

<b>Cabinet</b>	
<b>Meeting Date</b>	18 December 2019
<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 endorse the draft 2020/21 revenue and capital budgets,</li> <li>2. To endorse the Medium Term Financial Plan, and</li> <li>3. To approve £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 is sought by the Financial Management Report to this 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 this Cabinet sets 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:

<b>Contract</b>	<b>Inflation Provision</b>
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
<b>Salary Related:</b>				
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

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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

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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

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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

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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

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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

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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

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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



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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

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 £
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

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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

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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

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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>