

Scrutiny Committee

Budget Update

Introduction

1. This note is to update the Scrutiny Committee for changes to the budget report to Cabinet on 18 December. The changes will be incorporated in the budget report to Cabinet and Council in February.
2. The 18 December Cabinet report showed a gap in the revenue budget of £375k.

Local Government Finance Settlement

3. The Provisional Local Government Finance Settlement was announced on 23 December. The main issues are:
 - The Council can increase Council Tax by up to £5 per annum,
 - Revenue Support Grant as forecast at the princely level of £115k, and
 - New Homes Bonus £28k higher than forecast.
4. Notification has also been received of an allocation of flexible homelessness support grant and homelessness reduction grant funding of £547,411. This is £74k higher than forecast and therefore allows us to reduce the base budget increase by £74k.

Lower Medway Internal Drainage Board

5. We had budgeted for an increase of 2% and the actual increase was 3%. This gives an additional budget pressure of £14k.

Revenue Budget proposals

6. Clearly the revenue budget position of the Council is highly constrained. The position presented to Cabinet in December was highly dependent upon increased business rates income to fund additional cost pressures related to the homelessness and administration priorities.
7. For the 2019/20 budget there was a final gap of £361k and this was funded from reserves. Cabinet and SMT in light of the uncertainty over the 2021/22 budget position have taken the view that there cannot be such a reliance on reserves to close the £375k budget gap for 2020/21. With the additional pressure on the LMIDB precept the gap for 2020/21 is now £389k. The proposals to balance the gap are:

Action	£
Staff savings- Planning, ECS, Leisure, Policy and Resources savings	200,000
Delete Planning admin pressure	22,000
Delete Gambling licence pressure	20,000
Additional Homelessness grant	74,000
MKS savings	56,000
Additional New Homes Bonus	28,000
Additional income from CT base	4,000
Total	404,000

Notes:

Staff Savings- these include a number of existing vacancies where there will be a full year effect and a further 3-4 staff reductions where consultation will be required and a 1 July date is assumed for savings purposes.

MKS savings- deletion of 1 vacant ICT post and small efficiency savings.

Nick Vickers

Chief Financial Officer

10 January 2020