

SCRUTINY COMMITTEE

BUDGET UPDATE

Scrutiny Committee will be considering the 8 December Cabinet budget report on 26 January. This note is to update on the Provisional Local Government Finance Settlement.

Provisional Local Government Finance Settlement 2022/23

- 1.1 The draft local government settlement issued in December 2021 confirmed the grant allocations for councils for 2022/23. It was hoped that we would receive a multiyear settlement to assist with more certainty on our forward planning, but we have once again received notification of funding for the next financial year only.
- 1.2 The draft settlement position for Swale for 2022/23 was better than expected, however the additional funding that has been allocated for 2022/23 is for one year only and at this stage cannot be assumed to be awarded in future years. There is still no detail on the replacement for New Homes Bonus Grant which is a significant income stream for this council.
- 1.3 The main issues to highlight from the settlement are as follows:

Funding Source	Amount (£)	Comments
Settlement Additional Funding		
Revenue Support Grant	2,000	
Lower Tier Services Grant	192,000	Another year's allocation of this grant - to prevent any lower tier Council having a negative Spending Power change
Service Grant	296,000	New grant allocation for one year only
New Homes Bonus	494,000	One year only
Total	984,000	

- 1.4 In addition to the updated settlement information there have been some further updates to the Council's base budget position. The changes from both the settlement and base budget requirements have resulted in a reduction in the use of reserves required to balance the budget for 2022/23, however as the future years' funding is still not known, the budget gap over the period of the financial plan remains at over £3m.

1.5 The changes from the draft budget position are as follows:

<u>Changes Since December Cabinet Report</u>		
Proposed use of reserves		2,316
<u>Changes to 8 Dec proposal</u>		
Staffing costs	95	
Take out Footway Lighting saving	20	
Additional inflation costs on contracts	100	
M365 licences for roll out	15	
Mobile working app - Contracts	10	
Government Grant allocation	(984)	
NI costs	113	
CT base	(34)	
Total changes		(665)
Revised use of reserves 2022/23		1,651

1.6 The attached appendices show the changes to the draft budget position by service and provide a headline summary of the proposed changes to fees and charges that were published in December.

Next steps

1.7 Cabinet and SMT are now updating the overall budget to reflect the Settlement and other developments since early December when the budget report was prepared. A full update will be provided to Cabinet on 9 February.

Lisa Fillery
Director of Resources
17 January 2022

Appendix I – draft and amended budget by service
Appendix II – headline changes for proposed fees and charges schedule