
Service and directorate responsible	General Fund Strategy - Finance - Corporate Services
Names and posts of staff undertaking the assessment	Usman Butt - General Fund Strategy
Date assessment completed	29/01/2021
Name of person responsible for sign off of the EIA	Jason Blackhurst - Head of Finance (Corporate Services)

Outline the activity being assessed

This report seeks to set the budget for the forthcoming 2021/22 financial year. This is the second year of the implementation of the Council's current Medium Term Financial Strategy and the report sets out the budget provision for each service and the level of council tax required across the organisation.

In setting its budget and making its savings, the Council is obliged to ensure that any changes made to achieve its strategic outcomes are established with due regard having been given to the need to (1) eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, (2) advance equality of opportunity, and (3) foster good relations between people with protected characteristics and those without them.

The establishment of the overarching budget framework will have an inflationary impact on most services. However, with regards to equality considerations, this is not likely to create a significant negative impact. The framework outlined in this budget also reflects primary decisions taken elsewhere, which themselves are or will be subject to further consultation or their own EIAs. Examples of these include the implementation of savings, fees and charges and the restructuring of services. The MTFs as a whole, which established the savings framework from 2019/20 - 2021/22, also underwent the appropriate governance assessments.

While this budget is set as an overarching framework within which the services can act, it does not dictate exactly how money is allocated or spent. Any such changes are made within the service upon being given the relevant consideration, such as taking into account the results of any consultation or an assessment of value for money or of impacts on equality. Some of these decisions are also yet to be taken and will be subject to the appropriate governance processes. As such, the primary proposal of this report that would impact on the EIA is council tax setting.

Background - Council Tax Reductions & Exemptions

The impact of any council tax changes will be mitigated either entirely or in part should a resident be eligible for an exemption from council tax or for a reduction in their council tax.

In 2013 the government abolished Council Tax Benefit and replaced it with localised Council Tax Support (CTS) schemes. These schemes were designed and adopted by individual councils, but with a reduced level of funding from central government.

Council Tax Support Scheme (CTS)

CTS schemes have been introduced such that a resident's CTS award will be based on 100% of their council tax liability. However, they may still have to make some level of council tax payment, depending on their income and other circumstances. Pensioners are protected so that they receive the same level of support as under the Council Tax Benefit Scheme, whilst those of working age may have to make some contribution based on their income.

Each year, councils must consider whether to revise or replace the current scheme for the next financial year. In 2018 Camden decided to increase the maximum CTS scheme award to 100% from the previous level of 91.5%. This step helps to reduce the financial burden on residents with no earned or very low income, whilst reducing administration costs related to the recovery of relatively small amounts and freeing up resources to pursue larger debts.

A new CTS scheme was implemented for 2020/21 financial year. The scheme continued to award a maximum of 100% council tax and the total amount awarded in this year has been modelled to be the same amount as the previous scheme. However the scheme is simpler to administer resulting in savings which will

reduce running costs. The scheme will be supported by a discretionary council reduction scheme which will help those with exceptional financial circumstances.

Pension Credit Age

Councils are statutorily obliged to protect people of pension credit age so that they are not affected by the change from Council Tax Benefit to CTS.

Discounts for disabled people

People who are severely mentally impaired aren't included when working out council tax. Live-in carers looking after somebody that isn't their partner, spouse or child under 18 are also excluded. Under the Disabled Band Reduction Scheme, people may be eligible for reductions known as disabled relief if they have had alterations to their property that would not be necessary if either they or another occupant were not disabled. The scheme allows a reduction of one band unless the property is in the lowest band A, in which case a one sixth reduction is awarded. It is possible that a disabled person may qualify for both disabled relief and additional discounts, such as those offered for those living alone or those who are the only adult in the property.

Council Tax Reductions and Exemptions

Circumstances under which people are exempt from paying, or have their council tax liability reduced on the basis of grounds other than CTS schemes, are mainly laid out by the government. Local authorities can decide on local discounts and exemptions. Examples of some particular exemptions follow.

Carers, Foster Carers, Care leavers: Foster carers and friends and family carers (also known as kinship carers) are treated in the same way by Camden for council tax purposes. Foster Carers have been exempt from paying council tax since 1 April 2014 with Friend and Family Carers becoming exempt from 1 April 2015. From 1 April 2018, the same exemption has been applied to those leaving care and choosing to live within the borough subsequently up to the age of 25 years. The exemption for these groups is applied to the amount left to pay after the award of any discounts. This is paid whether or not somebody else lives in the property as long as the care leaver is liable to pay council tax.

Lone or No Adult Households: Households in which an adult lives on their own or in which no one else counts as an adult receive a 25% reduction on their council tax bill. Households in which nobody counts as an adult receive a 50% reduction.

Full-Time Students: Households where everyone is a full-time student don't have to pay council tax. Full-time students are defined as being on a course that lasts for at least one academic year and involves at least 21 hours of study per week. Full time students for qualifications up to A-level must be under 20, on a course that last at least 3 months and which involves at least 12 hours of study per week.

Second Homes: Local authorities may elect to charge residents less council tax for a property they own or rent that is not their main home. Local authorities can give furnished second homes or holiday homes a discount of up to 50%. Camden has elected not to apply this and instead charges full council tax on second homes.

Empty Homes: From 1 April 2019, Local Authorities can charge up to 100% extra council tax if a home has been empty for 2 years or more (unless it's an annexe or the owners/residents are members of the armed forces). Camden has adopted this and enforces it. From 1 April 2020, homes empty for 2-5 years or more will be liable to 100% extra council tax and those empty over 5 years will be liable to 200% extra tax. However, if someone is selling an empty property on behalf of an owner who has died, they will not have to pay council tax for up to 6 months from the day they get probate (the right to deal with the estate).

Some homes will receive an exemption from council tax for as long as they stay empty. They include homes:

- belonging to someone in prison (except for not paying a fine or council tax)
- belonging to someone who has moved into a care home or hospital
- that have been repossessed
- that cannot be lived in by law, e.g. if they are derelict
- that are empty because they have been compulsorily purchased and will be demolished

Residents may also receive a 25% discount if their home is undergoing major repair work or structural changes.

Any increases in council tax are matched by corresponding percentage increases in discounts or exemptions.

Other Council Tax Exemptions

The Local Government Act 2003 provided councils with the power to exercise discretion over reductions in council tax for certain people or classes of people, including by reducing the tax payable to zero. The provision was incorporated into the Local Government Act 1992 as Section 13A. The purpose of the legislation is to give councils flexibility to reduce council tax in instances which might be deserving of a reduction, but which otherwise fall outside the existing statutory provisions for exemptions, discounts and council tax reductions (formerly Council Tax Benefit).

Camden's policy allows for reduction where a taxpayer is forced to leave their main home in Camden unoccupied due to serious damage caused by external environmental factors beyond their control. This has been applied in cases of flooding and street subsidence.

In addition to these cases, existing policy gives the Council a general power to reduce council tax liability for any council tax payer in exceptional circumstances. Reductions are intended only as short term assistance, rather than as a way of reducing council tax indefinitely. Each case is determined on its merits and decisions are made by the Head of Council Tax and Business rates, with a right to appeal to the Director of Customer Services.

The amount of expenditure on discretionary reductions will be reviewed annually by the Executive Director Corporate Services. This is done with a view to bringing the policy back to Cabinet after two years, should expenditure begin to put pressure on the overall level of council tax or should new deserving classes of council tax payers emerge.

Proposal for 2021/22

Camden is proposing a council tax increase of 4.99% (including 3% precept for Adult Social Care (ASC)) to generate an additional £5.6m of council tax in 2021/22, with the intention of using the additional resources to help protect services over the medium term. This constitutes an increase of £1.24 per week for residents in a band D property who do not receive any reductions or exemptions.

The Ministry of Housing, Communities and Local Government has announced that an authority will be considered to have set an excessive increase in council tax in 2021/22 if the increase in the level of Band D council tax over 2020/21 is 5% or more. Changes in core council tax can only bring about an increase of 2% per annum without being deemed as excessive. Changes to the adult social care precept can bring about an additional increase of up to 3% in council tax for the 2021/22 financial year, and as such council tax is being raised by an additional 3% through this precept.

Any proposals to increase tax above the threshold of 5% would be deemed as excessive and require consent gained through a local referendum. The proposed 4.99% increase of the council tax does not give rise to an increase of 5% or more and is therefore not deemed as excessive.

Groups Most Likely to be Affected

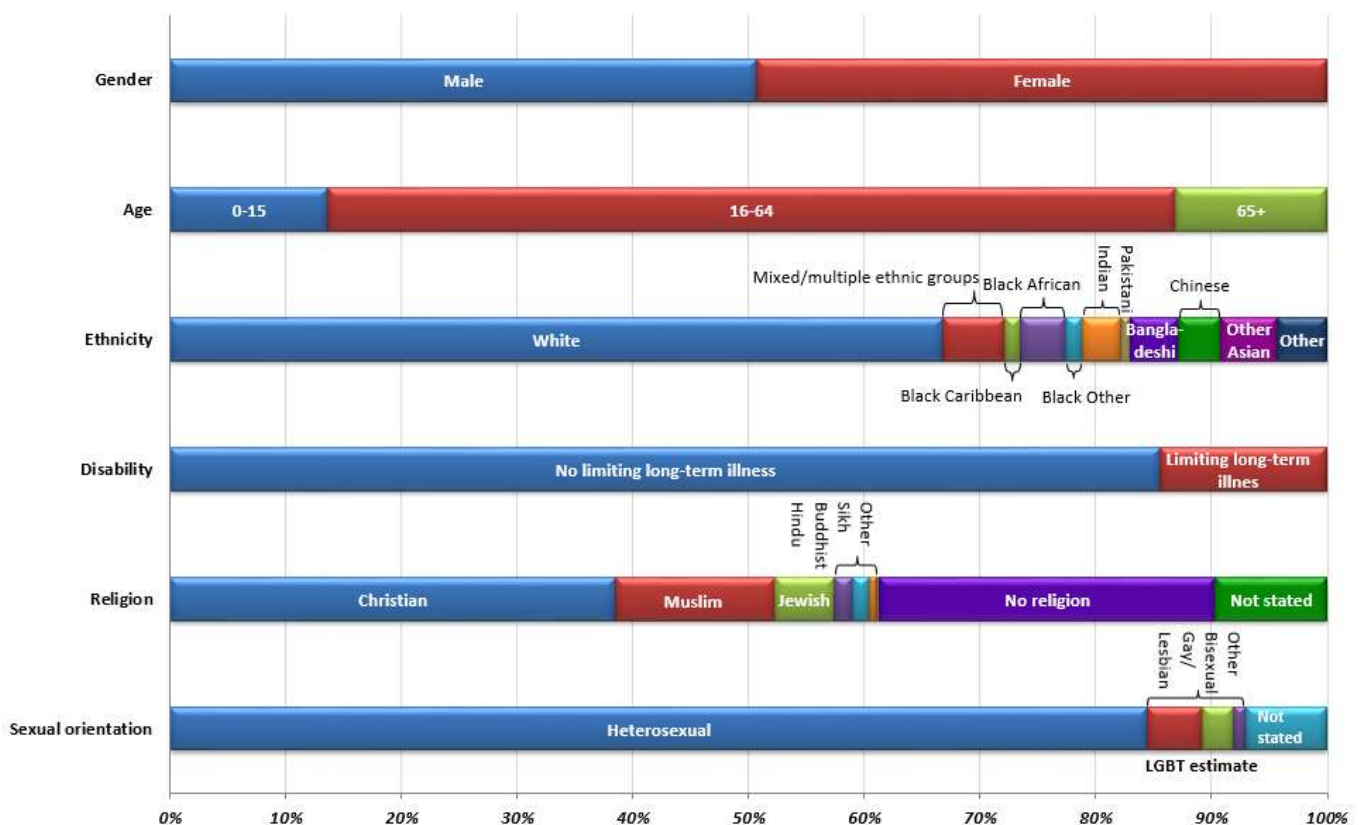
All people eligible to pay either full or reduced council tax will be affected. Any household that is currently charged council tax will see their bill rise proportionally by 4.99%.

Desired Outcomes

- To endeavour to ensure, as far as is reasonable and proportionate, that the implementation of the council tax increase does not adversely impact one group more than any other.
- To give consideration to vulnerable groups whilst ensuring that this does not add to the burden of those left to pay.
- To ensure that those who are entitled to discretionary reductions in council tax because they have suffered the inconvenience of being forced from their home or are foster carers or family and friends carers are not disproportionately impacted by the 4.99% increase, in accordance with Council policy.

Gather relevant equality data and information

Camden Demographic Profile



- **Age Profile:**
The age of the liable person is not recorded for council tax purposes, but Camden's age profile is typical of a metropolitan city with a university presence, containing a larger proportion of students and younger adults and relatively fewer children and older people compared to the national average.
- **Disability:**
An analysis of the council tax data indicates that there are 261 households where Disabled Relief has been granted.
- **Race:**

The race of the liable person is not recorded for council tax purposes, but there is no reason to believe that the increase will impact on any particular ethnic group disproportionately.

- **Gender reassignment:**
There is no council tax data regarding gender reassignment.
- **Marriage and civil partnership:**
Council tax records do not show the marital status of the liable person.
- **Pregnancy and maternity:**
There is no council tax data regarding pregnancy or maternity.
- **Religion or belief:**
This is not recorded for council tax purposes, but there is no reason to believe that any particular religious group is likely to be disproportionately affected by the proposed changes.
- **Sex and Sexual orientation:**
There is no council tax data regarding sex and sexual orientation.

General Council Tax and CTS Data

106,004 households were liable for council tax in December 2020, when this data was extracted, 23,056 were receiving CTS, of which 16,186 were of working age. Of these, 80% receive 100% support.

Consultation and engagement

10.2 In December 2020, the Finance Department carried out its annual Camden Business Community Consultation with business ratepayers about the budget proposals for next year. Ratepayers were invited to comment on the overall budget process and planned expenditure, of which income from business rates plays a key part. Any responses received by 5th February 2021 would have been considered in the context of the overall budget and included in the budget report. The Council has received four responses that have centred around the need to understand the impact of potential forthcoming legislation changes as well as a general discussion on Business Rates. All of these are in hand and being dealt with by our Business rates colleagues.

The current three year financial strategy (2019/20 to 2021/21) recognised that the Council will face a substantial funding gap. The Council were tasked with making some difficult decisions to deliver £35-40m of budget reductions. We are currently in the last year of the three year plan, and are therefore continuing to carry out engagement exercises in line with the financial strategy, where appropriate.

The combination of demographic and demand pressures, cost inflation, new burdens and reducing level of Government funding has resulted in the Council making decisions to raise the maximum ASC precept of 8% over the 4 years from 2017/18 to 2020/21. A further 3% increase has been allowed for in the 2021/22 Local Government Finance Settlement. Raising the precept will partially mitigate these pressures, ensuring that our most vulnerable residents continue to have access to vital services. In 2021/22, a 3% ASC precept increase will be levied.

Have you identified any information gaps?

There are several gaps in demographic information relating to council tax, although many are not relevant. From the information that is available, there is no evidence that any group will be disproportionately impacted by the proposed increase to the level of council tax. Many groups who might have suffered from the financial

burden will have this mitigated by reductions or exemptions as a result of the CTS scheme or similar, as laid out in the background information on reductions and exemptions.

Stage Three - analysing your equality information and assessing the impact

Analysing the evidence outlined above, could the activity have a negative or positive impact on protected groups?

Should the increase in council tax of 4.99% be approved, tax paying households within the borough will be affected proportionately to what they currently pay and will all have the same 4.99% increase applied from the 2020/21 level.

The majority of Camden's ASC service user population falls into protected characteristic categories. The majority of support ASC provides, to users that have been assessed and deemed eligible, is delivered to older people with age-related disabilities. In 2020/21, we supported 3,322 service users of whom 55% were aged 65 or above. Of those supported 13% had a learning disability, 25% had mental health needs and 57% had a physical or sensory impairment. It should be noted that many service users will have multiple support needs e.g. physical support and support with memory and cognition. Increased funding to these areas is therefore likely to positively impact services areas that benefit protected characteristic user groups.

Income raised from the ASC precept is solely reserved for spend on ASC services. This is to help manage significant challenges in the service, namely large demographic and inflationary pressures, and pressures from hospital discharges. Raising a 3% social care precept will allow us to collect an additional £3m. This will be fully allocated to ASC, ensuring that our most vulnerable residents continue to have access to vital services.

Those exempt from paying council tax will remain unaffected and there will be no groups moving from being exempt, to being expected to pay.

Exemptions may also be granted where a taxpayer is forced to leave their main home in Camden unoccupied due to serious damage caused by external environmental factors beyond their control. This has been applied in cases of flooding and street subsidence. As this is based on external environmental factors, there is no impact on any group over another, protected or otherwise.

Other steps the Council has taken to improve fairness in the council tax system include charging 100% or 200% council tax on all long term, unfurnished and unoccupied properties and giving 100% discounts to Camden foster carers and care leavers. This will help us maintain Camden's diverse community and will contribute to the goal laid out in the Camden Plan of eliminating child poverty in the borough.

The intention is that the council tax rise will have a positive impact on vulnerable groups, both helping to protect many of the services they receive from the Council and reducing the level of cuts required to set balanced budgets in future years. The rise in council tax will be a permanent and ongoing source of additional revenue and is not subject to government grant cuts.

The CTS scheme has been constituted in such a way that any rise or change in council tax cannot result in a disproportionate impact on any particular group. Further details of the CTS scheme and other similar schemes

is laid out in the previous section (Stage two), in which there is more background information on reductions and exemptions.

Equality impact summary

Protected group	Summarise any possible negative impacts that have been identified for each protected group and the impact of this for the development of the activity	Summarise any positive impacts or potential opportunities to advance equality or foster good relations for each protected group
Age	<p>No negative impact identified - legislation dictates that entitlements for people of Pension Credit age must be assessed on the 100% scheme, so they will not be affected by any changes.</p> <p>Those of all ages who are eligible to pay council tax in full or in part will see an increase of 4.99%. As anyone who is eligible to pay council tax, whether full or part will see an increase of 4.99%, it will not disproportionately impact any age group over another.</p>	<p>There should be no disproportionate impacts on those of certain ages. Should those of a pension credit age receive services from the Council, they may benefit from increased Council income limiting the need for services to be reduced. In particular, elderly users of ASC services will benefit from funding from the 3% precept increase.</p>
Disability	<p>No negative impact identified - council tax payable will increase by 4.99% for eligible households, regardless of whether or not the household is subject to a CTS scheme reduction. Since residents with disabilities may be eligible for 100% reduction as per the Council's CTS scheme, the financial burden placed on CTS claimants with a disability will be mitigated.</p>	<p>There will be no disproportionate impacts on those with disabilities. Should those with a disability receive services from the Council, they may benefit from increased Council income limiting the need for services to be reduced. In particular, disabled users of ASC services will benefit from funding raised through the 3% precept increase.</p>
Gender reassignment	No positive or negative impact identified.	No positive or negative impact identified.
Marriage and civil partnership	No positive or negative impact identified.	No positive or negative impact identified.
Pregnancy and maternity	No negative impact identified.	Expectant parents or those with children may benefit from fewer future reductions in services they may receive as a result of increased Council income.
Race	No positive or negative impact identified.	No positive or negative impact identified.

Protected group	Summarise any possible negative impacts that have been identified for each protected group and the impact of this for the development of the activity	Summarise any positive impacts or potential opportunities to advance equality or foster good relations for each protected group
Religion or belief	No positive or negative impact identified.	No positive or negative impact identified.
Sex	No positive or negative impact identified.	No positive or negative impact identified.
Sexual orientation	No positive or negative impact identified.	No positive or negative impact identified.

Stage Four - planning for improvement

What actions have been identified:

- to mitigate against or minimise any negative impacts?
- to advance equality, and therefore improve the activity?

Due to the nature of the CTS scheme and other exemptions, the impact of an increase will be directly proportionate for all groups in the borough. The percentage applied in and CTS received by a household will be applied to the council tax figure after the increase.

For example:


	Band D - before 4.99% increase (£)	Band D - 2021/22 following 4.99% increase (£)	Increase in Band D Charge (£)	Increase in Band D Charge (%)
Camden Element with no Reduction	1,291.38	1,355.81	64.43	4.99
For those receiving 100% relief	0.00	0.00	0.00	Nil

Council tax collection rates will be monitored throughout the year. This is used as an indicator of the ability for an individual or household to pay. By monitoring this, links may be able to be drawn between the rise and any impacts on a range of groups across the borough.

Despite the introduction of CTS Scheme in 2020/21, the collection rate has remained strong in Camden.

Stage Five - outcome of the EIA

Outcome of analysis	Description	Select as applicable
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Continue the activity	The EIA shows no potential for discrimination and all appropriate opportunities to advance equality and foster good relations have been taken.	
Change the activity	The EIA identified the need to make changes to the activity to ensure it does not discriminate and/ or that all appropriate opportunities to advance equality and /or foster good relations have been taken. These changes are included in the planning for improvement section of this form.	
Justify and continue the activity without changes	The EIA has identified discrimination and / or missed opportunities to advance equality and / or foster good relations but it is still reasonable to continue the activity. Outline the reasons for this and the information used to reach this decision in the box below.	
Stop the activity	The EIA shows unlawful discrimination.	
Reasons for continuing with an activity when negative impacts or missed opportunities to advance equality have been identified: N/A		

Stage Six - review, sign off and publication

Review: Jason Blackhurst

Date when EIA will be reviewed: February 2022

Sign off:

Quality assured by:	Jason Blackhurst - Head of Finance (Corporate Services)
Quality assured by OD for organisational change / restructures:	N/A
Signed off by:	Executive Director Corporate Services
Date:	10th February 2021
Comments (If any)	N/A

F GLOSSARY OF TERMS

The following provides brief explanations of technical terms used in this report. Details of the council tax regime are provided in an additional appendix.

- A20. **Adult Social Care Precept** – Since 2016/17, local authorities responsible for adult social care have been given discretion to raise additional funds solely for that purpose by increasing council tax. The government has set a number of restrictions that local authorities must adhere to in order to avoid breaching the referendum threshold. It has been announced that councils will have the flexibility to increase the dedicated ASC precept by up to 3% in 2021/22. This flexibility is being offered due to demographic changes which are increasing the demand for adult social care and increasing pressure on council budgets.
- A21. **Balances** – Unallocated reserves which are retained to enable the Council to respond to uncertainties and risks.
- A22. **Business Rates (National Non-Domestic Rates (NNDR))** – A tax paid on all commercial, industrial and other non-domestic properties based on the assumed rental value of the property. The multiplier is set nationally each year by the government. From 2013/14, this funding has been managed through the business rates retention scheme, which distributes rates between councils whilst allowing authorities to keep a portion of growth in the local rates base. However, in 2018/19 Camden participated in a London-wide rates retention pilot, which ensured that all growth in rates collected would be kept in the city. This has been reduced to a 67% retention rate from 2020/21.
- **Appeals** – Refers to appeals by ratepayers against rateable values. The calculation of rateable values and the outcome of appeals are both determined by the government's Valuation Office Agency. If successful, repayment costs are shared between the Council, government and the Greater London Authority (GLA).
 - **Baseline Funding Level** – A section of the Settlement Funding Assessment relating to business rates. Under the old system, should the Camden share of business rates under the business rates baseline exceed this, a levy would be applied, but Camden would keep a share of the growth. This share of the growth will vary as a result of entry into the London Pool. Should it be less, Camden would bear the loss up to the safety net threshold.
 - **Billing Authority** – A local authority responsible for collecting council tax and non-domestic rates, such as Camden.
 - **Business Rates Baseline** – This is the local share of business rates generated across an authority before the tariff or top-up. Outside the pool, the local share covered 30% of all business rates generated in Camden, with 37% going to the GLA and 33% to central government. The business rates baseline would then be compared to the baseline funding level and be matched to it through a tariff or top-up. Under the business rate retention

pilot schemes, pooled authorities have a combined baseline and share a greater proportion of any growth in business rates.

- **Non-Domestic Rates Multiplier** – This is the rate in the pound of rateable value that must be paid in non-domestic rates. This is set each year by the government and was set at 51.2p for 2021/22. Small businesses and charities are subject to reduced multipliers.
- **Retained Business Rates** – This is the amount of business rates retained by the authority after payments have been made to the government and the GLA.
- **Safety Net** – A mechanism whereby the government ensures that no local authority will see its business rates income drop especially sharply (below 7.5% of an authority's baseline funding level) in a particular year. The government funds any gap in excess of 7.5% through a levy paid by other local authorities on growth in business rates income. The baseline funding levels are updated each year.
- **Tariff** – A payment from the authority to central government. It is the excess of an individual authority business rates baseline over its baseline funding level. Tariffs are fixed at the start of the Business Rates Retention scheme and updated in future years in line with the increase in the non-domestic rates multiplier. Central government income from tariffs is redistributed to other authorities across the country in the form of 'top-ups'.

A23. **Capital Programme** – The Council's medium term (10 year) capital expenditure and funding plans.

A24. **Cash Limits** – An amount of money agreed by the Cabinet within which a directorate and division sets its budget. It is subsequently expected to contain its net expenditure within these limits.

A25. **Collection Fund** – The fund administered by a billing authority into which the council tax and non-domestic rates it collects are paid, and from which payments are made to precepting authorities, to the government, and to meet its own spending requirements. Any balance on the collection fund must be shared between the billing authority, precepting authorities and the government in accordance with regulations governing council tax and non-domestic rates.

A26. **Core Settlement Funding** – A government definition of Council resources introduced from 2016/17, comprising of council tax income and the settlement funding assessment (baseline business rate retained income and revenue support grant). Cuts to revenue support grant are apportioned based on this definition of funding.

A27. **Core Spending Power** – A government definition of projected revenue funding available for local authority services which since 2016/17 has been made up of: the modified settlement funding assessment; estimates of growth in the council tax base; potential additional council tax available from the adult social care council tax flexibility; potential increases in the standard council tax; potential additional council tax available from a £5 cash principle for

districts with a lower quartile B and D council tax level; the improved better care fund grant, new homes bonus grant and rural services delivery grant.

- A28. **Council Tax** – The locally determined tax on residential properties.
- **Basic Amount of Council Tax** – The sum of the Camden element of council tax (plus the amount to be raised through the Garden Square levies) divided by the total Camden council tax base. This value is used to determine the change in an authority's annual council tax.
 - **Band D Equivalent** – By law and convention, council tax is usually expressed as a Band D equivalent. In many areas a Band D property is a mid-sized, typical property.
 - **Council Tax Base** – The number of properties within a council's area expressed as a Band D equivalent, after adjusting for exemptions and discounts. The band D charge is calculated by dividing the council tax requirement by the base.
 - **Council Tax Requirement** – The amount each authority estimates as its planned net spending, after deducting income it raises from fees and charges, grants, and funding from reserves.
 - **Council Tax Reduction Scheme** – The system that replaced council tax benefit from 2013/14. Support to recipients is given by way of a discount on their council tax bills.
 - **Precept** – A precept differs from a levy in that the precepting body sets its own council tax, which is then collected by Camden alongside its own council tax. The only precept Camden collects is on behalf of the Greater London Authority (GLA). By this definition, the 'social care flexibility'/ASC precept is not technically a levy or precept since Camden will raise the income and incurs the expenditure directly.
- A29. **Dedicated Schools Grant (DSG)** – A government grant ring-fenced for schools and other education-related spending, including on early years and special educational needs.
- A30. **Formula Grant** – The main government grant supporting general fund expenditure up to 2012/13, which was replaced by the elements of settlement funding assessment.
- A31. **General Fund** – The fund from which the costs of the Council's major services (excluding council housing) are met.
- A32. **Greater London Authority (GLA)** – the precepting authority whose precept is added to Camden's council tax to form the overall council tax bill.
- A33. **Housing Revenue Account (HRA)** – A local authority statutory ring-fenced account which covers current income and expenditure on all housing services relating to owned housing stock. HRA expenditure covers the costs of managing and maintaining stock, along with debt charges relating to previous property acquisitions and renovations. HRA income consists of rents, fees and charges. The Council is legally required to set a balanced HRA budget,

meaning that the HRA balance can never be in deficit. The HRA budget for the upcoming financial year is set each January.

- A34. **Levy** – This term relates to two distinct systems:
- (A) A contribution which the Council is required to make to another body (typically a London-wide provider of services). Levies differ from precepts in that they form part of the Council's budget and are therefore passed on through council tax.
 - (B) A mechanism which limits the benefit an authority can derive from real growth (above inflation) in business rates. The levy is applied proportionally on a 1:1 basis. Thus a 1% increase in business rates income produces a corresponding 1 per cent increase in revenue (as measured by the baseline funding level) from the rates retention scheme.
- A35. **Precept** – refers to two distinct figures:
- .35.1 The sum collected by the GLA alongside Camden's council tax (further explained in G9).
 - .35.2 The adult social care precept, which is collected as part of Camden's council tax and which is spent solely on adult social care services.
- A36. **Outturn** – The actual level of revenue or capital expenditure in a year.
- A37. **Reserves** – Amounts available in the Council's accounts to fund planned future expenditure (normally known as 'earmarked reserves'), or set aside to manage known risks.
- A38. **Revenue Support Grant** – This is one of two elements of the Settlement Funding Assessment (the other being the local share of business rates) and is a central government grant designed to finance revenue expenditure across any service. It is determined in the Local Government Finance Settlement.
- A39. **Settlement Funding Assessment** – The largest part of local authorities' shares of the local government spending control total (the centrally set sum set aside for local authority funding) as determined by the government and consisting of two amounts – revenue support grant and the baseline funding level of retained business rates.
- A40. **Specific Grant** – A government grant allocated outside the revenue support grant distribution system, usually intended to support a specific service or purpose but often not ring-fenced.

