

## AGENDA

### SCRUTINY COMMITTEE MEETING

Date: Wednesday, 22 January 2020

Time: 7.00 pm

Venue: Council Chamber, Swale House, East Street, Sittingbourne, Kent, ME10 3HT.

Membership:

Councillors Lloyd Bowen (Chairman), Richard Darby, Steve Davey, Mike Dendor (Vice-Chairman), Tim Gibson, Alastair Gould, James Hall, Carole Jackson, Elliott Jayes, Denise Knights, Lee McCall, Pete Neal and Ken Pugh.

Quorum = 4

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Pages

1. Emergency Evacuation Procedure

The Chairman will advise the meeting of the evacuation procedures to follow in the event of an emergency. This is particularly important for visitors and members of the public who will be unfamiliar with the building and procedures.

The Chairman will inform the meeting whether there is a planned evacuation drill due to take place, what the alarm sounds like (i.e. ringing bells), where the closest emergency exit route is, and where the second closest emergency exit route is, in the event that the closest exit or route is blocked.

The Chairman will inform the meeting that:

(a) in the event of the alarm sounding, everybody must leave the building via the nearest safe available exit and gather at the Assembly points at the far side of the Car Park; and

(b) the lifts must not be used in the event of an evacuation.

Any officers present at the meeting will aid with the evacuation.

It is important that the Chairman is informed of any person attending who is disabled or unable to use the stairs, so that suitable arrangements may be made in the event of an emergency.

2. Apologies for Absence and Confirmation of Substitutes

3. Minutes

To approve the Minutes of the Meeting held on 15 January 2020 (To follow) as a correct record.

#### 4. Declarations of Interest

Councillors should not act or take decisions in order to gain financial or other material benefits for themselves or their spouse, civil partner or person with whom they are living with as a spouse or civil partner. They must declare and resolve any interests and relationships.

The Chairman will ask Members if they have any interests to declare in respect of items on this agenda, under the following headings:

(a) Disclosable Pecuniary Interests (DPI) under the Localism Act 2011. The nature as well as the existence of any such interest must be declared. After declaring a DPI, the Member must leave the meeting and not take part in the discussion or vote. This applies even if there is provision for public speaking.

(b) Disclosable Non Pecuniary (DNPI) under the Code of Conduct adopted by the Council in May 2012. The nature as well as the existence of any such interest must be declared. After declaring a DNPI interest, the Member may stay, speak and vote on the matter.

(c) Where it is possible that a fair-minded and informed observer, having considered the facts would conclude that there was a real possibility that the Member might be predetermined or biased the Member should declare their predetermination or bias and then leave the room while that item is considered.

**Advice to Members:** If any Councillor has any doubt about the existence or nature of any DPI or DNPI which he/she may have in any item on this agenda, he/she should seek advice from the Monitoring Officer, the Head of Legal or from other Solicitors in Legal Services as early as possible, and in advance of the Meeting.

#### Part One - Substantive Items

#### 5. Financial Management Report 5 - 30

The Committee is asked to consider the Financial Management Report Quarter 2 July – September 2019.

The Leader and the Chief Financial Officer will be attending the meeting.

#### 6. Budget 2020/21 and Medium Term Financial Plan 31 - 58

To review the draft Budget and Medium Term Financial Plan for 2020/21 and to consider making recommendations to Cabinet on 12 February 2020.

Cabinet Members and their Deputies; and the following Officers have

been invited to attend the meeting, as have all Members:

Director of Regeneration; Chief Financial Officer; Head of Policy, Communications and Customer Services; Head of Planning Services, Head of Commissioning, Environment and Leisure and Head of Housing, Economy and Community Services.

### **Issued on Monday, 13 January 2020**

The reports included in Part I of this agenda can be made available in **alternative formats**. For further information about this service, or to arrange for special facilities to be provided at the meeting, **please contact DEMOCRATIC SERVICES on 01795 417330**. To find out more about the work of the Scrutiny Committee, please visit [www.swale.gov.uk](http://www.swale.gov.uk)

**Chief Executive, Swale Borough Council,  
Swale House, East Street, Sittingbourne, Kent, ME10 3HT**

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<b>Scrutiny</b>	
<b>Meeting Date</b>	22 January 2020
<b>Report Title</b>	Financial Management Report – April to September 2019
<b>Cabinet Member</b>	Cllr Roger Truelove, Leader and Cabinet Member for Finance
<b>SMT Lead</b>	Nick Vickers, Chief Financial Officer
<b>Head of Service</b>	Nick Vickers, Chief Financial Officer
<b>Lead Officer</b>	Phil Wilson, Financial Services Manager and Caroline Frampton, Principal Accountant
<b>Key Decision</b>	Yes
<b>Classification</b>	Open
<b>Forward Plan</b>	Reference number:
<b>Recommendations</b>	<ol style="list-style-type: none"> <li>1. Note the projected revenue underspend on services of £5,000 (Table 1 refers).</li> <li>2. Note the transfer of £500,000 from the General Reserve to the Communities Fund as detailed in paragraph 3.12.</li> <li>3. Note the transfer of £250,000 from the Kent Pool Economic Development Reserve to the Heritage Strategy as detailed in paragraph 3.17.</li> <li>4. Note the capital expenditure of £8,853,740 to end of September 2019 (paragraph 3.19 and Appendix I Table 2 refers).</li> <li>5. Note the capital variances and their funding as detailed in paragraph 3.22 and Appendix I Table 2.</li> </ol>

## 1. Purpose of Report and Executive Summary

- 1.1 This report sets out the revenue and capital projected outturn position for 2019/20 as at the end of September 2019. The report is based on service activity up to the end of September 2019 and is collated from monitoring returns from budget managers and has been updated for more recent movements.
- 1.2 The headline figures are:
  - total revenue underspend of £5,000;
  - capital expenditure of £8,853,740.

## 2. Background

- 2.1 The Council operates a budget monitoring process at Head of Service level, with regular reports to the Leader and Cabinet Member for Finance, the Deputy Cabinet Member for Finance and the Strategic Management Team.

2.2 Financial monitoring reports are presented to Cabinet on a quarterly basis, as well as to Scrutiny Committee.

### 3. Proposals

#### Revenue Outturn

3.1 As at the end of September 2019 the forecast revenue underspend projected to 31 March 2020 is £5,000.

**Table 1: Projected Variance by Service**

Service	Service Manager	Working Budget £	Projected Outturn £	Projected Variance £
Chief Executive	M. Radford	331,280	238,280	(93,000)
Democratic Services	K. Bescoby	1,114,370	1,035,370	(79,000)
Policy, Communications & Customer Services	D. Clifford	1,203,400	1,141,400	(62,000)
Director of Regeneration	E. Wiggins	179,360	179,360	0
Commissioning, Environment & Leisure	M. Cassell	5,646,030	5,456,030	(190,000)
Planning	J. Freeman	818,230	963,230	145,000
Housing, Economy & Community	C. Hudson	2,845,060	3,246,060	401,000
Finance	N. Vickers	803,120	802,120	(1,000)
Revenues & Benefits	Z. Kent	(245,200)	(494,200)	(249,000)
Property	A. Adams	335,760	382,760	47,000
Licensing & Resilience	D. Fackrell	47,000	50,000	3,000
Environmental Health	T. Beattie	591,070	584,070	(7,000)
Information Technology	C. Woodward	1,202,260	1,217,260	15,000
Audit	R. Clarke	186,180	186,180	0
Human Resources	B. Sandher	436,620	436,620	0
Legal	P. Narebor	461,590	425,590	(36,000)
Sittingbourne Regeneration	N. Vickers	0	76,000	76,000
STC - Retail Park	N. Vickers	182,000	(45,000)	(227,000)
Contributions to Reserves from services shown above	N. Vickers	0	140,000	140,000
Corporate Items	N. Vickers	2,551,870	2,663,870	112,000
<b>NET REVENUE SERVICE EXPENDITURE</b>		<b>18,690,000</b>	<b>18,685,000</b>	<b>(5,000)</b>
<b>Financed by:</b>				
Revenue Support Grant		(113,000)	(113,000)	0
Business Rates		(8,083,000)	(8,083,000)	0
New Homes Bonus		(1,875,000)	(1,875,000)	0
Council Tax Requirement		(8,258,000)	(8,258,000)	0
<b>TOTAL FINANCING</b>		<b>(18,329,000)</b>	<b>(18,329,000)</b>	<b>0</b>
<b>NET EXPENDITURE (Contribution from General Fund)</b>		<b>361,000</b>	<b>356,000</b>	<b>(5,000)</b>

The Working Budget shows the service expenditure being more than the income in the year so the General Fund was budgeted to reduce by £361,000. The projected outturn

forecasts that the service expenditure will be greater than the income in the year so the General Fund is forecast to decrease by £356,000.

## **Business Rates**

- 3.2 The Council is budgeted to collect £48m of business rates in 2019/20. After the complicated system of levies and tariffs has been accounted for, the Council is forecast to receive £7.8m.
- 3.3 Council has previously agreed to the establishment of a Business Rates Volatility Reserve, in order to assist the Council in managing the anticipated volatility in business rate income resulting from the introduction of business rate localisation from 2013/14. There are a number of causes of this volatility, such as new businesses opening, existing business growing or closing, rating appeals, and collection rates. The balance on the reserve is currently £4.9m.
- 3.4 The Business Rates Collection Fund has set aside £10m for appeals, of which our share is £4m. In July 2019 we were notified of a successful business rate appeal by Morrisons for their major warehouse on the 2010 rating list. The one-off cost charged to the provision for appeals is £2.5m and the ongoing impact is a £400k reduction in business rates income. However, the effect on future years' business rates income has been offset to an extent as a result of a change in the methodology used for calculating the cost of potential appeals for the 2017 rating list.
- 3.5 The Council has benefitted very significantly from the localisation of business rates, but the Morrisons outcome does show how volatile this income stream can be.

## **Use of Reserves**

- 3.6 The administration views the Reserves as being an essential part of funding one off expenditure. This section of the report will update on the initiatives underway.

## **Special Projects Fund**

- 3.7 The Special Projects Fund was set up by Cabinet at its July 2019 meeting. The terms of reference are:
- The fund will be used to deliver tangible projects for the residents of the borough making the public spaces cleaner and better presented;
  - We will seek an equitable allocation of resources across all parts of the borough.
- 3.8 It was agreed at Cabinet on 10 July 2019 (minute 122) that £1m per annum will be transferred from Reserves to the Special Projects Fund. This fund replaces the Regeneration Fund.
- 3.9 Special Project Fund approvals to 30 November 2019 are detailed in Appendix I Table 4. Total approved to date is £758,000.
- 3.10 At least initially the projects will be focussed on areas within the Environment portfolio. The two main themes will be:



- (1) Improvements to the public realm including high streets, green spaces and seafronts, and
- (2) Projects to support the achievement of the climate change motion agreed by Council.

3.11 If Members wish to make a Special Projects Fund bid then they should approach the relevant Cabinet Member with a project proposal, a rationale and the costings. Sign off of each bid is by the relevant Cabinet Member and Head of Service, and then the Leader and Cabinet Member for Finance and the Chief Financial Officer.

### **Communities Fund**

- 3.12 Approval is sought to allocate an additional £500k to the Communities Fund from the General Reserve.
- 3.13 The commitments against Communities Fund are summarised in paragraph 3.18 and details of the funds approved in 2019/20 are in Appendix I Table 4.
- 3.14 The allocation of £100k from the Communities Fund to support a major project in Murston should be highlighted. This is an ambitious community led project to make essential repairs to the medieval chancel building and to build new spaces as a community and creative hub. The Murston All Saints Trust is actively fund raising and the support from the Council will be crucial in attracting other funds.

### **Other**

- 3.15 Housing and Commercial Growth Fund: kept to fund affordable housing borrowing costs. This has £1.7m available.
- 3.16 There is a shared business rate pot with Kent County Council and this has been used in the past to fund a contribution to the Lower Road on Sheppey and towards the Visitor Economy Strategy (both £250k).
- 3.17 Approval was sought from Cabinet to allocate a further £250k from the shared business rate pot to be allocated to fund the Heritage Strategy.
- 3.18 Table 2 below details the movements on the Funds up to end of November 2019. Further details regarding the funds committed in 2019/20 are detailed in Appendix I Table 4.

**Table 2: Funds**

<b>Funds</b>	<b>Balance as at 1 April 2019</b>	<b>Topping up/ transfer of funds in 2019/20</b>	<b>Funds committed prior to 2019/20</b>	<b>Funds committed (refer to Appendix I) 2019/20</b>	<b>Funds not yet committed</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Special Projects	0	1,189	0	(758)	431
Communities	121	500	(44)	(164)	413
Performance	494	0	(257)	0	237
Pension & Redundancy	86	0	0	0	86
Regeneration	437	(189)	(248)	0	0
Local Loans Fund	175	0	0	0	175
<b>TOTAL</b>	<b>1,313</b>	<b>1,500</b>	<b>(549)</b>	<b>(922)</b>	<b>1,342</b>

**Capital Expenditure**

3.19 Table 2 in Appendix I details the actual capital expenditure and highlights any variations.

3.20 Actual expenditure to end of September 2019 was £8,853,740. This represents 40% of the revised budget.

3.21 The revised budget includes the capital rollovers from 2018/19 approved by the July Cabinet.

3.22 The following projects require approval for funding in 2019/20:-

- Bartons Point Coastal Park – replacement bridge – this is to be funded from capital receipts- £120,000;
- Play Improvements - Rectory Road Playing Field – this is to be funded from the special projects fund – playground improvements £11,210;
- Play Improvements - Milton Creek Country Park – to be funded from reserves £7,200;
- Public Toilet Refurbishment – Forum Sittingbourne, Central Car Park Faversham, Spinney Leysdown and Minster Lees – to be funded from capital receipts - £210,000;
- Wheeled bins – additional bins to be purchased funded using the Repairs & Renewals Reserve £94,000;
- ICT Infrastructure & Equipment Replacement – additional expenditure to be funded from reserves £1,300.

**Payment of Creditors**

3.23 The outturn for payment of creditors for 2019/20 to date was 97.25% paid within 30 days of receipt of invoice, against the target of 97%.

**Sundry Debtors**

3.24 Tables 3.1 and 3.2 in Appendix I analyse the sundry debt outstanding.

**4. Alternative Options**

4.1 Do nothing – this is not recommended as the report is required under Financial Regulations and Cabinet approval has to be obtained for the spending proposals.

**5. Consultation Undertaken or Proposed**

5.1 Heads of Service and Strategic Management Team have been consulted in preparing this report.

**6. Implications**

<b>Issue</b>	<b>Implications</b>
Corporate Plan	Good financial management is key to supporting the Corporate Plan objectives.
Financial, Resource and Property	As detailed in the report
Legal and Statutory	None identified at this stage
Crime and Disorder	None identified at this stage
Environmental Sustainability	None identified at this stage
Health & Wellbeing	None identified at this stage
Risk Management and Health and Safety	None identified at this stage
Equality and Diversity	None identified at this stage
Privacy and Data Protection	None identified at this stage

**7. Appendices**

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

- Appendix I: Financial Monitoring Report Tables as at the end of September 2019.

## **8. Background Papers**

8.1 The Budget 2019/20 and Medium-Term Financial Strategy 2019/20 to 2021/22.

<http://www.swale.gov.uk/assets/Latest-Publications/Revenue-Budget-and-Capital-Programme/Revenue-Budget-and-Capital-Programme-2019-20.pdf>

**Table 1 – Main Variations by Service as at the end of September 2019 by Service**

<b>Net (under)/overspend / income shortfall for 2019/20 by service</b>		
<b>Service – Cabinet Member (Head of Service)</b>	<b>£'000</b>	<b>Explanation</b>
<b>CHIEF EXECUTIVE – Cllr R Truelove (Mark Radford)</b>		
Chief Executive & Corporate Costs	(93)	(£8k) Underspend – external audit fee; (£10k) Net savings – special projects; (£75k) Net underspend – salaries etc.
<b>TOTAL</b>	<b>(93)</b>	
<b>DEMOCRATIC SERVICES – Cllr R Truelove (Katherine Bescoby)</b>		
Democratic Process	(39)	(£14k) Underspend – members' travel; (£5k) Underspend – members' special responsibility allowance; (£2k) Underspend – net staff costs; (£18k) Reduced net expenditure.
MKS Shared Service Corporate Costs	(8)	(£8k) Reduced costs.
Elections & Electoral Registration	(32)	(£17k) Underspend postage, etc; (£8k) Reduced net salary costs; (£7k) Additional fees and charges income.
<b>TOTAL</b>	<b>(79)</b>	
<b>POLICY, COMMUNICATIONS AND CUSTOMER SERVICES – Cllr R Truelove (David Clifford)</b>		
Policy	(13)	(£14k) Reduced net salary costs; £1k Net additional costs.
Communications	(15)	(£16k) Underspend – net staff costs; £1k Net additional costs.
Customer Services	(24)	(£13k) Underspend – net staff costs; (£11k) Net underspend.
Information Governance	(10)	(£10k) Underspend – net staff costs.
<b>TOTAL</b>	<b>(62)</b>	
<b>REGENERATION – Cllr M Bonney (Emma Wiggins)</b>		
Regeneration	-	Nil variance reported.
<b>TOTAL</b>	<b>-</b>	

**Table 1 – Main Variations by Service as at the end of September 2019 by Service**

Net (under)/overspend / income shortfall for 2019/20 by service		
Service – Cabinet Member (Head of Service)	£'000	Explanation
<b>COMMISSIONING, ENVIRONMENT AND LEISURE – Cllr A Harrison, Cllr T Valentine (Martyn Cassell)</b>		
Commissioning, Contracts and Procurement	(59)	(£52k) Savings vacant posts – pending reorganisation; (£8k) Savings equipment purchase and maintenance; £1k Net other costs.
Client & Amenity Services and Technical Services	(5)	(£6k) Salary savings; £1k Savings travel expenses.
Environmental Response Team	(47)	(£33k) Net savings Fixed Penalty Notices (FPNs) expense costs and reduced fee income; £3k Staff cost savings; (£7k) Savings travel/transport costs; (£10k) Net additional income licences issued, recovery of fees and pest control contract commission and reduced BT contribution; £17k Additional Environmental Initiative Grants paid (offset by FPN savings); (£17k) Net other savings.
Leisure, Sports, Open Spaces, Parks, Countryside and Allotments	11	£43k additional costs leisure centres operational agreement; (£52k) savings leisure centres maintenance agreement; £45k additional costs on premises (including play areas £30k); (£29k) net savings equipment costs; (£11k) net additional fees/income/grants/recovery of costs; £15k additional other costs.
Community Halls & Centres	-	Nil variance reported
Grounds Maintenance	(25)	(£25k) Net contract savings.
Cemeteries and Closed Churchyards	1	£1k Additional premises costs.

**Table 1 – Main Variations by Service as at the end of September 2019 by Service**

Net (under)/overspend / income shortfall for 2019/20 by service		
Service – Cabinet Member (Head of Service)	£'000	Explanation
Refuse Collection / Street Cleansing / Public Conveniences / Recycling & Waste Minimisation	(234)	(£63k) Additional income wheeled bins; (£76k) Contract costs savings; (£66k) Additional income – garden waste collection; (£21k) Net additional income Special Collections including A249 litter; (£5k) Savings Public Conveniences premises; (£3k) Net other savings. NB Wheeled bins purchase additional expenditure of £94k to be met from reserves.
Seafront, Harbour & Quays, Coast Protection and Flood Preparation	(4)	(£2k) Additional income memorial benches, £4k Additional salary costs, Seafront; (£15k) Additional costs recovered (arrangement with Southern Water) £6k Additional contractor costs - seafront; £1k Net Reduced income Beach Huts; £2k Net other costs.
Multi-Storey Car Park (MSCP)	167	£50k Business rates MSCP; £101k Private Consultants (property management); £9k Equipment purchase; £8k Fees & services; (£10k) Fees income receivable; £9k Net other costs.

**Table 1 – Main Variations by Service as at the end of September 2019 by Service**

Net (under)/overspend / income shortfall for 2019/20 by service		
Service – Cabinet Member (Head of Service)	£'000	Explanation
Parking Management	5	<p>£20k Net reduced income – car parks pay and display fees and season tickets (average monthly income from off-street parking has increased to £164k at quarter 2 compared to £157k at quarter 1);</p> <p>£1k Net reduced income on and off-street Penalty Charge Notices (PCN's);</p> <p>£39k Net additional car park equipment purchase, maintenance costs, licences and other fees;</p> <p>(£10k) Saving Cash Security costs;</p> <p>(£30k) Additional Income – Residents Parking permits;</p> <p>£2k Season Ticket reduced income;</p> <p>£9k Additional costs – Parking Partnership Maidstone Borough Council;</p> <p>(£12k) Staff cost savings;</p> <p>(£10k) Net additional income traffic orders;</p> <p>(£4k) Net other savings.</p> <p><b>N.B. Any surplus relating to on-street parking will be transferred to the ring fenced on-street parking account under Section 55 of the Road Traffic Act 1984.</b></p>
Highways	-	Nil variance reported
<b>TOTAL</b>	<b>(190)</b>	
PLANNING – Cllr M Baldock (James Freeman)		
Building Control/Dangerous Structures	-	Nil variance reported.
Development Services	(126)	(£138k) Reduced net salary costs; £12k Additional costs – Training etc.
Local Land Charges	74	£80k Reduced income from land charges; (£6k) Reduced costs – Mid Kent Planning Service.
Planning Support	17	£15k Additional costs – Mid Kent Planning Service; £2k Additional net costs.



**Table 1 – Main Variations by Service as at the end of September 2019 by Service**

Net (under)/overspend / income shortfall for 2019/20 by service		
Service – Cabinet Member (Head of Service)	£'000	Explanation
Local Planning & Conservation	12	£12k Increased costs – Local Plan. <b>N.B. Any variance on the local plan will be transferred to the ring-fenced reserve for Local Plan associated work.</b>
Development Control	168	£38k Additional net salary costs;  £165k Reduced income – planning fees. A slowdown in the number of significant major planning applications as existing local plan allocations have come forward for determination;  (£56k) Net additional Income – Planning Performance Agreement (PPA) offset by reduced pre-application advice income;  (£19k) Net savings/underspend;  £40k Additional costs – legal fees / planning consultancy advice;  <i>Note: £195k estimated for additional consultancy costs for defending two public enquiries on planning applications and extended determination periods for handling major planning applications. Major appeals inquiries start 2020/21. To be funded from reserves</i>
<b>TOTAL</b>	<b>145</b>	
<b>HOUSING, ECONOMY AND COMMUNITY SERVICES – Cllr B Martin, Cllr T Valentine, Cllr R Palmer, Cllr M Bonney, Cllr A Harrison (Charlotte Hudson)</b>		
<b>Economy &amp; Community Services:-</b>		
CCTV	(8)	(£16k) Line rental savings; £4k Additional contract costs; £6k Additional consultants' costs for CCTV project; (£2k) Additional contribution income.

**Table 1 – Main Variations by Service as at the end of September 2019 by Service**

<b>Net (under)/overspend / income shortfall for 2019/20 by service</b>		
<b>Service – Cabinet Member (Head of Service)</b>	<b>£'000</b>	<b>Explanation</b>
Community Safety	(13)	(£11k) Net staff cost savings; (£5k) Fees & services savings; £4k Additional grants made; (£1k) Net other additional income.
Learning & Skills	(3)	£5k additional agency staff costs; (£8k) savings fees & services.
Members Grants and Community Services	-	Nil variance reported
Economy & Community Services, Cultural & Economic Development	3	£2k Net staff costs; £1k Net other costs.
Tourism & Heritage	(1)	(£3k) Grant savings; £2k Net other additional expenditure.
Markets	(5)	(£5k) Net additional rental income.
Sports Development	(23)	(£7k) Net salary savings; (£16k) Net other savings.
Youth	(2)	(£1k) Savings Youth Diversion Project; (£1k) Savings Youth Forum catering.
<b>Sub-total</b>	<b>(52)</b>	
<b>Housing:-</b>		
Homelessness Temporary Accommodation	412	£412k Net additional homelessness costs, being: £705k accommodation costs, (£337k) net housing benefit income, £50k overspend Flexible Housing Grant, £11k additional storage costs, (£12)k contributions to rent and repaid deposits and (£5k) net other savings.  Number of bookings to end of September 2019 is 1,414 compared to this time last year of 1,249. In addition the average cost per a booking has increased by £152 (31%).
Homelessness Temporary Houses	10	£8k Loss of rental income; £2k Net additional costs.
Housing Advice / Options	30	£30k Additional agency staff costs.

**Table 1 – Main Variations by Service as at the end of September 2019 by Service**

<b>Net (under)/overspend / income shortfall for 2019/20 by service</b>		
<b>Service – Cabinet Member (Head of Service)</b>	<b>£'000</b>	<b>Explanation</b>
Private Sector Housing	11	£8k Additional salary costs; £8k Net additional costs incl. fees & services £3k and environmental works £5k; (£5k) Net additional income incl. recharged environmental works (£5k).
Housing Development and Strategy	6	£6k Additional salary costs.
Stay Put Scheme	(16)	(£10k) Additional Disabled Facilities Grant (DFG) Fee income; (£4k) Additional grants, donations and fee income; £197k premises costs to be funded by DFG; (£197k) DFG grant to fund expenditure; (£2k) Net additional savings.
<b>Sub-total</b>	<b>453</b>	
<b>TOTAL</b>	<b>401</b>	
<b>FINANCE – Cllr R Truelove (Nick Vickers)</b>		
Financial Services	(1)	(£1k) Net underspend.
<b>TOTAL</b>	<b>(1)</b>	

**Table 1 – Main Variations by Service as at the end of September 2019 by Service**

Net (under)/overspend / income shortfall for 2019/20 by service		
Service – Cabinet Member (Head of Service)	£'000	Explanation
<b>REVENUES &amp; BENEFITS – Cllr R Truelove (Nick Vickers)</b>		
		(£140k) Additional income - Department for Works and Pensions (DWP) Housing Benefit Grant; £32k Reduction in Benefit Admin Subsidy; (£65k) Staff cost savings; <b>N.B. The net saving of (£173k) detailed above will be transferred to reserves at year end.</b>
	(249)	£104k Increased expenditure on net Housing Benefits; (£50k) Additional income – from recovery of over payments of Housing Benefits; (£31k) Additional income – recovery of Council Tax benefit overpaid and recovery of Council Tax costs; (£16k) Additional income – recharge to Collection Fund Business Rates; (£14k) Reduced costs Fraud Partnership with Maidstone Borough Council; (£7k) Reduced costs re postage; (£14k) Reduced external audit fees; (£30k) Additional income MKS Debt Enforcement Partnership share of surplus; (£18k) Net additional savings.
<b>TOTAL</b>	<b>(249)</b>	
<b>PROPERTY SERVICES – Cllr M Bonney (Anne Adams)</b>		
Property Services	(1)	(£30k) Underspend net salary costs; £28k Additional expenditure – Printing costs (equipment maintenance, rental and increased paper costs); £1k Additional expenditure net.

**Table 1 – Main Variations by Service as at the end of September 2019 by Service**

<b>Net (under)/overspend / income shortfall for 2019/20 by service</b>		
<b>Service – Cabinet Member (Head of Service)</b>	<b>£'000</b>	<b>Explanation</b>
Administrative Buildings	33	(£4k) Underspend net salary costs; £32k Additional expenditure on security – Swale House; £5k Reduced rental income and property charges – Central House;
Property Management	15	£7k Reduced income – rental income; £5k Additional expenditure net; £3k Additional expenditure – electric car.
Building Maintenance	-	<b>N.B. Any variance on building maintenance will be transferred at year end to the ring-fenced reserve to be used solely to fund building maintenance expenditure in future years.</b>
<b>TOTAL</b>	<b>47</b>	
<b>LICENSING &amp; RESILIENCE PLANNING – Cllr R Palmer (Della Fackrell)</b>		
Licensing & Resilience	3	£20k Reduced income – Gambling licence fees; (£27k) Additional income – Hackney Carriage licences; £7k Additional staff costs net; £3k Net additional costs. <b>N.B. Any net underspend or overspend on Hackney Carriage licences will be transferred to the ring-fenced reserve under the Local Government Act 1976. This reserve is to be used to fund Hackney Carriage related expenditure in future years.</b>
<b>TOTAL</b>	<b>3</b>	
<b>ENVIRONMENTAL HEALTH – Cllr T Valentine (Tracey Beattie)</b>		
Environmental Health Mid Kent Service	-	Nil variance on shared service with Tunbridge Wells Borough Council.
Environmental Services	(7)	(£7k) Net underspend/additional income on client side.
<b>TOTAL</b>	<b>(7)</b>	

**Table 1 – Main Variations by Service as at the end of September 2019 by Service**

Net (under)/overspend / income shortfall for 2019/20 by service		
Service – Cabinet Member (Head of Service)	£'000	Explanation
<b>IT SERVICES – Cllr R Truelove (Chris Woodward)</b>		
Telecommunications	(22)	(£22k) Reduced expenditure on equipment maintenance and costs of telephones.
IT Maintenance and Software	-	Nil variance on IT maintenance and software. <b>N.B. Any variance will be transferred to the ring-fenced reserve to be used solely to fund IT related expenditure in future years.</b>
Mid Kent ICT	37	£4k GIS Additional expenditure £33k ICT Additional expenditure due to revised method of allocating costs between shared service councils based on usage.
<b>TOTAL</b>	<b>15</b>	
<b>INTERNAL AUDIT – Cllr R Truelove (Rich Clarke)</b>		
Mid Kent Audit Services	-	Nil variance reported.
<b>TOTAL</b>	<b>-</b>	
<b>HUMAN RESOURCES – Cllr R Truelove (Bal Sandher)</b>		
Mid Kent Human Resources	-	Nil variance reported on shared service with Maidstone Borough Council.
Organisational Development	-	Nil variance reported.
<b>TOTAL</b>	<b>-</b>	
<b>LEGAL – Cllr R Truelove (Patricia Narebor)</b>		
Legal MKLS	(75)	£3k Net salary costs; (£73k) Additional income as a result of Swale's usage of the service being below the budgeted level. Therefore additional income from Maidstone Borough Council and Tunbridge Wells Borough Council; (£5k) Net reduced costs.
External Legal Fees	-	Nil variance reported.
S106 Income	39	£39k Reduced income.
<b>TOTAL</b>	<b>(36)</b>	
<b>NON-SERVICE BUDGETS</b>		
Sittingbourne Town Centre (STC)	76	£35k Additional salary costs; £41k Net additional costs.

**Table 1 – Main Variations by Service as at the end of September 2019 by Service**

Net (under)/overspend / income shortfall for 2019/20 by service		
Service – Cabinet Member (Head of Service)	£'000	Explanation
STC – Retail Park	(227)	(£245k) Additional income – rental income Princes Street Retail Park (total rental income for year £495k); £18k Additional Expenditure – Fees & Services;
Transfer to Reserves	140	£140k Net contribution to reserves from ring fenced services as detailed in table above.
Corporate	112	£37k Reduction in cash flow offset by an improved return on our investments; £75k Net additional expenditure.
	<b>(5)</b>	<b>Projected Net Expenditure Underspend</b>

Table 2 – Capital Programme 2019/20 Outturn as at end of September 2019

Capital Scheme	Funding SBC/ Partnership (P)	2019/20 Original Budget £	2019/20 Revised Budget £	2019/20 Actual to Date £	2019/20 Projected Variance £	Ref
CCTV - Reserves - Repairs & Renewals	SBC	15,000	30,000	0	0	
The Mill Project, Sittingbourne Skate Park - S106	P	15,000	16,350	0	0	
The Mill Project, Sittingbourne Skate Park - Capital Receipts	SBC	150,000	200,000	117,409	0	
Faversham Creek Basin Regeneration Project – Capital Receipts	SBC	200,000	200,000	0	0	
Sittingbourne Town Centre – Cinema Complex	SBC	14,212,758	14,212,758	6,618,451	(462,689)	1.
Sittingbourne Town Centre - Other Assets	SBC	0	0	220,530	0	
Sittingbourne Town Centre - Multi Storey Car Park	SBC	0	0	190,026	0	
Disabled Facilities Grants - External Grant	P	2,062,800	3,676,727	650,213	0	
Winter Warmth Grants – from recycled capital receipts	SBC	0	0	1,313	0	
Decent Home Loans Owner Occupier – from recycled capital receipts	SBC	0	0	5,180	0	
<b>Total Housing, Economy &amp; Community Services</b>		<b>16,655,558</b>	<b>18,335,835</b>	<b>7,803,122</b>	<b>(462,689)</b>	
Bartons Point Coastal Park – Replacement Bridge	SBC	0	0	0	120,000	2.
Faversham Recreation Ground Improvement – External Grant	P	1,103,000	1,103,000	269,540	0	
Faversham Recreation Ground Improvement – Reserves	SBC	0	50,000	0	0	
Faversham Recreation Ground Improvement – S106	P	225,920	225,920	0	0	
Gunpowder Works Oare Faversham -S106	P	0	9,000	0	0	
Leisure Centres	SBC	0	1,079,000	578,366	0	



Table 2 – Capital Programme 2019/20 Outturn as at end of September 2019

Capital Scheme	Funding SBC/ Partnership (P)	2019/20 Original Budget £	2019/20 Revised Budget £	2019/20 Actual to Date £	2019/20 Projected Variance £	Ref
Milton Creek Country Park Access Road	SBC	40,000	40,000	0	0	
Modular Toilet Kiosk, Minster Lees	SBC	30,000	30,000	0	0	
New Play Area – Iwade Scheme	P	45,000	45,000		0	
Hugh Price Close Play Area Improvements – External Grant	P	0	30,000	0	0	
Open Spaces Project Play Equipment – S106 Grant	P	226,000	226,000	0	0	
Play Improvements Project – Reserves	SBC	150,000	0	0	0	
Rectory Road Playing Field – Reserves	SBC	0	40,300	51,510	11,210	3.
Open Spaces Project – Balas Drive – External Grant	P	0	1,000	0	0	
Open Spaces Project – Balas Drive – Reserves	SBC	0	10,000	0	0	
Open Spaces Project – Digent Drive – Reserves	SBC	0	18,000	0	0	
Open Spaces Project – Minster Leas – Reserves	SBC	0	22,000	20,247	0	
Open Spaces Project – Minster Leas – External Grant	P	0	9,000	9,000	0	
Open Spaces Project – Milton Creek Country Park – Reserves	SBC	0	20,000	27,184	7,200	4.
Open Spaces Project – Shellness Road – Reserves	SBC	0	30,000	0	0	
Open Spaces Project – Shellness Road – External Grant	P	0	15,000	0	0	
Open Spaces Project – Shellness Road – S106 Grant	P	0	11,750	0	0	
Open Spaces Project – Rectory Play Field – S106 Grant	P	0	20,000	19,999	0	
Public Toilet Refurbishment – Forum Sittingbourne	SBC	0	0	0	50,000	5.

Table 2 – Capital Programme 2019/20 Outturn as at end of September 2019

Capital Scheme	Funding SBC/ Partnership (P)	2019/20 Original Budget £	2019/20 Revised Budget £	2019/20 Actual to Date £	2019/20 Projected Variance £	Ref
Public Toilet Refurbishment – Central Car Park Faversham	SBC	0	0	0	40,000	6.
Public Toilet Refurbishment – Spinney Leysdown	SBC	0	0	0	40,000	7.
Public Toilet Refurbishment – Minster Leas	SBC	0	0	0	80,000	8.
Resurfacing Promenade, The Leas	P	84,970	84,970	5,000	0	
Wheeled Bins – Reserves	SBC	0	0	0	94,000	9.
<b>Total Commissioning, Environment &amp; Leisure</b>		<b>1,904,890</b>	<b>3,119,940</b>	<b>980,846</b>	<b>442,410</b>	
Replacement of Air Pollution Monitoring Station	SBC	0	49,045	0	0	
<b>Total Environmental Health</b>		<b>0</b>	<b>49,045</b>	<b>0</b>	<b>0</b>	
New Folder/Inserter machine in Print Room	SBC	0	20,110	20,106	0	
<b>Total Property Services</b>		<b>0</b>	<b>20,110</b>	<b>20,106</b>	<b>0</b>	
Agresso Upgrade	SBC	0	5,210	0	0	
<b>Total Finance</b>		<b>0</b>	<b>5,210</b>	<b>0</b>	<b>0</b>	
ICT infrastructure and equipment replacement	SBC	91,200	91,200	49,666	1,300	10.
<b>Total Information Technology</b>		<b>91,200</b>	<b>91,200</b>	<b>49,666</b>	<b>1,300</b>	
Total Capital Programme (SBC funded)	SBC	<b>14,888,958</b>	<b>16,147,623</b>	<b>7,899,988</b>	<b>(18,979)</b>	
Total Capital Programme (Partnership funded)	P	<b>3,762,690</b>	<b>5,473,717</b>	<b>953,752</b>	<b>0</b>	
<b>Total Capital Programme</b>	<b>SBC &amp; P</b>	<b>18,651,648</b>	<b>21,621,340</b>	<b>8,853,740</b>	<b>(18,979)</b>	

## Notes

1. Rephasing of Sittingbourne Town Centre project.

**Table 2 – Capital Programme 2019/20 Outturn as at end of September 2019**

2. New scheme funded using capital receipts.
3. Additional expenditure to be funded using reserves.
4. New scheme funded using capital receipts.
5. New scheme funded using capital receipts.
6. New scheme funded using capital receipts.
7. New scheme funded using capital receipts.
8. New scheme funded using capital receipts.
9. Purchase of new wheeled bins using Repairs and Renewals Reserve.
10. Additional expenditure to be funded using reserves.

**Table 3.1: Sundry Debt Outstanding by Due Date**

	<b>September 2019 £'000</b>	<b>September 2018 £'000</b>
Not Due (less than 1 month)	301	368
1-2 Months	41	43
2-6 months	269	59
6-12 months	93	75
1-2 years	32	28
2-3 years	21	18
3-4 years	10	33
4-5 years	27	7
5-6 years	5	4
6 years +	33	35
<b>Total</b>	<b>832</b>	<b>670</b>
<b>Total over two months</b>	<b>490</b>	<b>259</b>
<b>% Total over two months</b>	<b>59%</b>	<b>39%</b>

'2 - 6 months' includes Spirit of Sittingbourne Network Rail invoice of £146,776;

**Table 3.2: Sundry Debt Outstanding by Head of Service**

	<b>September 2019 £'000</b>	<b>September 2018 £'000</b>
Property	143	193
Commissioning, Environment & Leisure	43	51
Housing, Economy & Communities	278	127
Environmental Health	0	0
Planning	4	3
Finance	0	0
Communications	5	0
Other	359	296
<b>Total</b>	<b>832</b>	<b>670</b>

'Housing, Economy & Communities' includes Spirit of Sittingbourne Network Rail invoice £146,776; 'Other' includes invoices for Council Tax Support Scheme Administration £141,600 and Swale Borough Council Incentive Fund Payment £112,070.

**Table 4: Fund Allocations 2019/20 as at the end of November 2019**

	<b>November 2019 £'000</b>
<b>Special Project Fund</b>	
Carbon Management Plan 2019 – 2023	25
Members Grants 2019/20	54
Parks Infrastructure Fund	150
Fuel and Water Poverty Outreach Worker (2 years)	100
Project Support Surveyor	45
Playground Improvements	40
Recycling Bins on main bathing beaches	10
Faversham Swimming Pool Boiler Replacement	93
Deep Clean in the four Air Quality Monitoring Areas	50
Clean Air Zone feasibility study	50
Eco stars – continued participation – working with haulage companies	5
Schools Walk to School project	1
Community Engagement – cross borough events	35
Social Inclusion Task Force – initiative to tackle social cohesion at grass roots level	40
Sheppey Hall – part fund essential improvements	40
Harty Ferry Artesian Well - repairs	10
St Anne’s Footbridge – lighting improvements	10
<b>Total Special Project Fund Approved as at 30 November 2019</b>	<b>758</b>
<b>Communities Fund</b>	
Murston Old Church	100
Volunteer Swale Awards 2019/20	5
Salt Giveaway	4
20’s Festival	25
Food Bank	30
<b>Total Communities Fund Approved as at 30 September 2019</b>	<b>164</b>

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<b>Scrutiny</b>	
<b>Meeting Date</b>	22 January 2020
<b>Report Title</b>	Budget 2020/21 and Medium Term Financial Plan
<b>Cabinet Member</b>	Cllr Truelove, Leader and Cabinet Member for Finance
<b>SMT Lead</b>	Nick Vickers, Chief Financial Officer
<b>Head of Service</b>	Nick Vickers, Chief Financial Officer
<b>Lead Officer</b>	Phil Wilson, Financial Services Manager
<b>Key Decision</b>	Yes
<b>Classification</b>	<b>Open</b>
<b>Recommendations</b>	<ol style="list-style-type: none"> <li>1. To note the draft 2020/21 revenue and capital budgets,</li> <li>2. To note the Medium Term Financial Plan, and</li> <li>3. To note £10m of borrowing facility to be allocated to support affordable housing initiatives.</li> </ol>

## 1. Purpose of Report and Executive Summary

- 1.1 This report sets out draft 2020/21 revenue and capital budgets and the draft Medium Term Financial Plan (MTFP).
- 1.2 The 2020/21 budget is the first budget set by the Coalition and it is a major opportunity for the administration to set a budget that reflects its priorities. This means a much higher priority on affordable housing, addressing climate change, health issues and the promotion of social equality. Given the highly constrained revenue budget position much of the change of emphasis focuses on the use of one-off reserve money being used to fund these priorities.
- 1.3 As part of the one year Spending Review by Government published on 4 September the changes planned for the financing of local authorities have been deferred from 1 April 2020 to 1 April 2021. So once again local authorities are working with next to no knowledge of the long term funding intentions of Government.
- 1.4 The Local Government Finance Settlement is normally announced in the middle of December and it is likely to be delayed due to the General Election.
- 1.5 The contents of this report will form the basis of the formal scrutiny of the proposals on 22 January.

## 2. Background

### Local Government Finance

- 2.1 The Government was committed to a new system of local government finance from 1 April 2020. This would have seen business rate localisation, a reset of each Council's business rate base position and the implementation of the Fair Funding Review notionally reflecting resource needs in the allocation of funding. In practice the aggregated financial impact of these changes would have led to substantial gainers and losers and a safety netting system to limit the impacts year on year. All of this is now postponed until 1 April 2021.
- 2.2 On 4 September the Chancellor of the Exchequer announced a one year financial settlement for local authorities. For local government the announcement focussed on upper tier Councils with social care responsibilities. For Swale the main issues are:
- 75% Business Rates Pilots will come to an end in March 2020 and there are no new pilots planned for 2020/21. Kent was not selected as a pilot in 2019/20 and we have participated in a Kent business rate pool and we expect this to continue,
  - A 2% Council Tax referendum limit will be proposed alongside an additional 2% for the Social Care Precept for Kent County Council. We also anticipate the £5 per annum maximum increase will be permitted, and
  - Legacy payments for New Homes Bonus will be paid. Since then a Government consultation paper gives a clear signal that there will be only two years of "legacy payments" in 2021/22, and only one in 2022/23. At its peak in 2016/17 the Council budgeted to receive £3,482,000 in New Homes Bonus, for 2022/23 we are now forecasting £371,000.
- 2.3 Whilst we have a further year before the new funding regime there are very genuine reasons for significant concerns about the impact of the Council's finances:
- As the recently published Deprivation Statistics show the borough has areas of high deprivation and is the 69th most deprived district within England and Wales, based on rank by average rank (out of 317). Swale is in no sense a "typical" South East England borough but it is highly unlikely that the new resource needs system will address this,
  - Business rates will be re-based and the Council will effectively lose the above average gains in business rates which it has benefitted from since 2013,
  - The Council has a relatively low Council Tax (second lowest to Ashford BC in Kent) and a relatively low council tax base, and



- The financial benefit of New Homes Bonus is being lost.

## **Business Rates**

- 2.4 From 1 April 2013 business rates were part localised. Given the large growth in business rates in the borough this has been hugely positive for the Council's finances.
- 2.5 For three years prior to 2018/19 the Council participated in a business rates pool with KCC, 10 other borough/district councils and the Fire Authority. The pool enabled business rates which would otherwise be passed to Central Government to be retained in the county. Under the arrangement the borough/district, KCC and a joint fund received 30% each and 10% went into a reserve. The Council share has largely been allocated to the Business Rate Volatility Reserve which is now being used to fund the Special Projects Fund. The shared Kent Pool Economic Development Reserve has been allocated to the Sheppey Lower Road improvements (£250k), the Visitor Economy Strategy (£250k) and approval was sought by the Financial Management Report to the Cabinet meeting to allocate a further £250k from this reserve to fund the Heritage Strategy. The £800k previously allocated to support M2 Junction 5 improvements will be now used to help achieve Council priorities.
- 2.6 For 2018/19 the Council was part of a business rate pilot 100% localisation. The direct financial gain was £890k to the Volatility Reserve and there is a further £1.7m through the Housing and Commercial Growth Reserve which is proposed to be used to fund borrowing to support affordable housing projects.
- 2.7 There are also potential pitfalls on business rates. For example, in July 2019 we were notified of a successful business rate appeal by Morrisons for their major warehouse on the 2010 rating list. The one-off cost charged to the provision for appeals is £2.5m and the ongoing impact is a £400k reduction in business rates income. However, the effect on future years' business rates income has been offset to an extent as a result of a change in the methodology used for calculating the cost of potential appeals for the 2017 rating list.
- 2.8 As will be seen in the Medium Term Financial Plan there is once again a substantial financial benefit from the localisation of business rates in 2020/21, but this is expected to dissipate in the remaining years of the MTFP.

## **Coalition Priorities**

- 2.9 It has already been reported that there are in year pressures from initiatives to achieve Coalition priorities. These include,
- Moving the lowest paid staff in the Council on to the Real Living Wage,
  - Reintroducing the car parking concession for users of the Swallow and Sheerness leisure centres,

- Creating a new dedicated post to support Health initiatives, and
- Additional posts in Housing Options.

2.10 The Special Projects Fund was created in July and Cabinet agreed that it would be funded at £1m a year for four years from reserves. This fund is initially focussing on addressing the backlog of work on the public realm and on initiatives to address the Council's far reaching objectives relating to Climate Change.

### **Homelessness**

2.11 For Councils which have transferred their stock the main focus in terms of housing is the management of homelessness and the management of inspection services on private landlords. The introduction of the Homeless Reduction Act from 1 April 2018 has put further increase cost pressures on the Council.

2.12 In May 2019 the administration committed to deliver more affordable homes in Swale, this was further confirmed with the adoption of the Housing, Homelessness and Rough Sleeping Strategy in July 2019. The key objective within the strategy relating to affordable homes is to “develop a borough wide approach to invest in and deliver affordable homes, with a particular focus on social rent”.

2.13 The impact of this strategy can be seen in financial terms in two main areas;

- Homelessness cost pressure - the cost pressures are set out in the Appendix and the net impact is a pressure of £468k. This pressure will be fully funded in the 2020/21 revenue budget. At the same time it is intended that the restructure of the Housing Options Team with four additional posts including two funded from the Council revenue budget will allow more time to be allocated to prevention and more resources for case work, and
- It is proposed that £10m of borrowing facility is allocated to support affordable housing initiatives. Adding to the supply of affordable housing is critical. One route is through the planning process and the other is through direct intervention, most likely with established Registered Providers. Cabinet, deputy cabinet members and senior officers have had extensive discussion with Homes England and Registered Providers and good progress is being made on bringing proposals to Cabinet.

### **Use of Reserves**

2.14 The Reserves are examined in more detail in the February Council report. But the Financial Management Report to Cabinet set out more information on the use being made of the existing Communities Fund and the new Special Projects Fund. With Reserves having increased so substantially in recent years and the constraints on the revenue budget the Reserves are critical for

the Coalition to achieve its objectives but at the same time maintain a prudent management of the Council's overall finances.

## Capital Strategy

- 2.15 The capital strategy will be reported to Cabinet and Council in February. Unlike last year when no capital budget was submitted for scrutiny in January an outline capital budget is attached to this report. At this stage it is assumed that all the financial aspects of the Sittingbourne Town Centre (STC) project will be complete by 31 March so STC is not included in the capital budget.
- 2.16 New projects for the capital budget will be subject to individual business cases for decision by Cabinet. But a number of potential projects can be highlighted at this stage:
- Affordable housing - the Council will also use the £1.7m North Kent Growth Reserve money funded from the Business Rates pilot to fund up to £10m of borrowing for affordable housing.
  - Swale House refurbishment - two projects are underway in relation to Swale House; a piece of work by the Carbon Trust as part of a wider review of the Council's carbon emissions which will identify what remedial work is required to achieve carbon neutrality for Swale House. And as an addition to the One Public Estate Work, Pellings are undertaking a structural review of Swale House and a detailed assessment of the Council's space requirements and the scope for getting additional tenants into the building. There will be capital costs from this work which cannot be fully assessed at this time.

## Council Tax

- 2.17 The 2020/21 budget and the MTFP assume an increase of £4.95 per annum subject to confirmation in the Local Government Finance Settlement of the parameters for District Councils.

## Contractual Price Inflation

- 2.18 The Council's major contracts are subject to price inflation (or deflation) provisions. The main contracts have the following provisions:

Contract	Inflation Provision
Refuse/ Street cleaning	Average Weighted Earnings (AWE) 40%, Consumer Price Index (CPI) 40%, and Diesel fuel index 20%;
Grounds maintenance	Retail Price Index excluding mortgage interest payments (RPIX)
Leisure	Retail Price Index
Public Conveniences	AWE 55%, CPI 35%, and Diesel fuel index 10%.

## Staff Pay

- 2.19 The staff pay increase, to which member's allowance increases are linked, is subject to negotiation locally. The current budget provision is for a 2% increase plus staff increments where applicable.

## 3. Proposals

- 3.1 Given the timing of this report this is an interim step in the development of fully balanced budget proposals.
- 3.2 The updated Medium Term Financial Plan is attached in Appendix I. It currently shows a gap to be closed for a balanced position of £714k.
- 3.3 Variations over £5,000 from the 2019/20 base budget are set out in Appendix II. For convenience they are shown by Head of Service with the standard categories of Growth, Unavoidable Cost Pressures, Loss of Income, Service Savings and Additional Income.
- 3.4 The budget gap has to be closed and the only options available are to reject pressures, identify new savings or fund from reserves. This work is ongoing and already the following pressures have been reviewed:

<b>Pressure</b>	<b>Action</b>
Member Localism Grants top up £54k	To be funded from the Special Projects Fund
Culture Grants £10k	To be funded from Communities Fund if required for 2020/21
Legal loss of S106 income £41k	This income supports the base budget, if income reduces then costs will have to be reduced.
Economy and Community Services (ECS) growth £148k	Alternative funding to be explored
Bheard (staff) survey £12k	To be funded from Performance Fund
Benefit cost pressure £52k	To be funded from Revenues & Benefits Reserve
Chief Financial Officer £22k	To be spread across other teams within Resources directorate

- 3.5 These proposals total £339k leaving a gap to close of £375k.

- 3.6 The draft capital budget is attached in Appendix III.

## 4. Alternative Options

- 4.1 Do nothing – This is not recommended as the Council is legally required to set a balanced budget. The Constitution also requires Scrutiny to have budget proposals one month in advance of their January meeting.

4.2 This report details the budget proposals as at 18 December 2019 of the Cabinet who invite alternative proposals to be put forward. A further budget report will be submitted to Cabinet and Council in February 2020.

## 5. Consultation Undertaken or Proposed

5.1 Formal consultation with the business community will be undertaken.

## 6. Implications

Issue	Implications
Corporate Plan	The budget proposals support the achievement of the Council's corporate priorities.
Financial, Resource and Property	The report sets out the Council's resourcing position.
Legal, Statutory and Procurement	The Council is required to set a Council tax and a balanced budget.
Crime and Disorder	Any potential implications will be addressed by service managers in their budget proposals.
Environment and Sustainability	The proposals support the Climate Change and Ecological motion agreed by Cabinet.
Health and Wellbeing	Funding is allocated for a dedicated Health post.
Risk Management and Health and Safety	Any potential implications will be addressed by service managers in their budget proposals.
Equality and Diversity	Any potential implications will be addressed by service managers in their budget proposals.
Privacy and Data Protection	Any potential implications will be addressed by service managers in their budget proposals.

## 7. Appendices

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

- Appendix I: Medium Term Financial Plan
- Appendix II: Budget variations
- Appendix III: Capital budget

## 8. Background Papers

None

## Medium Term Financial Plan (MTFP)

	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000
Base budget	18,613	18,529	18,447	18,447
Growth items	0	1,468	1,576	1,642
Unavoidable cost pressures	0	2,757	2,729	2,830
Loss of income	0	391	391	391
Additional income	0	(1,821)	(2,127)	(2,331)
Committed price increases	0	273	481	686
Lower Medway Internal Drainage Board <i>assuming a 2% precept increase</i>	817	833	850	867
<u>Salary Related:</u>				
Pay award (2%)	0	257	520	787
Other pay increases	0	78	125	150
Contribution to/(from) reserves	(740)	(478)	(396)	(396)
Revenue Support Grant	(113)	(115)	0	0
Business Rates <i>This does not reflect the changes from Fair Funding Review, Baseline Reset and New Approach to Business Rates which are due to be implemented in 2021/22</i>	(7,768)	(8,750)	(8,845)	(9,010)
Contribution from Business Rates Reserves	(250)	(250)	0	0
Levy account surplus	(65)	(173)	0	0
Council Tax	(8,258)	(8,619)	(8,990)	(9,370)
New Homes Bonus	(1,875)	(1,605)	(752)	(371)
<b>Savings Required</b>	<b>361</b>	<b>2,775</b>	<b>4,009</b>	<b>4,322</b>
Service savings	0	(2,061)	(2,074)	(2,068)
Requirement for balanced position	0	(714)	(1,935)	(2,254)
<b>Committed savings</b>	<b>0</b>	<b>(2,775)</b>	<b>(4,009)</b>	<b>(4,322)</b>
<b>Contribution from General Fund</b>	<b>361</b>	<b>0</b>	<b>0</b>	<b>0</b>
Council Tax	£174.42	£179.37	£184.32	£189.27
Council Tax increase %	2.70%	2.84%	2.76%	2.69%
Council Tax increase £	£4.49	£4.95	£4.95	£4.95

## Budget Variations

No.	Head of Service	Description	Type of Spend/ Income	Previous Year Actual 2018/19 £	Original Budget 2019/20 £	MTFP Category	Explanation of Budget Change	2020-21 increase over and above 19/20 £	2021-22 increase over and above 19/20 £	2022-23 increase over and above 19/20 £
1	ADAMS	Swale House	Fees and Services	271	0	Growth items	Cost of security service	30,000	30,000	30,000
2	ADAMS	Central House	Electricity	6,260	6,260	Service savings	Management to be transferred to Swale Community Leisure	-6,260	-6,260	-6,260
3	ADAMS	Central House	Service Charge	-9,443	-6,300	Loss of income	Management to be transferred to Swale Community Leisure	6,300	6,300	6,300
4	ADAMS	Central House	Recharge of Utility costs	-10,941	-9,200	Loss of income	Management to be transferred to Swale Community Leisure	9,200	9,200	9,200
5	ADAMS	Miscellaneous General Fund Properties	Rents - Properties	-361,213	-360,500	Loss of income	No income from Fountain Street properties	10,500	10,500	10,500
6	<b>ADAMS</b>	<b>Sub Total</b>						<b>49,740</b>	<b>49,740</b>	<b>49,740</b>
7	BEATTIE	Food & Safety	MKS Charges for Environmental Services	247,001	283,900	Service savings	Reduction in shared service recharge.	-25,710	-20,550	-15,280
8	BEATTIE	Environmental Protection	MKS Charges for Environmental Services	179,448	181,170	Growth items	Shared service recharge not including Air Quality Officer	6,430	10,180	14,010

## Budget Variations

No.	Head of Service	Description	Type of Spend/ Income	Previous Year Actual 2018/19 £	Original Budget 2019/20 £	MTFP Category	Explanation of Budget Change	2020-21 increase over and above 19/20 £	2021-22 increase over and above 19/20 £	2022-23 increase over and above 19/20 £
9	BEATTIE	Environmental Protection	MKS Charges for Environmental Services	0	50,000	Growth items	Air Quality Project Officer added to 2019/20 Budget for 2 years only funded from reserves.	-11,000	-50,000	-50,000
10	BEATTIE	Contribution from the General Reserve	General reserve	0	-50,000	Growth items	Air Quality Project Officer added to 2019/20 Budget for 2 years only funded from reserves.	11,000	50,000	50,000
11	BEATTIE	Shellfish Classification	Sampling / Monitoring	17,375	25,000	Service savings	Savings in cost of contract	-6,250	-6,000	-5,500
12	BEATTIE	Pollution Prevention Control	Environmental Protection Act Fees	-17,209	-30,500	Loss of income	To reflect actual reduction in income	12,500	12,500	12,500
13	BEATTIE	Kent & Medway Air Quality Data Management Network	Private Contractors	17,479	0	Growth items	The Kent & Medway Contract ends 20-21. As yet procurement not started and may transfer to another Local Authority.	17,480	0	0
14	BEATTIE	Kent & Medway Air Quality Data Management Network	Fees and charges	-18,741	0	Additional income	Offset of growth item above.	-17,480	0	0
15	<b>BEATTIE</b>	<b>Sub Total</b>						<b>-13,030</b>	<b>-3,870</b>	<b>5,730</b>
16	CLIFFORD	Democratic Services	Salaries	216,490	186,690	Growth items	Additional resource for providing Election and Democratic Service	10,000	10,000	10,000
17	CLIFFORD	General Democratic Costs	Members Travel - Taxable	0	6,990	Service savings	Budget not required due to mileage rate being set at 45p	-6,990	-6,990	-6,990



## Budget Variations

No.	Head of Service	Description	Type of Spend/ Income	Previous Year Actual 2018/19 £	Original Budget 2019/20 £	MTFP Category	Explanation of Budget Change	2020-21 increase over and above 19/20 £	2021-22 increase over and above 19/20 £	2022-23 increase over and above 19/20 £
18	CLIFFORD	General Democratic Costs	MKS Accounts	0	38,720	Service savings	Savings to fund Information Governance Assistant	-25,000	-25,000	-25,000
19	CLIFFORD	General Democratic Costs	MKS Director	39,809	36,840	Unavoidable cost pressures	Council's share of costs	5,190	6,030	6,890
20	CLIFFORD	Contributions from funds	Expenditure funded from reserves	0	-120,000	Growth items	Removal of 19/20 Budget to fund 19/20 elections from reserves	120,000	120,000	120,000
21	CLIFFORD	Borough & Parish Elections	Elections	0	120,000	Growth items	Removal of 19/20 Budget to fund 19/20 elections from reserves	-120,000	-120,000	-120,000
22	CLIFFORD	Borough & Parish Elections	Contribution from Other Local Authorities	-1,820	-15,000	Loss of income	Budget originally to cover parish and town elections in May 2019. Council will only recharge parish councils if there are by-elections	15,000	15,000	15,000
23	CLIFFORD	Electoral Registration	Postage	21,204	31,100	Service savings	Canvass reform result in reduced postage	-5,100	-5,100	-5,100
24	CLIFFORD	<b>Sub Total</b>						<b>-6,900</b>	<b>-6,060</b>	<b>-5,200</b>
25	CASSELL	Environment Wardens	Hire & Leases	15,549	15,750	Growth items	This is the current estimate to hire 6 electric vehicles (or hybrid if suitable electric vehicles are not available).	26,250	26,250	26,250

## Budget Variations

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26	CASELL	Serco Paisa	Contracts	223,980	223,980	Service savings	Repayments under Paisa now completed - full savings on interest and principal for this finance lease is shown under Finance (94 & 95)	-223,980	-223,980	-223,980
27	CASELL	Serco Paisa	Contracts	-223,980	-223,980	Unavoidable cost pressures	Repayments under Paisa now completed - full savings on interest and principal for this finance lease is shown under Finance (94 & 95)	223,980	223,980	223,980
28	CASELL	Client & Amenity Services Staff	Salaries	0	0	Growth items	Recruitment of full time Project Support Surveyor. Currently funded via a performance fund which is due expire in Jan 2020. Therefore a Special Projects Fund has been approved.	45,000	0	0
29	CASELL	Contributions from Funds	Expenditure funded from reserves	0	0	Growth items	Recruitment of full time Project Support Surveyor. Currently funded via a performance fund. Therefore a Special Projects Fund bid has been approved.	-45,000	0	0
30	CASELL	Car Park Staff	MKS Charges for Car Parking	111,604	102,990	Unavoidable cost pressures	Increase for cost of service from Maidstone Council	11,010	13,010	15,010

## Budget Variations

No.	Head of Service	Description	Type of Spend/ Income	Previous Year Actual 2018/19 £	Original Budget 2019/20 £	MTFP Category	Explanation of Budget Change	2020-21 increase over and above 19/20 £	2021-22 increase over and above 19/20 £	2022-23 increase over and above 19/20 £
31	CASELL	Swale Car Parks	Fees and charges	0	0	Growth items	To reinstate free car parking at the Swallow Leisure Centre	90,000	90,000	90,000
32	CASELL	Seafront	Grants & Contributions	-2,887	-29,000	Loss of income	One-off grant not continued into future years	29,000	29,000	29,000
33	CASELL	Seafront	Equipment Purchase	809	29,800	Service savings	One-off grant not continued into future years.	-29,000	-29,000	-29,000
34	CASELL	Public Conveniences	Water	40,010	36,140	Growth items	Addition of four public conveniences	11,120	11,120	11,120
35	CASELL	Public Conveniences	Private Contractors	216,641	224,610	Growth items	New toilets at Minster Leas beach huts and Milton Creek Country Park and potential re-opening of Milton High Street. Addition of The Retreat Kiosk for 7 months	26,110	33,630	41,380
36	CASELL	Recycling Campaign	Garden Waste Scheme-Brown Bins (not compost bins)	-505,375	-520,000	Additional income	Predicted growth in Garden Waste subscriptions	-10,000	-10,000	-10,000
37	CASELL	Special Collections	Fees & Charges	-29,744	-25,000	Service savings	Increase in income to reflect higher frequency of cleansing for A249 laybys.	-9,450	-10,480	-11,550

## Budget Variations

No.	Head of Service	Description	Type of Spend/ Income	Previous Year Actual 2018/19 £	Original Budget 2019/20 £	MTFP Category	Explanation of Budget Change	2020-21 increase over and above 19/20 £	2021-22 increase over and above 19/20 £	2022-23 increase over and above 19/20 £
38	CASELL	Wheeled Bins	Equipment Purchase	214,345	137,000	Unavoidable cost pressures	Wheeled bins continue to need replacing due to coming to end of life - Propose using existing reserve for 20-21 and 21- 22, additional required for 22-23. Reserve £181k at 1/4/2019 & reserve increased by £35k pa.	0	0	63,000
39	<b>CASELL</b>	<b>Sub Total</b>						<b>145,040</b>	<b>153,530</b>	<b>225,210</b>
40	CLIFFORD	Sheerness Gateway	Fees and Services	0	6,330	Service savings	Budget no longer required as fees and services included in Contracts	-6,330	-6,330	-6,330
41	CLIFFORD	Customer Service Centre Staff	Computer Equipment & Materials	0	0	Growth items	For the annual cost of My Council services (MCS) platform. This will form part of the MKS ICT IT equipment budget but is shown here under the service responsible for the software	38,440	38,440	38,440

## Budget Variations

No.	Head of Service	Description	Type of Spend/ Income	Previous Year Actual 2018/19 £	Original Budget 2019/20 £	MTFP Category	Explanation of Budget Change	2020-21 increase over and above 19/20 £	2021-22 increase over and above 19/20 £	2022-23 increase over and above 19/20 £
42	CLIFFORD	Data Protection Resource	Salaries	50,681	61,970	Service savings	Information Governance (IG) officer post	-4,410	-61,970	-61,970
43	CLIFFORD	Contributions from Funds	Salaries	0	0	Service savings	IG officer post funded for part year from reserves (Performance Fund)	-43,170	0	0
44	CLIFFORD	Data Protection Resource	Salaries	0	0	Growth items	Information Governance Assistant post permanent and funded from savings shown against Democratic Services and Chief Executive	37,690	38,450	39,210
45	CLIFFORD	Data Protection Resource	Salaries	0	0	Growth items	Information Governance Support Officer post as permanent in Council's staffing establishment	28,360	30,090	31,920
46	CLIFFORD	Communication Services	Signage	0	6,010	Service savings	Reduction in cost of signage for Communication Services	-6,010	-6,010	-6,010
47	<b>CLIFFORD</b>	<b>Sub Total</b>						<b>44,570</b>	<b>32,670</b>	<b>35,260</b>
48	HUDSON	Closed Circuit Television - (CCTV)	CCTV Line Rental	26,209	41,900	Service savings	CCTV project is progressing. Savings on contract	-14,900	-14,900	-14,900
49	HUDSON	Closed Circuit Television - (CCTV)	CCTV Monitoring Service	230,467	227,000	Service savings	CCTV project is progressing. Savings on contract	-50,000	-50,000	-50,000

## Budget Variations

No.	Head of Service	Description	Type of Spend/ Income	Previous Year Actual 2018/19 £	Original Budget 2019/20 £	MTFP Category	Explanation of Budget Change	2020-21 increase over and above 19/20 £	2021-22 increase over and above 19/20 £	2022-23 increase over and above 19/20 £
50	HUDSON	Members Localism Grants	Grants & Subscriptions	111,342	59,000	Growth items	Additional budget has been funded from the Regeneration Fund since 2012/13. As the Regeneration Fund is no longer available, this increase of £53,800 to provide each Councillor with £2,400.	53,800	53,800	53,800
51	HUDSON	Sittingbourne Regeneration	Salaries	0	0	Growth items	ECS Town Centre Manager cost currently funded from STC capital but to be permanent in Council's staffing establishment	59,000	60,180	61,380
52	HUDSON	Sittingbourne Regeneration	Salaries	0	0	Growth items	ECS Regeneration Officer (Town Centres) currently funded from Regeneration Fund but to be permanent in Council's staffing establishment	49,980	50,980	52,000
53	HUDSON	Economic Development (General)	Salaries	0	0	Growth items	ECS Economic Development Support Officer - currently funded from Regeneration Fund but to be permanent in Council's staffing establishment	39,300	40,090	40,890

## Budget Variations

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54	HUDSON	Culture Grants	Grants & Subscriptions	37,651	0	Growth items	Culture Grants Originally funded from Localism Fund. Scheme has continued without budget.	10,000	10,000	10,000
55	HUDSON	Remembrance and Commemoration	Grants & Subscriptions	14,353	25,000	Service savings	World War One scheme has ended - budget no longer required.	-25,000	-25,000	-25,000
56	HUDSON	Sports Development	Fees and Services	8,819	15,860	Service savings	No longer required	-7,860	-7,860	-7,860
57	HUDSON	Housing Strategy & Development	Grant of Community Housing Fund monies	33,000	0	Growth items	Remaining Grant £281,232 to be provided to Action for Communities in Rural Kent (ACRK)	93,740	93,740	93,740
58	HUDSON	Housing Strategy & Development	MHCLG Community Housing Grant	-33,000	0	Additional income	Remaining £281,232 community housing fund grant to be paid as per current agreement to ACRK to continue project.	-93,740	-93,740	-93,740
59	HUDSON	Public Health	Salaries	0	0	Growth items	Public Health post	40,990	41,810	42,650

## Budget Variations

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60	HUDSON	Temporary Accommodation (Homelessness)	Salaries	0	100,000	Growth items	Housing, Homelessness and Rough Sleepers Strategy approved in 2019/20 Budget to fund the fixed term posts spread over two years	-100,000	-100,000	-100,000
61	HUDSON	Contributions from Funds	Salaries	0	-100,000	Growth items	Housing, Homelessness and Rough Sleepers Strategy approved in 2019/20 Budget to fund the fixed term posts spread over two years was funded from reserves	100,000	100,000	100,000
62	HUDSON	Temporary Accommodation (Homelessness)	Homeless Additional Budget Approved 18/19	0	39,460	Service savings	This funding for 2019/20 only	-39,460	-39,460	-39,460
63	HUDSON	Temporary Accommodation (Homelessness)	Salaries	0	0	Growth items	Housing Review staffing costs permanent increase to the establishment	65,000	66,300	67,630



## Budget Variations

No.	Head of Service	Description	Type of Spend/ Income	Previous Year Actual 2018/19 £	Original Budget 2019/20 £	MTFP Category	Explanation of Budget Change	2020-21 increase over and above 19/20 £	2021-22 increase over and above 19/20 £	2022-23 increase over and above 19/20 £
64	HUDSON	Temporary Accommodation (Homelessness)	NL (Nightly Lets) - Homelessness Landlord Payments	1,006,378	0	Unavoidable cost pressures	Expected expenditure based on monthly monitoring	1,700,000	1,700,000	1,700,000
65	HUDSON	Temporary Accommodation (Homelessness)	B & B - Homelessness Landlord Payments	190,719	1,201,800	Service savings	Reduction in Bed and Breakfast costs for homelessness	-961,800	-961,800	-961,800
66	HUDSON	Temporary Accommodation (Homelessness)	Housing Benefit received	-502,177	-377,910	Additional income	Additional benefit income due to increase in homelessness costs. This figure is being reviewed with Housing	-350,000	-350,000	-350,000
67	HUDSON	Temporary Accommodation (Homelessness)	Government grants	0	0	Additional income	Anticipated increase in government grants to help local authorities deal with growing homelessness problem. This is not based on any government announcement	-100,000	-100,000	-100,000
68	HUDSON	Temporary Accommodation (Homelessness)	Optivo - Homelessness Landlord Payments	156,863	0	Unavoidable cost pressures	Expected expenditure based on monthly monitoring	180,000	180,000	180,000

## Budget Variations

No.	Head of Service	Description	Type of Spend/ Income	Previous Year Actual 2018/19 £	Original Budget 2019/20 £	MTFP Category	Explanation of Budget Change	2020-21 increase over and above 19/20 £	2021-22 increase over and above 19/20 £	2022-23 increase over and above 19/20 £
69	HUDSON	Housing - Housing Options Team	Rent Deposit Scheme Debt Recovery by Finance	6,000	0	Growth items	Charge from Finance for the administration of the Rent Deposit Scheme Debt Recovery (See 87 additional income under Finance).	6,000	6,000	6,000
70	<b>HUDSON</b>	<b>Sub Total</b>						<b>655,050</b>	<b>660,140</b>	<b>665,330</b>
71	FREEMAN	Planning Admin Team	MKS charges for Planning	196,054	201,770	Unavoidable cost pressures	MKS recharges	21,930	26,400	30,960
72	<b>FREEMAN</b>	<b>Sub Total</b>						<b>21,930</b>	<b>26,400</b>	<b>30,960</b>
73	NAREBOR	Legal (Clientside Costs)	Legal Fees - Planning/S106	-78,805	-72,600	Loss of income	The S106 income has been weaker this year and this is expected to continue. The wider uncertainty in the property market makes a conservative income estimate based on current income for future MKLS income the most realistic approach.	40,600	40,600	40,600

## Budget Variations

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74	NAREBOR	MKLS - Legal Services	Salaries	918,257	1,153,580	Growth items	In response to the deletion of the MKS support officer role and the transfer of these responsibilities to the MKLS Business Manager there is provisional agreement that the Legal staffing budget will be increased by £6000 to complete funding for a full-time corporate governance lawyer.	6,000	6,000	6,000
75	NAREBOR	MKLS - Legal Services	MKLS running costs	-1,223,768	-1,107,120	Service savings	Contributions from partner authorities to the £6k increase for corporate governance lawyer	-4,400	-4,400	-4,400
76	<b>NAREBOR</b>	<b>Sub Total</b>						<b>42,200</b>	<b>42,200</b>	<b>42,200</b>
77	RADFORD	Corporate Costs	Salaries	0	243,520	Service savings	Savings to meet cost of Information Governance assistant	-11,000	-11,000	-11,000
78	<b>RADFORD</b>	<b>Sub Total</b>						<b>-11,000</b>	<b>-11,000</b>	<b>-11,000</b>
79	SANDHER	Human Resources	Salaries			Growth items	To implement the Real Living Wage for SBC staff	68,000	68,000	68,000
80	SANDHER	Human Resources	Fees and Services	11,476	0	Growth items	To fund bHeard survey	12,000	0	12,000
81	<b>SANDHER</b>	<b>Sub Total</b>						<b>80,000</b>	<b>68,000</b>	<b>80,000</b>

## Budget Variations

No.	Head of Service	Description	Type of Spend/ Income	Previous Year Actual 2018/19 £	Original Budget 2019/20 £	MTFP Category	Explanation of Budget Change	2020-21 increase over and above 19/20 £	2021-22 increase over and above 19/20 £	2022-23 increase over and above 19/20 £
82	VICKERS	Licences (Legal)	Licence Fees (Gambling)	-21,548	-41,280	Loss of income	To align the budget with the forecast income	20,280	20,280	20,280
83	VICKERS	Chief Finance Officer	Salaries	0	49,930	Growth items	Increase in hours for Chief Financial Officer	21,840	23,280	24,740
84	VICKERS	Benefit and Council Tax Support Administration	Benefit Subsidy	-451,413	-432,110	Unavoidable cost pressures	Reduction in benefit administration grant from government.	52,280	71,280	89,320
85	VICKERS	Benefit and Council Tax Support Administration	Council Tax Support Grant	-174,170	-162,780	Unavoidable cost pressures	Reduction in council tax support grant from government.	8,140	15,870	23,220
86	VICKERS	MKS Enforcement Service Council Tax	MKS Debt Recovery Service Income	-133,147	-125,000	Additional income	Additional income from this shared service for C Tax debt recovery	-34,000	0	0
87	VICKERS	Exchequer & Banking	Recovery - Rent Deposit Scheme Debt Work	-6,000	0	Additional income	Income from Housing for debtors work	-6,000	-6,000	-6,000
88	VICKERS	Interest Payable	Interest payable on external loans	16,862	0	Unavoidable cost pressures	Cost of interest on existing external loans	89,970	0	0
89	VICKERS	Adjustments between accounting/funding basis	Salaries	0	-52,710	Growth items	Represents 18/19 staff savings not identified out of total £250k required savings in previous budgets	52,710	52,710	52,710

## Budget Variations

No.	Head of Service	Description	Type of Spend/ Income	Previous Year Actual 2018/19 £	Original Budget 2019/20 £	MTFP Category	Explanation of Budget Change	2020-21 increase over and above 19/20 £	2021-22 increase over and above 19/20 £	2022-23 increase over and above 19/20 £
90	VICKERS	Adjustments between accounting/funding basis	Pension Enhancements:	229,669	240,000	Service savings	Reduction in pension enhancement costs for retired staff	-11,000	-12,000	-13,000
91	VICKERS	All staff costs	Payroll - Superannuation Future Funding	1,152,270	1,258,350	Unavoidable cost pressures	Pension increase from triennial revaluation for Future Funding	289,540	289,540	289,540
92	VICKERS	Adjustments between accounting/funding basis	Payroll - Superannuation Back Funding	1,414,000	1,448,430	Service savings	Pension reduction from triennial revaluation for Back Funding	-289,540	-289,540	-289,540
93	VICKERS	Contributions from Funds	Expenditure funded from reserves	0	-74,050	Unavoidable cost pressures	Use of 2018/19 underspend to support 2019/20 Budget removed	74,050	74,050	74,050
94	VICKERS	Interest Payable	Interest Payable	40,639	18,740	Service savings	End of Leisure finance lease interest element.	-18,740	-18,740	-18,740
95	VICKERS	Adjustments between accounting/funding basis - GF	Minimum Revenue Provision (MRP)	183,000	140,000	Service savings	End of Leisure finance lease principal element. This has nil effect on Leisure budget and true saving is shown here	-140,000	-140,000	-140,000
96	VICKERS	Adjustments between accounting/funding basis - GF	Minimum Revenue Provision	254,753	451,000	Growth items	Minimum Revenue Provision for capital items funded from internal borrowing	257,000	369,000	397,000

## Budget Variations

No.	Head of Service	Description	Type of Spend/ Income	Previous Year Actual 2018/19 £	Original Budget 2019/20 £	MTFP Category	Explanation of Budget Change	2020-21 increase over and above 19/20 £	2021-22 increase over and above 19/20 £	2022-23 increase over and above 19/20 £
97	VICKERS	STC Princes Street Retail Park	Fees and Services	22,322	10,000	Unavoidable cost pressures	Property Management fee and unrecoverable service charges for the STC Retail Park	13,600	13,600	13,600
98	VICKERS	STC Princes Street Retail Park	Rents	-438,610	0	Additional income	Rental income from STC Retail Park	-495,000	-495,000	-495,000
99	VICKERS	STC Princes Street Retail Park	Rents	0	-240,000	Loss of income	Removal of previous budget for rental income from STC Retail Park	240,000	240,000	240,000
100	VICKERS	STC Cinema, Hotel, Restaurants, Bourne place	Rents	0	0	Additional income	STC Bourne Place rental income for cinema, hotel and restaurants.	-584,290	-937,700	-1,137,690
101	VICKERS	STC Cinema, Hotel, Restaurants, Bourne place	Fees and charges	0	0	Growth items	Cinema/ restaurants and Travelodge operational costs	10,000	10,000	10,000
102	VICKERS	STC Multi-storey Car Park	Various	0	0	Growth items	Costs of managing the new Multi-Storey Car Park	183,610	187,280	191,020
103	VICKERS	STC Multi-storey Car Park	Fees and charges	0	0	Additional income	Multi Storey Car Park increased income	-100,000	-100,000	-100,000
104	VICKERS	STC Multi-storey Car Park	Rates	0	0	Growth items	New Multi Storey Car park - business rates	86,000	87,720	89,470
105	<b>VICKERS</b>	<b>Sub Total</b>						<b>-279,550</b>	<b>-544,370</b>	<b>-685,020</b>
106	WOODWARD	ICT Development, Network & Support	MKS Charges for ICT	381,190	418,800	Unavoidable cost pressures	Increase in shared services recharge as agreed at Shared Services Board	49,200	49,200	49,200

## Budget Variations

No.	Head of Service	Description	Type of Spend/ Income	Previous Year Actual 2018/19 £	Original Budget 2019/20 £	MTFP Category	Explanation of Budget Change	2020-21 increase over and above 19/20 £	2021-22 increase over and above 19/20 £	2022-23 increase over and above 19/20 £
107	WOODWARD	GIS	MKS Charges for ICT	72,064	67,630	Unavoidable cost pressures	Increase in shared services recharge as agreed at Shared Services Board	5,370	5,370	5,370
108	<b>WOODWARD</b>	<b>Sub Total</b>						<b>54,570</b>	<b>54,570</b>	<b>54,570</b>
109	<b>Committed price increases</b>							<b>272,920</b>	<b>480,610</b>	<b>685,900</b>
110	<b>Minor items</b>							<b>-48,290</b>	<b>-26,760</b>	<b>-23,810</b>
111	<b>Grand Total</b>							<b>1,007,250</b>	<b>975,800</b>	<b>1,149,870</b>

## Capital Programme

	Funding SBC/ Partner- ship	2019/20 Original Budget	2019/20 Revised Budget	2020/21 Original Budget	2021/22 Original Budget	Budget Later Years
		£	£	£	£	£
<b><u>Housing, Economy &amp; Community Services - C. Hudson</u></b>						
CCTV – Reserves	SBC	15,000	30,000	0	0	0
The Mill Project, Sittingbourne Skate Park – S106	P	0	1,350	0	0	0
The Mill Project, Sittingbourne Skate Park – Capital Grant	P	15,000	15,000	0	0	0
The Mill Project, Sittingbourne Skate Park – Capital Receipts	SBC	150,000	200,000	0	0	0
Faversham Creek Basin Regeneration Project (Swing Bridge) – Capital Receipts	SBC	200,000	200,000	0	0	0
Sittingbourne Town Centre –Internal/External Borrowing	SBC	14,212,758	13,750,069	0	0	0
Disabled Facilities Grant – External Grant	P	2,062,800	3,676,727	2,062,800	2,062,800	2,062,800
<b>Total Housing, Economy &amp; Community Services</b>		<b>16,655,558</b>	<b>17,873,146</b>	<b>2,062,800</b>	<b>2,062,800</b>	<b>2,062,800</b>
<b><u>Commissioning, Environment &amp; Leisure - M. Cassell</u></b>						
Barton's Point Coastal Park - replacement bridge - Capital Receipts	SBC	0	120,000	0	0	0
Faversham Recreation Ground Improvements – External Grants	P	1,103,000	1,103,000	104,080	104,080	156,210
Faversham Recreation Ground Improvements – Reserves	SBC	0	50,000	0	0	0
Faversham Recreation Ground Improvements – S106	P	225,920	225,920	21,320	21,320	21,320
Gunpowder Works Oare Faversham – S106	P	0	9,000	0	0	0
Leisure Centres – Internal / External Borrowing	SBC	0	1,079,000	0	0	0
Milton Creek Access Road – Reserves	SBC	40,000	40,000	0	0	0
Modular Toilet Kiosks – Reserves	SBC	30,000	0	0	0	0
Public toilet refurbishment - Minster Leas - Reserves	SBC	0	30,000	0	0	0
New Play Area – Iwade Schemes – S106	P	45,000	45,000	0	0	0
Hugh Price Close Play Area Improvements – External Grants	P	0	30,000	0	0	0
Open Spaces Play Equipment – S106	P	226,000	226,000	130,000	100,000	0
Play Improvements – Reserves	SBC	150,000	0	150,000	100,000	0
Play Improvements Rectory Road Playing Field - Reserves	SBC	0	51,510	0	0	0
Play Improvements – Balas Drive – External Grant	P	0	1,000	0	0	0



## Capital Programme

	Funding SBC/ Partner- ship	2019/20 Original Budget	2019/20 Revised Budget	2020/21 Original Budget	2021/22 Original Budget	Budget Later Years
		£	£	£	£	£
Play Improvements – Balas Drive – Reserves	SBC	0	10,000	0	0	0
Play Improvements – Diligent Drive – Reserves	SBC	0	18,000	0	0	0
Play Improvements – Minster Lees – Reserves	SBC	0	22,000	0	0	0
Play Improvements – Minster Lees – External Grant	P	0	9,000	0	0	0
Play Improvements – Milton Creek County Park – Reserves	SBC	0	27,200	0	0	0
Play Improvements – Shellness Road – Reserves	SBC	0	30,000	0	0	0
Play Improvements – Shellness Road – External Grant	P	0	15,000	0	0	0
Play Improvements – Shellness Road – S106 Grant	P	0	11,750	0	0	0
Play Improvements – Rectory Play Area (Fitness) – S106 Grant	P	0	20,000	0	0	0
Public toilet refurbishment - Forum Sittingbourne - Capital Receipts	SBC	0	50,000	0	0	0
Public toilet refurbishment - Central Car Park Faversham - Capital Receipts	SBC	0	40,000	0	0	0
Public toilet refurbishment - Spinney Leysdown - Capital Receipts	SBC	0	40,000	0	0	0
Public toilet refurbishment - Minster Leas - Capital Receipts	SBC	0	80,000	0	0	0
Resurfacing Promenade, The Leas – External Grant	P	84,970	84,970	0	0	0
Wheeled Bins - Reserves	SBC	0	94,000	157,000	35,000	63,000
Beach Huts - Capital Receipts	SBC	0	0	60,000	0	0
<b>Total Commissioning, Environment &amp; Leisure</b>		<b>1,904,890</b>	<b>3,562,350</b>	<b>622,400</b>	<b>360,400</b>	<b>240,530</b>
<b>Environmental Health - T. Beattie</b>						
Replacement of Air Pollution Monitoring Station – Capital Receipts	SBC	0	49,045	0	0	0
<b>Total Environmental Health</b>		<b>0</b>	<b>49,045</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Capital Programme

	Funding SBC/ Partner- ship	2019/20 Original Budget	2019/20 Revised Budget	2020/21 Original Budget	2021/22 Original Budget	Budget Later Years
		£	£	£	£	£
<b><u>Property - A. Adams</u></b>						
Folder Inserter Machine – Capital Receipts	SBC	0	20,110	0	0	0
<b>Total Property</b>		<b>0</b>	<b>20,110</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Finance - N. Vickers</u></b>						
Agresso Upgrade – Reserves	SBC	0	5,210	0	0	0
<b>Total Finance</b>		<b>0</b>	<b>5,210</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>ICT - C. Woodward</u></b>						
ICT Infrastructure & Equipment Replacement - Reserves	SBC	91,200	92,500	76,200	274,000	0
<b>Total ICT</b>		<b>91,200</b>	<b>92,500</b>	<b>76,200</b>	<b>274,000</b>	<b>0</b>
<b><u>Planning – J. Freeman</u></b>						
Land Charges Shared Service – Online Submission Module – Capital Receipts	SBC	0	0	6,400	0	0
<b>Total Planning</b>		<b>0</b>	<b>0</b>	<b>6,400</b>	<b>0</b>	<b>0</b>
Total Capital Programme Funded by SBC	SBC	14,888,958	16,128,644	449,600	409,000	63,000
Total Capital Programme Funded by Partners	P	3,762,690	5,473,717	2,318,200	2,288,200	2,240,330
<b>Total Capital Programme</b>		<b>18,651,648</b>	<b>21,602,361</b>	<b>2,767,800</b>	<b>2,697,200</b>	<b>2,303,330</b>