

Cabinet Meeting	
Meeting Date	10 February 2021
Report Title	2021/22 Revenue Budget/ Medium Term Financial Plan and Capital Strategy
Cabinet Member	Cllr Roger Truelove, Leader and Cabinet Member for Finance
SMT Lead	Nick Vickers, Chief Financial Officer
Head of Service	Nick Vickers, Chief Financial Officer
Lead Officer	Phil Wilson, Financial Services Manager
Key Decision	Yes
Classification	Open
Recommendations	<ol style="list-style-type: none"> 1. To approve the 2021/22 Revenue Budget proposals. 2. To approve the proposed Council Tax Band D increase for 2021/22 to £184.32. 3. To note the Medium Term Financial Plan. 4. To approve the Capital Strategy. 5. To approve the Capital Programme proposals. 6. To note the additional amount of Council Tax for Parish Precepts. 7. To approve the Minimum Revenue Provision Statement as set out in Appendix VIII

1. Purpose of Report and Executive Summary

- 1.1 This report sets out the Council's Revenue and Capital budget proposals for 2021/22, the Medium Term Financial Plan (MTFP) and the Capital Strategy.
- 1.2 Cabinet received a budget report on 16 December prior to the Provisional Local Authority Grant Settlement announced on 17 December. This report reflects the implications of the Settlement.
- 1.3 The previous budget report to Cabinet emphasized the need for the Council to be able to support residents to cope with the Covid pandemic by maintaining the Council's core services. That report was finalised at the beginning of December and two months on the impact of Covid has, if anything, increased. The borough has seen a huge spike in cases which now seems to be receding, but we face an extended lockdown and a significant Covid impact for at least the rest of 2021. This budget is therefore focussed on protecting existing services to residents.

1.4 This report, if agreed by Cabinet, will then go forward to Council on 24 February.

2. Background

Provisional Local Government Finance Settlement 2021/22

2.1 The draft Settlement and then further announcements in the following days were very supportive of the approach which was agreed by Cabinet in December to balancing the 2021/22 budget. In that report we referred to the “exceptional” financial support provided by Government to Councils and the approach taken reflected an assumption that Government would not want to see Councils cutting services at this crucial time for the country.

2.2 The main issues to highlight from the settlement and subsequent announcements are:

Funding Source	Amount (£)	Comments
Settlement Additional Funding		
Revenue Support Grant	15,000	
Lower Tier Services Grant	183,000	A new grant - to prevent any lower tier Council having a negative Spending Power change
New Homes Bonus	276,000	One year only
Sub Total	474,000	
Covid Tranche 5 funding	996,472	As with Tranche 4 needs based allocation
Total	1,470,472	

- 2.3 The Ministry of Housing, Communities and Local Government (MHCLG) are consulting on allocations of additional grant for Local Council Tax Support schemes. The indicative allocation to this Council is £198,000.
- 2.4 So these additional funding streams are very positive for the Council. It is critical that, as with Tranche 4, the Tranche 5 Covid funding is needs based and that makes a huge difference for Swale. It must be emphasised that all of this funding is one-off for 2021/22 only. The Government refers to a replacement for New Homes Bonus (NHB) but there is no detail at this point.

Lower Medway Internal Drainage Board Precept

- 2.5 We had assumed a 3.6% increase in the Lower Medway Internal Drainage Board (LMIDB) but have now been informed of the Board's decision to increase by 3.5% giving a small saving of £2k.

Staff Pay

- 2.6 In the Spending Review the Chancellor of the Exchequer announced a widespread pay freeze in the public sector. The pay proposal will come separately to Council but the budget assumes a 2% increase and that is still the intention.

Capital Strategy

- 2.7 The Capital Strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services. The proposed Treasury Management Strategy is reported separately to this meeting. The proposed Capital Programme and its funding are detailed in Appendix VI to this report.
- 2.8 Councils are required to balance their revenue budget annually and cannot borrow to achieve a balanced position. However, they have very far reaching powers to borrow to fund capital expenditure. This has historically been funded from borrowing from the Public Works Loan Board (PWLB), which is part of the Debt Management Office which is part of the Treasury. Borrowing can be for up to 50 years at rates which are below commercial rates.

- 2.9 Government and the Chartered Institute of Public Finance and Accountancy (CIPFA) has taken a pretty dim view of Council borrowing to acquire assets for income generation purposes only. There has been extensive media coverage of some of the most egregious examples of this behaviour, it is very widespread. This Council has had a clear policy of not borrowing for income purposes only and the Sittingbourne Town Centre (STC) development is classified as a Regeneration project in the Council's accounts. The Government will reform the PWLB lending terms, ending the use of the PWLB for investment property bought primarily for yield, which the Government states is a risk for both national and local taxpayers. The Government will therefore cut PWLB lending rates to gilts + 100bps for Standard Rate and gilts + 80bps for Certainty Rate. This is welcome as all Councils were being penalised for irresponsible behaviour by others. PWLB rates have come down and the 50 year maturity rate is 1.68% (6 January).
- 2.10 Council in February 2020 agreed the following principles:
- Investing in sustainable, affordable and social housing to increase overall supply,
 - Using the ability to borrow at low rates of interest for the benefit of the physical and social infrastructure of the borough and for broader social value, and
 - Ensuring that the costs of borrowing are manageable long term within the Revenue budget.
- 2.11 Council also agreed that in future, rather than announcing a borrowing facility with no linkage to a particular project, the specific project agreed by Cabinet will have a borrowing limit associated with it. This limit can be varied by Cabinet.
- 2.12 The Council has not made and will not make any direct commercial investments outside of the Borough. Capital funds will be used for the benefit of local residents.
- 2.13 The Sittingbourne Town Centre retail and leisure developments are now complete. The opening of the cinema, bowling alley and Nandos has been delayed by Covid but the hope is that the cinema and bowling alley will open as lockdown restrictions are lifted in the Spring. The shell changes required by Nandos due their move of unit will be undertaken in January.
- 2.14 Looking ahead to 2021/22 there will be two major capital projects which are reflected in the draft Capital Budget:

- Housing company - in October 2020 Cabinet agreed to establish Swale Rainbow Homes Ltd. The outline business case envisaged the Council providing up to £23m of funding through loans to support the delivery of 139 new homes. The exact arrangements for the drawdown of this funding will follow the detailed planning and procurement phases. No funding will be provided before 1 April 2021 and it is likely that it will be well in to 2021/22 before there are any significant drawdowns. The cost of the borrowing will be wholly met by the company. Because the company is a wholly owned by the Council its accounts will need to be incorporated into those of the Council requiring the company to have the same financial year as the Council.
 - Swale House refurbishment - in December Cabinet received an update report on this project and the intention is to bring a detailed report to Cabinet in March. At this point the Capital budget allows for £3m, this is a prudent figure reflecting energy savings and additional rental income to meet borrowing costs. Cabinet may decide on a higher figure and this will then be reflected in following years revenue budgets.
- 2.15 Debt is only a temporary source of finance, since loans must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as Minimum Revenue Provision (MRP). MRP is a charge to the revenue budget which then accrues on the Balance Sheet; it is not an external payment. Alternatively, capital receipts may be used to replace debt finance.
- 2.16 All organisations need to manage their cash flow. For most Councils their cash flow level is much larger than their reserves as they take in funds through sources such as Business Rates and Council Tax which they hold before making payments to other bodies such as Kent County Council (KCC). The Council's daily cash balances averaged £41m in the 6 months to 30 September. With short-term deposit rates continuing to be very low, where a Council is investing in a capital project, it can fund this capital investment from cash flow and this is known as internal borrowing. Internal borrowing defers the financial commitment to external borrowing. MRP still has to be made. The Finance Department closely monitors cash flow to ensure that there is no adverse impact.
- 2.17 For any significant investment the Council will supplement the expertise of Members and Officers with appropriate external specialist expertise to ensure that proposals are fully tested and risks considered.
- 2.18 The Chief Financial Officer believes that the Capital Strategy and Capital Programme proposed are sustainable.

3. Proposals

Medium Term Financial Plan

- 3.1 The updated Medium Term Financial Plan is attached in Appendix I.

Balanced Budget Proposals

3.2 The 16 December Cabinet report showed a balanced position but based upon resisting pressures of £1,137,050, £1m of additional Government funding and the use of £1.2m of revenue reserves.

3.3 The table below shows variations since the December budget report:

Budget Heading	Variation £	Description
Council Tax income	94,000	Reduction in tax base due to coronavirus
Collection fund surplus	(25,000)	Swale Council share of forecast surplus on Collection Fund
Minimum Revenue Provision (MRP)	114,000	Revised MRP cost of Sittingbourne Town Centre project
External interest	40,000	Reduction in external interest on investments
Lower Medway Internal Drainage Board precept	(2,000)	To reflect the 3.5% agreed by the board compared with the 2% we budgeted for
Total	221,000	

3.4 The overall effect of all the variations in this report are summarised below:

	£
Requirement for balanced position December Cabinet	3,246,000
Add budget variations paragraph 3.3	221,000
Less settlement announcements paragraph 2.2	(1,470,000)
Less additional grant for Local Council Tax Support schemes paragraph 2.3	(198,000)
Less total resisting pressures paragraph 3.5 in December Cabinet report	(1,137,000)
New requirement for balanced position	662,000

Detailed revenue budget proposals are attached in Appendix II.

Council Tax

- 3.5 The budget proposals assume an increase of £4.95 in the Band D Council Tax to £184.32.
- 3.6 The Collection Fund and Council Tax base are set out in Appendix III.
- 3.7 The Council Tax base was set at 48,040.12 by the Chief Financial Officer.
- 3.8 The calculation of the Budget Requirement and Council Tax Requirement is shown in Appendix IV.
- 3.9 Parish precepts are shown in Appendix V.

Capital Programme

- 3.10 The Capital Budget is attached in Appendix VI.

Reserves

- 3.11 The key principles for the management of Reserves moving forward are:
- Maintain a prudent level of reserves to allow the Council to deal with unexpected one-off events;
 - Funding the Council's strategic priorities; and,
 - Fund one-off items of expenditure to support service delivery.
- 3.12 When the Council is considering its budget requirement, it is the Chief Financial Officer's duty under S25 of the Local Government Act 2003 to report on the adequacy of reserves. These have been reviewed in line with guidance from the Chartered Institute of Public Finance and Accountancy.
- 3.13 The Council seeks to maintain a minimum of £1.5m as its General Fund balance and there is no reason to change this - the balance at 1 April 2020 was £3,338m. The Council holds earmarked reserves for specific purposes. The remaining unallocated funds form the General Reserve. The Chief Financial Officer's view is that the level of reserves and balances held by the Council are at a reasonable level. Reserves and balances are set out in Appendix VII.
- 3.14 The Council's Section 151 Officer (Chief Financial Officer), in accordance with the Local Government Act 2003, has hereby confirmed his opinion that the 2020/21 budget is robust, and the reserves are reasonable given the risks faced by the Council.

4. Alternative Options

- 4.1 Do nothing - this is not recommended as the Council is legally required to set a balanced budget.
- 4.2 The December report upon which this report builds has been considered by Scrutiny Committee.

5. Consultation Undertaken or Proposed

- 5.1 The budget proposals were reported to Cabinet on 16 December 2020 and were examined by Scrutiny Committee on 20 January 2021.
- 5.2 Consultation with the business community has taken place.

6. Implications

Issue	Implications
Corporate Plan	The budget proposals for 2021/22 support the emerging Corporate Plan objectives.
Financial, Resource and Property	The report sets out the approach to the 2021/22 budget and the medium term financial plan.
Legal, Statutory and Procurement	The report reflects the legal requirement for the Council to set a balanced budget.
Crime and Disorder	Any potential impact has been assessed by service managers.
Environmental Sustainability	Any potential impact has been assessed by service managers.
Health and Wellbeing	No issues identified.
Risk Management and Health and Safety	The financial risks are reflected in the Council's Risk Register.
Equality and Diversity	Any potential impact has been assessed by service managers.
Privacy and Data Protection	No issues identified.

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: Detailed Revenue Budget Proposals
- Appendix III: Collection Fund and Council Tax Base
- Appendix IV: Budget Requirement and Council Tax Requirement
- Appendix V: Parish Precepts
- Appendix VI: Capital Programme and Funding
- Appendix VII: Reserves
- Appendix VIII: Minimum Revenue Provision Statement

8. Background Papers

[Cabinet budget report 16 December 2020](#)

2021/22 Medium Term Financial Plan (MTFP)

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Base Budget	19,395	19,395	19,395	19,395
Growth items	0	67	69	70
Unavoidable cost pressures	0	963	1,109	1,268
Loss of income	0	383	520	515
Additional income	0	(90)	(90)	(90)
Committed price increases	0	191	430	753
Minor items	0	(1)	(4)	(3)
STC Bourne Place & Retail Park	0	48	35	(161)
Lower Medway Internal Drainage Board	847	876	906	937
<u>Salary Related:</u>				
Pay Award (2%)	0	263	530	797
Other Pay Increases	0	78	125	150
Contribution to reserves	93	93	93	93
Contribution (from) reserves	(806)	(662)	0	0
Revenue Support Grant	(115)	(116)	0	0
Business Rates <i>This does not reflect the changes from Fair Funding Review, Baseline Reset and New Approach to Business Rates.</i>	(8,750)	(8,642)	(8,690)	(8,739)
Contribution from Business Rates Reserves	(250)	0	0	0
Levy account surplus	(173)	0	0	0
Council Tax	(8,623)	(8,855)	(9,183)	(9,518)
Local Council Tax Scheme Grant	0	(198)	0	0
Lower Tier Services Grant	0	(183)	0	0
Covid grant allocation	0	(996)	0	0
New Homes Bonus	(1,633)	(1,028)	(371)	0
Savings Required	(15)	1,586	4,874	5,467
Service savings	0	(449)	(476)	(456)
Resisting pressures from December Cabinet report	0	(1,137)	(1,137)	(1,137)
Requirement for balanced position	0	0	(3,261)	(3,874)
Committed savings	0	(1,586)	(4,874)	(5,467)
Contribution (to) General Fund	(15)	0	0	0

Budget Variations

No.	Head of Service	Service Description	Type of Spend/ Income	Previous Year Actual 2019/20 £	Original Budget 2020/21 £	MTFP Category	Explanation of Budget Change	21/22 Increase Over & Above 20/21 £	22/23 Increase Over & Above 20/21 £	23/24 Increase Over & Above 20/21 £
1	Adams	Printing Section	Private Printing	-13,472	-12,000	Loss of income	External printing severely impacted due to Covid and uncertainty whether it will pick back up in 21/22	6,000	6,000	6,000
2	Adams	Swale House	Rents	-21,986	-27,580	Loss of income	Reduction in rent income	5,180	5,180	5,180
3	Adams	Miscellaneous General Fund Properties	Rents	-351,055	-350,000	Loss of income	Will be reduced by £23,000 when Mormon Church site developed	0	23,000	23,000
4	Adams							11,180	34,180	34,180
5	Beattie	Kent & Medway Air Quality Data Mgt Network	Private Contractors	13,088	17,480	Unavoidable cost pressures	Contract management transferring to Tunbridge Wells in 2021/22	-17,480	-17,480	-17,480
6	Beattie	Kent & Medway Air Quality Data Mgt Network	Fees and Charges		-17,480	Unavoidable cost pressures	Contract management transferring to Tunbridge Wells in 2021/22	17,480	17,480	17,480
7	Beattie	Environmental Protection	Tunbridge Wells recharge for Environmental Services		39,000	Service savings	Air Quality Project Officer for 2 years only (20/21 Budget Item 10 Special Projects Fund)	-39,000	-39,000	-39,000
8	Beattie	Contributions from Funds	Expenditure funded from Reserves		-39,000	Contribution from Reserves	End of reserve funding of Air Quality Project Officer (20/21 Budget Item 11 General Reserves)	39,000	39,000	39,000

Budget Variations

No.	Head of Service	Service Description	Type of Spend/ Income	Previous Year Actual 2019/20 £	Original Budget 2020/21 £	MTFP Category	Explanation of Budget Change	21/22 Increase Over & Above 20/21 £	22/23 Increase Over & Above 20/21 £	23/24 Increase Over & Above 20/21 £
9	Beattie	Environmental Services	Tunbridge Wells recharge for Environmental Services	496,390	526,160	Unavoidable cost pressures	Increase in cost of service and increase in Council's share of total costs	85,510	97,640	110,120
10	Beattie	Environmental Services	Tunbridge Wells recharge for Environmental Services	0	0	Resisting pressure	Under discussion	-85,510	-85,510	-85,510
11	Beattie							0	12,130	24,610
12	Cassell	Head of Commissioning Economy and Community Services	Salary Savings	0	-60,000	Service savings	To confirm that these restructure 20/21 Budget savings will be achieved	0	0	0
13	Cassell	Car Park Staff	Maidstone charges for Car Parking	120,736	114,000	Unavoidable cost pressures	Revised resourcing	38,000	38,000	38,000
14	Cassell	Swale Car Parks	Fees and Charges	0	0	Resisting pressure	Fund increased charge from Maidstone Council from car parking income	-38,000	-38,000	-38,000
15	Cassell	Seafront	Undue Wear & Tear Rental Car	2,754	0	Unavoidable cost pressures	Trucks hire contract returnable standard	0	0	3,000

Budget Variations

No.	Head of Service	Service Description	Type of Spend/ Income	Previous Year Actual 2019/20 £	Original Budget 2020/21 £	MTFP Category	Explanation of Budget Change	21/22 Increase Over & Above 20/21 £	22/23 Increase Over & Above 20/21 £	23/24 Increase Over & Above 20/21 £
16	Cassell	Swale Community Leisure Trust Ltd	Contracts	228,319	112,150	Service savings	Contract anniversary in October 2021/22.	-23,810	-38,570	-38,570
17	Cassell	Open Spaces - Swale	Commuted Sums - Contracts		-90,000	Loss of income	Change in policy of adopting open land has not resulted in additional new income	0	26,000	46,000
18	Cassell	Faversham Recreation Ground	Salaries			Growth items	Budget for 2 posts for 5 years	29,850	31,810	33,180
19	Cassell	Faversham Recreation Ground	Grants & Subscriptions	0	0	Growth items	Funding for 2 posts for 5 years on Faversham Recreation Project from Heritage Fund (Lottery) and s106	-29,850	-31,810	-33,180
20	Cassell	Environmental Initiatives	Equipment Purchase	0	15,000	Unavoidable cost pressures	Move budget for equipment to grants	-15,000	-15,000	-15,000
21	Cassell	Environmental Initiatives	Grants and Subscriptions	19,763	0	Unavoidable cost pressures	Move budget to grants from equipment	15,000	15,000	15,000
22	Cassell	Environmental Initiatives	Fixed Penalty Notice (Environmental Response)	-141,460	-152,360	Loss of income	Predicted that there will be lower level of issuing from new contractor based on industry research	12,360	12,360	12,360

Budget Variations

No.	Head of Service	Service Description	Type of Spend/ Income	Previous Year Actual 2019/20 £	Original Budget 2020/21 £	MTFP Category	Explanation of Budget Change	21/22 Increase Over & Above 20/21 £	22/23 Increase Over & Above 20/21 £	23/24 Increase Over & Above 20/21 £
23	Cassell	Public Conveniences	Rates	16,686	22,970	Service savings	Business rates multiplier	-6,070	-6,030	-5,940
24	Cassell	Wheeled Bins	Equipment Purchase	234,637	137,000	Unavoidable cost pressures	Additional bin purchases to be offset against additional income and use of remaining reserve.	50,000	0	0
25	Cassell	Recycling Campaign	Garden Waste Scheme - Brown Bins	-580,898	-530,000	Additional income	Over achieved income in 2019/20. Small planned fee increase will balance drop in subscriptions following Covid effect.	-50,000	-50,000	-50,000
26	Cassell	Swale Car Parks	Rates	217,148	231,120	Service savings	Business rates multiplier	-11,920	-11,720	-10,620
27	Cassell	Swale Car Parks	Equipment Maintenance	20,320	15,000	Unavoidable cost pressures	Rebalanced budget and inflation	6,000	6,060	6,120
28	Cassell	Swale Car Parks	Fees - Licence	85,270	50,000	Unavoidable cost pressures	RingGo fees collected from customer for additional services and paid back to RingGo	35,620	35,980	36,340
29	Cassell	Swale Car Parks	Parking - Excess Charges	0	0	Unavoidable cost pressures	RingGo fees collected from customer for additional services and paid back to RingGo	-35,620	-35,980	-36,340

Budget Variations

No.	Head of Service	Service Description	Type of Spend/ Income	Previous Year Actual 2019/20 £	Original Budget 2020/21 £	MTFP Category	Explanation of Budget Change	21/22 Increase Over & Above 20/21 £	22/23 Increase Over & Above 20/21 £	23/24 Increase Over & Above 20/21 £
30	Cassell	Multi-storey Car Park	Electricity	10,052	0	Unavoidable cost pressures	Operating costs of car park now known following opening 6 months last year.	12,000	12,000	12,000
31	Cassell	Multi-storey Car Park	Fees and Services	2,137	0	Unavoidable cost pressures	Operating costs of car park software	10,000	10,000	10,000
32	Cassell	Multi-storey Car Park	Private Contractors	107,102	0	Unavoidable cost pressures	Full operational costs of managing the site.	28,120	32,350	36,670
33	Cassell	Civil Parking Enforcement	Computer Equipment & Materials	7,700	0	Unavoidable cost pressures	Shared software costs	7,700	7,700	7,700
34	Cassell	Contributions from Funds	Expenditure funded from Reserves		-45,000	Contribution from Reserves	End of reserve funding for Project Support Surveyor (permanent addition to establishment) (20/21 Budget item 32 Special Projects Fund)	45,000	45,000	45,000
35	Cassell	Contributions from Funds	Expenditure funded from Reserves		0	Resisting pressure	Funding for Project Support Surveyor from Special Projects Fund	-45,000	-45,000	-45,000
36	Cassell							34,380	150	28,720

Budget Variations

No.	Head of Service	Service Description	Type of Spend/ Income	Previous Year Actual 2019/20 £	Original Budget 2020/21 £	MTFP Category	Explanation of Budget Change	21/22 Increase Over & Above 20/21 £	22/23 Increase Over & Above 20/21 £	23/24 Increase Over & Above 20/21 £
37	Clifford	Data Protection Resource	Salaries			Growth items	Information Governance officer post for one year fixed term	62,530	0	0
38	Clifford	Contributions from Funds	Expenditure funded from Reserves			Growth items	Information Governance officer post for one year fixed term funded from Performance Fund	-62,530	0	0
39	Clifford	Data Protection Resource	Salaries		57,560	Service savings	Information Governance officer post due to end in 20/21 (20/21 (Budget item 51)	-57,560	-57,560	-57,560
40	Clifford	Contributions from Funds	Expenditure funded from Reserves		-43,170	Contribution from Reserves	End of reserve funding for Information Governance officer post due to end in 20/21 (20/21 (Budget item 52 Performance Fund)	43,170	43,170	43,170
41	Clifford	Policy & Performance	Salary Savings	0	-20,000	Service savings	To confirm that these restructure 20/21 Budget savings will be achieved.	0	0	0
42	Clifford	Forums/Local Engagement Forums (LEF's)	Hire of Premises	0	0	Unavoidable cost pressures	Required to hold Area committees	6,000	8,000	10,000
43	Clifford	General Democratic Costs	Mid Kent Services (MKS) Director	42,077	42,030	Unavoidable cost pressures	Forecast 2020/21 plus 2% indexation	5,300	6,250	7,220
44	Clifford							-3,090	-140	2,830

Budget Variations

No.	Head of Service	Service Description	Type of Spend/ Income	Previous Year Actual 2019/20 £	Original Budget 2020/21 £	MTFP Category	Explanation of Budget Change	21/22 Increase Over & Above 20/21 £	22/23 Increase Over & Above 20/21 £	23/24 Increase Over & Above 20/21 £
45	Hudson	Head of Housing, Economy & Community Services	Salary Savings	0	-30,000	Service savings	To confirm that these 20/21 Budget savings will be achieved.	0	0	0
46	Hudson	Temporary Accommodation (TA) (Homelessness)	NL (Nightly Lets) - Homelessness Landlord Payments	1,611,919	1,700,000	Unavoidable cost pressures	Significant increase in TA and due to recession unlikely to improve position	500,000	500,000	500,000
47	Hudson	Housing - Housing Options Team	Salaries		100,000	Service savings	End of reserve funding for Housing, Homelessness and Rough Sleepers Strategy (19/20 Budget item 59 General Reserves). Housing will be rolling forward grant monies to 21/22 to pay for staff.	-100,000	-100,000	-100,000

Budget Variations

No.	Head of Service	Service Description	Type of Spend/ Income	Previous Year Actual 2019/20 £	Original Budget 2020/21 £	MTFP Category	Explanation of Budget Change	21/22 Increase Over & Above 20/21 £	22/23 Increase Over & Above 20/21 £	23/24 Increase Over & Above 20/21 £
48	Hudson	Contributions from Funds	Expenditure funded from Reserves		-100,000	Contribution from Reserves	End of reserve funding for Housing, Homelessness and Rough Sleepers Strategy (19/20 Budget item 59 General Reserves). Housing will be rolling forward grant monies to 21/22 to pay for staff.	100,000	100,000	100,000
49	Hudson	Contributions from Funds	Expenditure funded from Reserves		-10,000	Contribution from Reserves	End of reserve funding for Culture Grants (20/21 Budget item 63 Communities Fund)	10,000	10,000	10,000
50	Hudson	Contributions from Funds	Expenditure funded from Reserves		0	Resisting pressure	Fund Culture Grants from other member funds	-10,000	-10,000	-10,000
51	Hudson	Contributions from Funds	Expenditure funded from Reserves		-53,800	Contribution from Reserves	End of reserve funding for Members Localism Grants 20/21 Budget item 61 Special Projects Fund)	53,800	53,800	53,800
52	Hudson	Contributions from Funds	Expenditure funded from Reserves		0	Resisting pressure	Funding for Members Localism Grants from Special Projects Fund	-53,800	-53,800	-53,800
53	Hudson							500,000	500,000	500,000

Budget Variations

No.	Head of Service	Service Description	Type of Spend/ Income	Previous Year Actual 2019/20 £	Original Budget 2020/21 £	MTFP Category	Explanation of Budget Change	21/22 Increase Over & Above 20/21 £	22/23 Increase Over & Above 20/21 £	23/24 Increase Over & Above 20/21 £
54	Freeman	Planning Admin team	Maidstone Charges for Planning	167,181	201,770	Unavoidable cost pressures	Forecast 2020/21 plus 2% indexation	19,760	24,190	28,710
55	Freeman	Local Land Charges	MKS Charges for Local Land Charges	57,122	75,060	Service savings	Forecast 2020/21 plus 2% indexation	-16,770	-15,600	-14,410
56	Freeman	Local Land Charges	Fees and Charges	-160,002	-236,000	Loss of income	The income budget has consistently been too high compared to actual income received	76,000	76,000	76,000
57	Freeman	Local Land Charges	Fees and Charges	0	0	Resisting pressure	Under discussion	-76,000	-76,000	-76,000
58	Freeman	Building Control - Client Side	Contracts	62,972	59,240	Growth items	In accordance with shared service business plan	5,980	8,080	8,740
59	Freeman	Development Management	Fees and Charges	0	19,370	Growth items	This increase is based on trends in previous years	30,000	30,000	30,000
60	Freeman	Contributions from Funds	Expenditure funded from Reserves	0	0	Resisting pressure	Fund Planning increased costs from Performance Fund	-30,000	-30,000	-30,000
61	Freeman	Development Management	Computer Equipment & Materials	0	0	Growth items	This is for the exacom software	10,000	10,000	10,000
62	Freeman	Development Management	Pre-application Planning advice	-59,479	-120,000	Additional income	Demand for this service is expected to increase	-10,000	-10,000	-10,000

Budget Variations

No.	Head of Service	Service Description	Type of Spend/ Income	Previous Year Actual 2019/20 £	Original Budget 2020/21 £	MTFP Category	Explanation of Budget Change	21/22 Increase Over & Above 20/21 £	22/23 Increase Over & Above 20/21 £	23/24 Increase Over & Above 20/21 £
63	Freeman	Development Management	Planning Fees	-974,581	-1,180,850	Loss of income	This represents the forecast income from Planning Fees	180,850	180,850	180,850
64	Freeman	Development Management	Planning Fees	0	0	Resisting pressure	Revise forecast/ staff savings	-180,850	-180,850	-180,850
65	Freeman	Local Plan	Fees and Services	166,293	151,540	Unavoidable cost pressures	The Local Plan Reserve currently absorbs any overspend on the revenue budget, but this reserve will be exhausted by March 2022 so thereafter revenue expenditure will have to be contained within this budget.	0	0	0
66	Freeman	Contributions from Funds	Expenditure funded from Reserves		-61,170	Contribution from Reserves	End of reserve funding for Heritage Conservation & Design (19/20 Budget item 52 £250k Heritage Strategy Reserve)	61,170	61,170	61,170
67	Freeman	Contributions from Funds	Expenditure funded from Reserves		0	Resisting pressure	Funding for Heritage Conservation & Design from Heritage Strategy Reserve	-61,170	-61,170	-61,170
68	Freeman			-740,493	-1,091,040	0	0	8,970	16,670	23,040

Budget Variations

No.	Head of Service	Service Description	Type of Spend/ Income	Previous Year Actual 2019/20 £	Original Budget 2020/21 £	MTFP Category	Explanation of Budget Change	21/22 Increase Over & Above 20/21 £	22/23 Increase Over & Above 20/21 £	23/24 Increase Over & Above 20/21 £
69	Fackrell	Licensing	Salaries	95,195	113,860	Growth items	To restructure the team to enable an effective statutory service. Self-supporting service	21,140	21,140	21,140
70	Fackrell	Licensing	Licence Fees	0	0	Resisting pressure	Fund Licensing additional post from ring fenced income	-21,140	-21,140	-21,140
71	Fackrell	Licences (Legal)	Licence Fees (Legal)	-128,788	-120,000	Additional income	To reflect anticipated higher income than originally forecast	-5,000	-5,000	-5,000
72	Fackrell	Hackney Carriages + Private Hire	Hackney Carriage Licences	-97,899	-65,000	Additional income	Fees consistently received	-25,000	-25,000	-25,000
73	Fackrell							-30,000	-30,000	-30,000
74	Finance	Chief Financial Officer	Salary Savings	0	-21,840	Service savings	To confirm that these Resources Directorate 20/21 Budget savings will be achieved.	0	0	0
75	Finance	Chief Financial Officer	Salary Savings	0	-30,000	Service savings	To confirm that these 20/21 Budget savings will be achieved.	0	0	0
76	Finance	All Services	Pensions Future Funding	1,177,549	1,517,450	Unavoidable cost pressures	From last triennial valuation	65,590	97,250	129,540

Budget Variations

No.	Head of Service	Service Description	Type of Spend/ Income	Previous Year Actual 2019/20 £	Original Budget 2020/21 £	MTFP Category	Explanation of Budget Change	21/22 Increase Over & Above 20/21 £	22/23 Increase Over & Above 20/21 £	23/24 Increase Over & Above 20/21 £
77	Finance	Corporate	Pensions Backfunding	0	1,200,000	Unavoidable cost pressures	From last triennial valuation	40,000	90,000	150,000
78	Finance	Contributions from Funds	Expenditure funded from Reserves		-88,370	Contribution from Reserves	End of reserve funding for pension commitments from last revaluation (19/20 Budget item 87 General Reserves)	88,370	88,370	88,370
79	Finance	Corporate	Pension Enhancements	223,913	229,000	Service savings	Reduction in pension costs	-12,320	-12,320	-12,320
80	Finance	Contributions from Funds	Expenditure funded from Reserves	0	0	Resisting pressure	Fund pensions from Reserves	-181,640	-181,640	-181,640
81	Finance	Corporate	Minimum Revenue Provision (MRP)	286,231	292,530	Service savings	MRP costs not including retail or Bourne Place	-114,490	-113,490	-112,490
82	Finance	Contributions from Funds	Expenditure funded from Reserves		-301,660	Contribution from Reserves	End of reserve funding for Minimum Revenue Provision for capital projects (19/20 Budget item 97 General Reserves)	301,660	301,660	301,660
83	Finance	Contributions from Funds	Expenditure funded from Reserves		0	Resisting pressure	Fund MRP from Reserves	-301,660	-301,660	-301,660

Budget Variations

No.	Head of Service	Service Description	Type of Spend/ Income	Previous Year Actual 2019/20 £	Original Budget 2020/21 £	MTFP Category	Explanation of Budget Change	21/22 Increase Over & Above 20/21 £	22/23 Increase Over & Above 20/21 £	23/24 Increase Over & Above 20/21 £
84	Finance	Interest on Balances	Interest - External	-313,698	-208,770	Unavoidable cost pressures	Low interest rates	40,000	40,000	40,000
85	Finance	Non-Specific Grants	Collection Fund	104,930	-25,340	Unavoidable cost pressures	Swale share on balance on Collection Fund	-24,660	25,340	25,340
86	Finance							-99,150	33,510	126,800
87	Revenues	Council Tax	Salaries			Growth items	2 posts within Council Tax	57,000	0	0
88	Revenues	Contributions from Funds	Expenditure funded from Reserves			Growth items	2 posts within Council Tax are funded from the Council Tax Support Grant	-57,000	0	0
89	Revenues	Council Tax Collection	Recovery of Costs	-462,884	-413,500	Loss of income	Reduction in income from court costs due to Covid for 21/22 is met from the Revenues reserves	113,500	63,500	13,500
90	Revenues	Contributions from Funds	Expenditure funded from Reserves	0	0	Loss of income	Assume reduction in income from court costs due to Covid and the economic environment but there will be some recovery 21/22 onwards met from Revenues reserves.	-113,500	0	0

Budget Variations

No.	Head of Service	Service Description	Type of Spend/ Income	Previous Year Actual 2019/20 £	Original Budget 2020/21 £	MTFP Category	Explanation of Budget Change	21/22 Increase Over & Above 20/21 £	22/23 Increase Over & Above 20/21 £	23/24 Increase Over & Above 20/21 £
91	Revenues	Housing Benefit	Recovery Via Academy	-452,467	-652,370	Loss of income	Income from the recovery of overpaid housing benefit set to continue to fall due to move to Universal Credit.	102,370	127,370	152,370
92	Revenues	Fraud Partnership	MKS Fraud Partnership Charges	18,328	33,660	Service savings	Based on 2019/20	-15,330	-15,330	-15,330
93	Revenues	Housing Benefit & C Tax Support - Administration	Benefit Subsidy	-399,813	-375,840	Unavoidable cost pressures	A year on year reduction in the Benefit Subsidy received is forecast.	-3,980	15,010	33,050
94	Revenues	Contributions from Funds	Expenditure funded from Reserves		-52,280	Contribution from Reserves	End of reserve funding for reduction in benefit subsidy (20/21 Budget item 105 Revenues and Benefits Reserve)	52,280	52,280	52,280
95	Revenues	Contributions from Funds	Expenditure funded from Reserves		0	Resisting pressure	Funding for reduction in benefit subsidy from Revenues and Benefits Reserves	-52,280	-52,280	-52,280
96	Revenues	Housing Benefit & C Tax Support - Administration	Council Tax Support Grant	-163,248	-158,630	Unavoidable cost pressures	A year on year reduction in the Council Tax Support Grant received is forecast.	7,940	15,470	22,630
97	Revenues							91,000	206,020	206,220

Budget Variations

No.	Head of Service	Service Description	Type of Spend/ Income	Previous Year Actual 2019/20 £	Original Budget 2020/21 £	MTFP Category	Explanation of Budget Change	21/22 Increase Over & Above 20/21 £	22/23 Increase Over & Above 20/21 £	23/24 Increase Over & Above 20/21 £
98	Clarke	Internal Audit	MKS Charges for Audit Services	184,820	176,160	Unavoidable cost pressures	Forecast 2020/21 plus 2% indexation	13,480	17,270	21,140
99	Clarke							13,480	17,270	21,140
100	Narebor	Mid Kent Legal Services (MKLS) - Legal Services	Salary Savings			Service savings	A restructure to reduce staffing will produce a salary savings	-105,000	-129,000	-129,000
101	Narebor	MKLS - Legal Services	MKLS running costs	-1,205,212	-1,152,120	Service savings	As the salary savings are realised the income from the partner authorities, which is based on splitting total expenditure by the number of chargeable hours, will reduce	73,500	90,300	90,300
102	Narebor							-31,500	-38,700	-38,700
103	Sandher	Human Resources	Fees and Services	0	12,000	Service savings	This budget is to cover B-Heard survey which is delivered every 2 years. If survey is not carried out this year then the budget will be required for 2021/22.	0	-12,000	0

Budget Variations

No.	Head of Service	Service Description	Type of Spend/ Income	Previous Year Actual 2019/20 £	Original Budget 2020/21 £	MTFP Category	Explanation of Budget Change	21/22 Increase Over & Above 20/21 £	22/23 Increase Over & Above 20/21 £	23/24 Increase Over & Above 20/21 £
104	Sandher	Contributions from Funds	Expenditure funded from Reserves		-12,000	Contribution from Reserves	End of reserve funding for bHeard survey (20/21 Budget item 97 General Reserves)	12,000	12,000	12,000
105	Sandher	Human Resources (HR)	MKS Charges for HR Service	227,890	258,080	Service savings	Forecast 2020/21 plus 2% indexation	-15,420	-10,570	-5,620
106	Sandher							-3,420	-10,570	6,380
107	Woodward	ICT Development, Network & Support	MKS Charges for ICT	475,308	438,000	Unavoidable cost pressures	Forecast for 2020/21 plus 2% indexation.	56,580	66,470	76,560
108	Woodward	Swale House - Telephonists	Equipment Maintenance	0	15,130	Service savings	Saved on maintenance	-5,130	-5,130	-5,130
109	Woodward							51,450	61,340	71,430
110	Sittingbourne Town Centre (STC)	Princes Street Retail Park	Minimum Revenue Provision	348,000	461,310	STC	Minimum Revenue Provision costs to reflect completion of STC project	389,650	389,650	389,650
111	STC	Princes Street Retail Park	Fees and Services	10,730	23,600	STC	Management fee	-17,870	-17,700	-17,530
112	STC	Princes Street Retail Park	Service Charges - Property	9,759	0	STC	Increase in service charges for Princes Street Retail Park	17,870	17,870	17,870
113	STC	Cinema-Hotel-Restaurants, Bourne Place	Fees and Services	0	10,000	STC	Management Fee and Public Realm Costs	64,100	66,300	68,600

Budget Variations

No.	Head of Service	Service Description	Type of Spend/ Income	Previous Year Actual 2019/20 £	Original Budget 2020/21 £	MTFP Category	Explanation of Budget Change	21/22 Increase Over & Above 20/21 £	22/23 Increase Over & Above 20/21 £	23/24 Increase Over & Above 20/21 £
114	STC	Cinema-Hotel-Restaurants, Bourne Place	Rents	0	-584,290	STC	Assume full rent from April 21	-286,400	-300,730	-504,890
115	STC	Interest Payable	Interest Payable	210,619	188,260	STC	£15m in borrowing and interest rates remain low	-119,360	-120,100	-115,160
116	STC							47,990	35,290	-161,460
117	Committed Price Increase							191,080	429,580	753,410
118	Minor Items							-580	-3,910	-2,610
119	Grand Total							781,790	1,262,820	1,565,990

Collection Fund and Council Tax Base

Tax Base

The tax base for 2021/22 is 48,040.12.

Collection Fund

As the Billing Authority, Swale Borough Council had to make an estimate of the surplus or deficit on the Collection Fund for Council Tax and Business Rates in January 2021, notifying Kent County Council, the Police and Crime Commissioner for Kent and the Kent & Medway Towns Fire & Rescue Authority of their proportions. The declared deficit of £16,075,000 is shared as follows:

	£'000
Central Government	7,547
Kent County Council	2,077
The Police and Crime Commissioner for Kent	108
Kent & Medway Towns Fire & Rescue Authority	193
Swale Borough Council	6,150
Total	16,075

These amounts are not added to precepts or budgets but must be taken into account by each Authority when setting their basic Council Tax. One of the main causes of the deficit was the announcement in the Budget on 11 March 2020 that the retail discount would be increased from 50% to 100% in 2020/21, and expanded to retail, leisure and hospitality businesses. The Government has compensated councils for this through grants and it is estimated that Swale will receive £6.2m thereby resulting in a collection fund surplus for 2021/22 of £50,000.

Other Preceptors

Kent County Council, the Kent & Medway Fire Authority and the Kent Police and Crime Commissioner will set their own precepting for all valuation bands. These tax levels will form part of the overall Council Tax to be set by full Council on 24 February 2021.

Parish Council Precepts

Parish Council precept demands have been submitted during January 2021 as and when the Parish Councils met to set their precepts. These will be expressed as an additional precept.

Budget Requirement and Council Tax Requirement

	2021/22
	£'000
2021/22 Swale Operating Expenditure Budget Before Savings and Growth Items	20,296
Growth items	67
Unavoidable cost pressures	988
Loss of income	383
Additional income	(90)
Committed price increases	191
Minor items	(1)
Sittingbourne Town Centre	48
Resisting pressures action	(1,137)
Service savings	(449)
Pay increases	78
Pay award	263
Contribution from reserves	(569)
Sub total	20,068
New Homes Bonus	(1,028)
Swale Budget Requirement (to be agreed)	19,040
Revenue Support Grant	(116)
Business Rates	(8,642)
Collection Fund surplus	(50)
Other grants	(1,377)
Council Tax Requirement (to be agreed)	8,855
Council Tax Income (assuming £184.32 for Band D)	(8,855)

Parish Precepts

Parish / Town Council	Additional Council Tax for Band D 2020/21 £	Tax Base 2021/22	Parish Precept (rounded) 2021/22 £	Additional Council Tax for Band D 2021/22 £	Additional Council Tax for Band D 2021/22 % Change
Bapchild	27.14	467.89	12,989	27.76	2.28%
Bobbing	19.95	986.83	19,000	19.25	-3.51%
Borden	54.86	1,093.14	61,000	55.80	1.71%
Boughton-under-Blean	85.59	685.20	58,645	85.59	0.00%
Bredgar	35.92	287.51	10,273	35.73	-0.53%
Doddington	38.20	228.63	8,734	38.20	0.00%
Dunkirk	28.76	510.27	13,714	26.88	-6.54%
Eastchurch	47.31	839.25	39,085	46.57	-1.56%
Eastling	35.00	147.29	5,155	35.00	0.00%
Faversham Town Council	78.05	6,469.93	504,997	78.05	0.00%
Graveney & Goodnestone	59.33	187.71	11,530	61.42	3.52%
Hartlip	21.67	368.43	8,000	21.71	0.18%
Hernhill	36.34	289.52	10,500	36.27	-0.19%
Iwade	35.43	1,449.96	51,372	35.43	0.00%
Leysdown	31.20	1,144.60	35,890	31.36	0.51%
Lower Halstow	81.90	456.94	37,740	82.59	0.84%
Luddenham	0.00	45.44	0	0.00	0.00%
Lynsted	35.98	469.41	17,049	36.32	0.94%
Milstead	61.99	90.58	5,500	60.72	-2.05%
Minster	35.00	5,607.04	196,246	35.00	0.00%
Newington	54.85	989.17	54,256	54.85	0.00%
Newnham	34.29	152.83	5,241	34.29	0.00%
Norton & Buckland	35.70	187.86	7,087	37.72	5.66%
Oare	51.90	173.51	10,000	57.63	11.04%
Ospringle	26.35	280.61	7,875	28.06	6.49%
Queenborough Town Council	75.96	899.90	68,500	76.12	0.21%
Rodmersham	42.52	244.91	10,500	42.87	0.82%
Selling	35.15	372.15	13,000	34.93	-0.63%
Sheerness Town Council	49.42	2,782.62	139,962	50.30	1.78%
Sheldwich, Leaveland & Badlesmere	24.83	347.40	8,600	24.76	-0.28%
Stalisfield	29.14	100.71	2,935	29.14	0.00%
Teynham	54.53	908.80	51,480	56.65	3.89%
Throwley	24.19	145.75	3,749	25.72	6.32%
Tonge	5.01	436.37	2,200	5.04	0.60%
Tunstall	31.11	705.78	20,859	29.55	-5.01%
Upchurch	54.50	1,030.30	46,294	44.93	-17.56%
Warden	29.51	499.66	15,000	30.02	1.73%
TOTAL			1,574,957		

Capital Programme and Funding

	Funding SBC/ Partner- ship	2020/21 Original Budget	2020/21 Revised Budget	2021/22 Original Budget	2022/23 Original Budget	Budget Later Years
		£	£	£	£	£
Commissioning, Environment & Leisure - M. Cassell						
Barton's Point Coastal Park - replacement bridge - Capital Receipts	SBC	0	158,260	0	0	0
Beach Huts – Capital Receipts	SBC	60,000	60,000	0	0	0
Car Park Improvements/Enhancements – 8 Electric Charging Points – Swale House Car Park – Reserves	SBC	0	32,000	0	0	0
Car Park Improvements/Enhancements – Electric Charging Points – Rose Street Car Park – Reserves	SBC	0	29,900	0	0	0
Faversham Recreation Ground Improvements – Reserves	SBC	0	122,240	0	0	0
Faversham Recreation Ground Improvements – External Grants	P	104,080	42,731	0	0	0
Faversham Recreation Ground Improvements – S106	P	21,320	0	0	0	0
Footpath Contribution – High Street Sittingbourne – S106	P	0	18,915	0	0	0
Gunpowder Works Oare Faversham – S106	P	0	9,000	0	0	0
Leisure Centres – Internal / External Borrowing	SBC	0	293,847	0	0	0
Milton Creek Access Road – Reserves	SBC	0	40,000	0	0	0
Modular Toilet Kiosk – Minster Leas – Reserves	SBC	0	29,931	0	0	0
Modular Toilet Kiosk – Minster Leas – Special Projects Fund	SBC	0	93,000	0	0	0
New Play Area – Iwade Schemes – S106	P	0	45,000	0	0	0
Open Spaces Play Equipment – S106	P	130,000	356,000	100,000	0	0
Ospringe Brickworks Site, Western Link – S106	P	0	21,440	0	0	0
Play Improvements – Reserves	SBC	150,000	150,000	0	0	0
Play Improvements – Capital Receipts	SBC	0	0	50,000	0	0
Play Improvements – Diligent Drive – Reserves	SBC	0	18,000	0	0	0
Play Improvements – Minster Lees – Reserves	SBC	0	1,753	0	0	0
Play Improvements – Shellness Road – Reserves	SBC	0	2,250	0	0	0
Public Toilets - Forum Sittingbourne – Reserves	SBC	0	50,000	0	0	0

Capital Programme and Funding

	Funding SBC/ Partnership	2020/21 Original Budget	2020/21 Revised Budget	2021/22 Original Budget	2022/23 Original Budget	Budget Later Years
		£	£	£	£	£
Public Toilets - Central Car Park Faversham – Reserves	SBC	0	40,000	0	0	0
Public Toilets - Milton Creek Country Park – Reserves	SBC	0	150,000	0	0	0
Public Toilets - Barton Point – Reserves	SBC	0	100,000	0	0	0
Public Toilets - Spinney Leysdown – Reserves	SBC	0	40,000	0	0	0
Resurfacing Promenade, The Leas – External Grant	P	0	79,970	0	0	0
Swallows Leisure Centre Roof – Internal/External Borrowing	SBC	0	691,800	0	0	0
Swallows Leisure Centre Roof – Direct Revenue Funding	SBC	0	51,200	0	0	0
Wheeled Bins – Reserves	SBC	157,000	251,000	35,000	35,000	35,000
Total Commissioning, Environment & Leisure		622,400	2,978,237	185,000	35,000	35,000
Housing, Economy & Community Services - C. Hudson						
CCTV – Reserves	SBC	0	30,000	15,000	15,000	15,000
Faversham Creek Basin Regeneration Project (Swing Bridge) – Capital Receipts	SBC	0	200,000	0	0	0
Land Regeneration/Improvement Works at Dolphin Barge Museum & Skatepark – Reserves	SBC	0	0	37,920	0	0
Land Regeneration/Improvement Works at Dolphin Barge Museum & Skatepark – Capital Receipts	SBC	0	0	14,140	0	0
Local Housing Company – Internal/External Borrowing	SBC	0	0	11,500,000	11,500,000	0
Local Housing Company – Reserves	SBC	0	0	250,000	0	0
Murston Old Church – Reserves	SBC	0	100,000	0	0	0
Sheppey Hall Improvement – Reserves	SBC	0	0	40,000	0	0
Sittingbourne Town Centre – Internal/External Borrowing	SBC	44,250	6,309,908	0	0	0
Thistle Hill Community Centre – Solar PV Installation – Reserves	SBC	0	0	20,000	0	0
Disabled Facilities Grant – External Grant	P	2,062,800	3,990,333	2,062,800	2,062,800	2,062,800

Capital Programme and Funding

	Funding SBC/ Partner-ship	2020/21 Original Budget	2020/21 Revised Budget	2021/22 Original Budget	2022/23 Original Budget	Budget Later Years
		£	£	£	£	£
Sheppey Improvement – Capital Receipts	SBC	0	0	250,000	0	0
Sheppey Capital Investments – Capital Receipts	SBC	0	0	850,000	0	0
Queenborough & Rushenden Klondyke Land Improvement – External Grant	P	0	66,600	0	0	0
Total Housing, Economy & Community Services		2,107,050	10,696,841	15,039,860	13,577,800	2,077,800
Finance - N. Vickers						
Finance System Upgrade – Reserves	SBC	0	1,410	0	0	0
Leaky Lucy Minibus Replacement – Reserves	SBC	0	10,000	0	0	0
Total Finance		0	11,410	0	0	0
ICT - C. Woodward						
ICT Infrastructure & Equipment Replacement - Reserves	SBC	76,200	92,000	299,300	0	0
Total ICT		76,200	92,000	299,300	0	0
Planning – J. Freeman						
Land Charges – Online Submission Module – Capital Receipts	SBC	6,400	0	0	0	0
Total Planning		6,400	0	0	0	0
Property – A. Adams						
Swale House Refurbishment – Feasibility Studies	SBC	0	200,000	0	0	0
Swale House Refurbishment	SBC	0	0	3,000,000	0	0
Total Property		0	200,000	3,000,000	0	0
Total Capital Programme Funded by SBC	SBC	493,850	9,348,499	16,361,360	11,550,000	50,000
Total Capital Programme Funded by Partners	P	2,318,200	4,629,989	2,162,800	2,062,800	2,062,800
Total Capital Programme		2,812,050	13,978,488	18,524,160	13,612,800	2,112,800

Reserves

	Balance as at 31/03/20	Movements in Year	Balance as at 31/03/21	Movements in Year	Balance as at 31/03/22
	£'000	£'000	£'000	£'000	£'000
Special Projects	(964)	(396)	(1,360)	(718)	(2,078)
Communities	(556)	120	(436)	0	(436)
Performance	(432)	43	(389)	92	(297)
Pension & Redundancy	(94)	0	(94)	0	(94)
Regeneration	(152)	0	(152)	0	(152)
Local Loans Fund	(175)	0	(175)	0	(175)
General Reserve	(666)	666	0	0	0
Business Rates Volatility	(3,943)	1,250	(2,693)	1,000	(1,693)
Town Centres (formerly Council Priorities – Business Rates)	(800)	43	(757)	104	(653)
Kent Pool Economic Development Business Rates	(1,326)	224	(1,102)	0	(1,102)
Improvement and Resilience Fund	0	(1,000)	(1,000)	0	(1,000)
Housing & Commercial Growth Business Rates	(1,706)	0	(1,706)	0	(1,706)
Preceptors Council Tax Support	(1,071)	0	(1,071)	0	(1,071)
Revenues and Benefits	(809)	52	(757)	280	(477)
Other Earmarked Reserves	(5,653)	1,324	(4,329)	317	(4,012)
Sub Total Earmarked Reserves	(18,347)	2,326	(16,021)	1,075	(14,946)
Capital Receipts - General Fund	(407)	(1,097)	(1,504)	1,164	(340)
Capital Receipts - Housing	(952)	0	(952)	0	(952)
Capital Grants Unapplied Account	(409)	0	(409)	0	(409)
General Fund	(3,338)	190	(3,148)	484	(2,664)
Total Reserves	(23,453)	1,419	(22,034)	2,723	(19,311)

Note: This shows the Budget position, but all in-year changes will be reflected in closedown and in the Council's financial accounts.

Minimum Revenue Provision Statement

Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Council to have regard to the Ministry of Housing, Communities and Local Government's "Guidance on Minimum Revenue Provision" (the MHCLG Guidance) most recently issued in 2018.

The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The MHCLG Guidance requires the Council to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance as well as locally determined prudent methods.

For 2021/22 it is recommended that:

- for supported expenditure, and for all capital expenditure incurred prior to 1 April 2008, MRP will, under delegated authority, be calculated under the Annuity Method over 50 years;
- MRP for all self-financed capital expenditure incurred from 1 April 2008 will, under delegated authority, be calculated under the Asset Life (Equal Instalment) Method;
- MRP in respect of leases and Public Finance Initiative (PFI) schemes will match the principal repayment for the associated deferred liability, to ensure that the impact on the revenue account is neutral; and
- where loans are made to other bodies for their capital expenditure, no MRP will be charged but the Council would apply the capital receipt arising from the principal repayments to reduce the CFR instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational.

Capital expenditure incurred during 2021/22 will not be subject to a MRP charge until 2022/23. MRP on property is not required until the asset is operational.

The budget implications of MRP are detailed elsewhere in this report and the estimated Capital Financing Requirement is detailed in the Annual Treasury Strategy.