

AGENDA

SCRUTINY COMMITTEE MEETING

Date: Thursday, 26 January 2017

Time: 7.00 pm

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

Membership:

Councillors Mike Baldock, Andy Booth (Chairman), Lloyd Bowen (Vice-Chairman), Derek Conway, Mike Dendor, Mark Ellen, Mick Galvin, Mike Henderson, Ken Ingleton, Nigel Kay, Samuel Koffie-Williams, Peter Marchington and Ben Stokes.

Quorum = 4

Pages

1. Fire Evacuation Procedure

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

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

The Chairman will inform the meeting that:

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

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

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

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

2. Apologies for Absence and Confirmation of Substitutes

3. Minutes

To approve the Minutes of the Meeting held on 12 January 2017 (Minute Nos. to-follow) as a correct record.

4. Declarations of Interest

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

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

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

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

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

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

Part One - Substantive Items

5. Financial Management Report

The Committee is asked to consider the Financial Monitoring Report for Quarter 2 2016/17.

The Cabinet Member for Finance and Performance and the Head of Finance have been invited to attend.

6. Draft Budget 2017/18

1 - 2

To review the draft budget 2017/18 and make the necessary recommendations to the Cabinet on 1 February 2017.

Cabinet, Strategic Management Team and Heads of Service have been invited to attend. The Medium Term Financial Plan and 2017/18 Revenue and Capital Budgets report, Settlement update and the draft Budget Book have been attached.

Issued on Monday, 16 January 2017

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

**Director of Corporate Services, Swale Borough Council,
Swale House, East Street, Sittingbourne, Kent, ME10 3HT**

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Cabinet		Agenda Item: 6
Meeting Date	7 December 2016	
Report Title	Financial Management Report – April – September 2016	
Cabinet Member	Cllr Duncan Dewar-Whalley, Cabinet Member for Finance & Performance	
SMT Lead	Nick Vickers, Head of Finance	
Head of Service	Nick Vickers, Head of Finance	
Lead Officer	Phil Wilson, Chief Accountant	
Key Decision	Yes	
Classification	Open	
Forward Plan	Reference number: 11	
Recommendations	<ol style="list-style-type: none"> 1. To note the projected net revenue underspend on services of £617,700 2. To note the capital expenditure of £831,704 to end of September 2016 3. To approve £76,000 of funding for two new capital schemes as detailed in paragraph 3.12. 	

Purpose of Report and Executive Summary

1.1 This report shows the revenue and capital projected outturn activity for 2016/17 as at the end of September 2016. The report is based on service activity up to the end of September 2016 and is collated from monitoring returns from budget managers.

1.2 The headline figures are:

- Total forecast revenue underspend of £617,700;
- Capital expenditure of £831,704.

2. Background

2.1 The Council operates a monthly budget monitoring process at Head of Service level, which reports each month to the Strategic Management Team.

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

3. Proposals

Revenue Outturn

3.1 As at the end of September 2016 the total forecast revenue underspend is £617,700. The last reported variance to Cabinet in September 2016 (to end of period 3 - June) was an underspend of £199,900. This represents a movement of £417,800. As set out below the main reason for this position is the additional income which the Council has generated.

3.2 There are a number of service movements within the projected revenue outturn, and the most significant of these are summarised below in Table 1.

Table 1: Service Movements

Service/Contract	Reason for Variance	Working Budget £'000	Projected Variance (period 3) £'000	Projected Variance (period 6) £'000
Additional Income/Loss of income:				
Fees & Charges set by SBC:				
Parking	Additional income from parking fees	(1,625)	(165)	(250)
	Parking Permits	(97)	-	(20)
	Season Tickets	(50)	-	(7)
Recycling & Waste Management & Street Cleansing	Additional income from garden waste collections (brown bins)	(368)	(11)	(20)
	Residential wheeled bins	(21)	-	5
Cemeteries	Additional income	(115)	-	-
Planning	Pre-application advice	(60)	-	25
Sea Front	Memorials	(1)	-	(5)
Sea Front	Beach huts	(8)	-	(6)
Highways	Additional Income	(15)	-	(37)
Legal	Additional income from S106 fees	(29)	(11)	(28)
Planning	S106 Monitoring Fees	(65)	-	25
Other		(67)	-	(8)
Other Income:				
Corporate Items	Additional external interest income	(93)	(134)	(134)
Parking	PCN's	(251)	-	(20)

Service/Contract	Reason for Variance	Working Budget £'000	Projected Variance (period 3) £'000	Projected Variance (period 6) £'000
Planning	Fees – Additional income	(672)	100	(105)
Recycling & Waste Management & Street Cleansing	Special collections and sale of litter bins	(25)	(6)	(10)
Total Net Additional Income			(227)	(595)
Procurement/Shared Service Savings/Additional Costs:				
Refuse Collection/Street Cleansing	Street Cleansing Contract	884	(30)	(53)
	Refuse & Recycling Contract	2,401	(17)	(50)
Leisure & Sport	Net contract savings	226	(2)	(9)
Parking	Debt recovery service	-	-	-
Planning MKS	Reduced MKS costs	251	13	(22)
Legal	Additional costs to SBC – MKLS	(1,040)	-	28
Audit Shared Service	Additional shared service costs	157	1	1
Benefits	Fraud Prevention savings	93	(19)	(50)
Public Conveniences	Net contract savings	250	(5)	(7)
Total Procurement/Shared Service Savings			(59)	(162)
Overspends:				
Homelessness	Net Bed and Breakfast budget	111	119	176
Parking	Grounds maintenance	12	-	30
Commissioning & Contracts	Purchase of wheeled bins	62	-	40
	Clean Kent overspend highways	5	-	10
Corporate	Sittingbourne Master Plan – Legal Costs	-	-	10
Planning	Court Costs	-	-	82
Legal	External Legal Fees	35	-	36

Service/Contract	Reason for Variance	Working Budget £'000	Projected Variance (period 3) £'000	Projected Variance (period 6) £'000
Total Overspends			119	384
Underspends:				
Salaries	Net Employee Costs (variance represents 1.1% of budget)	12,830	-	(144)
Council Tax Collection	Court Costs	24	-	(9)
Homelessness	Homelessness Prevention Service	74	-	(30)
Homelessness	Homeless Hostel	-	-	(35)
Corporate Items	Bad Debts Provision	-	-	(30)
Total Underspends			-	(248)
Other Net Underspends/Overspends			(33)	3
Total Variance			(200)	(618)
Movement				(418)

3.3 Table 2 below shows the outturn position by service. The line-by-line variations are explained in Table 3.

Table 2: Underspend by Service

	Service Manager	Working Budget £	Projected Outturn 2016/17 £	Projected Variance £
Chief Executive	A. Kara	265,810	234,710	(31,100)
Policy	D. Clifford	213,860	213,160	(700)
Economy & Communities	C. Hudson	2,066,690	2,033,790	(32,900)
Communications	S. Toal	234,770	234,770	0
Resident Services	A. Christou	1,654,760	1,661,760	7,000
Planning	J. Freeman	935,730	979,030	43,300
Commissioning & Customer Contact	D. Thomas	5,486,430	5,037,630	(448,800)
Director of Corporate Services & Director of Regeneration	M. Radford / E. Wiggins	361,850	362,850	1,000
Information Technology	A. Cole	1,081,500	1,081,500	0
Audit	R. Clarke	156,990	157,790	800
Environmental Health	T. Beattie	507,050	484,950	(22,100)
Finance	N. Vickers	1,452,480	1,444,280	(8,200)
Human Resources	D. Smart	342,010	342,010	0
Legal	E. Culligan	395,640	431,540	35,900
Democratic Services	K. Bescoby	914,720	908,420	(6,300)
Property	A. Adams	574,930	560,130	(14,800)
Variances to be met from underspend		0	10,000	10,000
Corporate Items		1,806,048	1,655,248	(150,800)
NET REVENUE SERVICE EXPENDITURE		18,451,268	17,833,568	(617,700)
Financed by:				
Revenue Support Grant		(2,033,950)	(2,033,950)	0
Business Rates		(5,643,950)	(5,643,950)	0
New Homes Bonus		(3,482,000)	(3,482,000)	0
Collection Fund Surplus		(260,970)	(260,970)	0
Council Tax Requirement		(7,030,398)	(7,030,398)	0
TOTAL CONTRIBUTION TO GENERAL FUND		0	(617,700)	(617,700)

Table 3: Main Variations by Service

Projected Net (Under)/Overspend / Income Shortfall as at end of September 2016		
Service – Cabinet Member (Head of Service)	£'000	Explanation
CHIEF EXECUTIVE – Cllr A. Bowles (Abdool Kara)		
Chief Executive & Corporate Costs	(31)	£11k underspend on corporate costs. £20k other net savings.
Policy	(1)	£6k net staff costs savings. £5k Sustainable Sheppey over-received grant repayable.
TOTAL	(32)	
ECONOMY AND COMMUNITIES – Cllrs M. Cosgrove & A. Horton (Charlotte Hudson)		
Environmental	0	The new Environmental Initiatives are expected to be cost neutral as they are funded directly from ring-fenced FPN payments.
Economic Development and Learning & Skills	(14)	£9k salary savings arising from maternity leave. £5k savings from reduced take-up of business support service, change in future provision of business support service and more cautious approach to marketing apprenticeships to local employers in Q3 and Q4, set against national changes.
Closed Circuit Television	4	Loss of income on third party CCTV contracts.
Community Halls and Centres	6	£3k overspend on utilities and rates - continued use of Quinton Hall. £3k overspend - funding required for additional spend on The Meads Community Centre.
Arts Events & Activities	(5)	Underspend on WWI grants.
Community Safety	(14)	Net salary costs savings (officer acting up).
Economy & Community Services	(10)	Salary costs savings (officer acting up).
Markets	0	Anticipated additional specialist markets on Saturday may generate additional income. However, contract terms are still being negotiated and it is too early to estimate any additional costs or savings.
TOTAL	(33)	

Projected Net (Under)/Overspend / Income Shortfall as at end of September 2016		
Service – Cabinet Member (Head of Service)	£'000	Explanation
COMMUNICATIONS, PRINTING, ADVERTISING & PROMOTION – Cllrs M. Cosgrove & A. Horton (Sara Toal)		
Communications	0	Nil variance reported at this stage.
TOTAL	0	
RESIDENT SERVICES – Cllr K. Pugh (Amber Christou)		
Housing Development and Strategy	(6)	£5k net staff costs underspend. £1k net other savings.
Private Sector Housing	(7)	£2k net underspend on staff costs. £2k mileage underspend. £2k fines additional income. £1 net other savings.
Housing Options	106	£177k overspend on the Bed & Breakfast budget. £35k underspend for homeless hostel budget. £6k net underspend projected on staff costs including agency staff. £2k reduced income from government homelessness grant. £30k reduced expenditure on Homelessness Prevention services. £2k net miscellaneous underspend. (Note: use of Reserves will fund £17k other expenditure.)
Housing Benefit and Council Tax Collection	(86)	£50k projected underspend on the Fraud Partnership shared service. £27k projected staff costs saving (including Maternity leave and officer acting up). £8k court costs savings. £3k overspend for grants. £6k underspend on mileage. £2k net other additional costs. (Note: use of Reserves will fund £1k other expenditure.)
Council Tax Benefit	0	Nil Variance reported at this stage.

Projected Net (Under)/Overspend / Income Shortfall as at end of September 2016		
Service – Cabinet Member (Head of Service)	£'000	Explanation
Stay Put Scheme	0	Nil variance reported at this stage. (Note: use of Reserves will fund £4k other expenditure.)
TOTAL	7	
PLANNING – Cllr G. Lewin (James Freeman)		
Building Control	(3)	Saving on Building Control shared service.
Development Control	54	£105k additional planning fee income. £3k miscellaneous additional income. £82k overspend for court costs - appeals. £25k overspend consultancy costs – appeals. £5k overspend for enforcement salaries. £25k loss of income – pre-application planning advice. £25k loss of income – S106 fees.
Development Services	14	Additional agency costs.
Local Land Charges	0	Nil Variance reported at this stage.
Local Planning & Conservation	0	Nil Variance reported at this stage.
Mid Kent Planning Service (MKPS)	(22)	Underspend on MKPS.
TOTAL	43	
COMMISSIONING & CUSTOMER CONTACT – Cllr D. Simmons (Dave Thomas)		
Commissioning & Customer Contact, Client & Amenity Services and Customer Service Centre	(57)	£49k net staff costs savings. £2k mileage costs savings. £4k postage costs savings. £2k net miscellaneous other costs savings.
Parking Management	(265)	£250k additional net pay & display fees. £30k additional grounds maintenance costs being carried out to maintain public safety. £20k additional income PCNs. £20k additional income parking permits. £7k additional income season tickets. £2k additional net expenditure.

Projected Net (Under)/Overspend / Income Shortfall as at end of September 2016		
Service – Cabinet Member (Head of Service)	£'000	Explanation
Cemeteries and Closed Churchyards	(1)	£1k net additional internment income.
Seafront and Harbour & Quays	6	£4 reduced casual mooring fees income. £5k additional memorials (benches etc.) income. £6k additional beach huts income. £12k overspend non-contract grounds maintenance. £1k overspend other costs.
Leisure, Sports, Open Spaces, Parks, Countryside and Allotments	(5)	£11k recharged energy costs additional income regarding Central House. £2k Serco credit sale agreement saving (repayments lower than budgeted). £3k net reduced rents/fees/charges income. £5k overspend non-contract grounds maintenance. (Note: use of Reserves to £94k will fund additional expenditure on Consultancy advice, non-contract Grounds Maintenance and play equipment maintenance.)
Cleansing	(1)	Net staff costs savings.
Recycling & Waste Minimisation	(21)	Net Garden Waste bins and recycled scrap metal additional income.
Refuse Collection / Street Cleansing/ Public Conveniences	(68)	£106k net estimated contract costs and contract variation savings. £4k Public Conveniences's rates savings. £40k wheeled bins overspend. £10k overspend on Kent Resource Partnership project budget contribution. £10k additional special collections income, including A249 collections. £2k net other overspends. (Note – contract costs for current year are still being negotiated).
Highways SBC	(38)	Street naming and numbering additional income.
Grounds Maintenance	1	Reduced recovery of costs.
TOTAL	(449)	

Projected Net (Under)/Overspend / Income Shortfall as at end of September 2016		
Service – Cabinet Member (Head of Service)	£'000	Explanation
DIRECTOR OF CORPORATE SERVICES – Cllr D. Dewar-Whalley (Mark Radford)		
Corporate Costs	0	Nil variance.
Licensing	0	Nil variance.
TOTAL	0	
EMERGENCY PLANNING – Cllr A. Bowles (Della Fackrell)		
Emergency Planning	(1)	Minor underspend.
TOTAL	(1)	
DIRECTOR OF REGENERATION – Cllr M. Cosgrove (Emma Wiggins)		
Strategic Director	2	Minor overspend.
TOTAL	2	
IT SERVICES – Cllr D. Dewar-Whalley (Andy Cole)		
IT MKS	0	Nil variance.
IT Client side	0	Nil variance.
TOTAL	0	
ENVIRONMENTAL HEALTH – Cllr. D. Simmons (Tracey Beattie)		
Environmental Health MKS	(22)	£10k Savings on MKS Charges for Environmental Shared Services £8k Savings on withdrawing market supplements £7k Additional income expected from food safety training and increase in tattooing registrations £3k Additional cost due to increased cost from Port of London for sampling and monitoring and additional mileage expenses
TOTAL	(22)	
INTERNAL AUDIT – Cllr D. Dewar-Whalley (Rich Clarke)		
Audit Services	1	Small increase in the recharge for the MKS Audit service due to new pay scales at MBC.
TOTAL	1	
FINANCE – Cllr D. Dewar-Whalley (Nick Vickers)		
Financial Services	(8)	Net minor variances.
TOTAL	(8)	

Projected Net (Under)/Overspend / Income Shortfall as at end of September 2016		
Service – Cabinet Member (Head of Service)	£'000	Explanation
HUMAN RESOURCES – Cllr D. Dewar-Whalley (Dena Smart)		
Human Resources	0	Nil variance.
Organisational Development	0	Nil variance.
TOTAL	0	
LEGAL – Cllr D. Dewar-Whalley (Estelle Culligan)		
Legal MKLS	28	As a result of increased usage of MKLS services by Swale BC.
External legal fees	36	Higher numbers of non-payment of littering fixed penalty notices going to court results in higher levels of barrister costs. It is expected that the majority of such costs will be recovered. In addition there are planning inquiry/appeal costs relating to Seager Road and New Rides Farm.
S106 Income	(28)	Additional income from S106 legal fees and other fees.
TOTAL	36	
DEMOCRATIC SERVICES – Cllr A. Bowles (Katherine Bescoby)		
Democratic Process	(0)	Nil variance reported.
Other Democratic Costs	(6)	£6k registration canvassing fees savings.
TOTAL	(6)	
PROPERTY SERVICES – Cllr D. Dewar-Whalley (Anne Adams)		
Property Services	(11)	Net underspends.
Administrative Buildings	(2)	Miscellaneous small underspends.
Property Management	(2)	£2k pressure on rental income. £4k underspend on rates.
Health & Safety	0	Nil variance.
TOTAL	(15)	
VARIANCES TO BE MET FROM UNDERSPEND		
Sittingbourne Town Centre Development	10	Additional Legal Fees re Sittingbourne Town Centre Project. As in previous years, it is requested that this be funded from the anticipated final total underspend.
TOTAL	10	

Projected Net (Under)/Overspend / Income Shortfall as at end of September 2016		
Service – Cabinet Member (Head of Service)	£'000	Explanation
NON-SERVICE BUDGETS		
Corporate Items	(151)	<p>£134k external interest additional income.</p> <p>£7k additional costs re: Lower Medway Internal Drainage Board.</p> <p>£30k corporate provision for bad debts – net underspend due to additional income in Housing Benefit overpayments debts raised, partially offset by an increase in the provision for bad debt.</p> <p>£6k miscellaneous additional costs.</p>
	(618)	NET EXPENDITURE (PROJECTED VARIANCE)

Business Rates

- 3.4 The headline figures for total Business Rates income are:
- 2015/16 NNDR3 (outturn) £45,081,000
 - 2016/17 Budget £46,422,000
 - 2016/17 NNDR1 (Forecast) £47,542,000
- 3.5 The Council retains about 10% of total business rates and 40% of any growth over the 1 April 2013 base position. The Council has agreed that any surplus goes into the Business Rates Volatility Reserve. The reserve currently stands at £2.6m and any surplus business rates for 2016/17 will be put to this reserve in order to be able to address any future volatility of income.
- 3.6 The Council has set aside £8.1m for business rate appeals. This indicates how business rate income can vary greatly as a result of a decision made on business rate appeals.
- 3.7 The Council has responded to the DCLG consultation papers, “*Self-sufficient local government: 100% Business Rates Retention*” and “*Fair Funding Review: Call for evidence on needs and redistribution*”. These papers sought views regarding the implementation of 100% Business Rates Retention for local government which government intends to introduce to local government by the end of the Parliament and on the review of the Baseline Need figure. There will also be a revaluation of business rates as at 1 April 2017.
- 3.8 Swale is a member of a business rate pool for 2016/17 consisting of KCC and ten district / borough councils (Sevenoaks and Dover have decided not to join).

Improvement and Regeneration Funds

- 3.9 Table 4 below details the outturn position on a number of reserve funds.

Table 4: Improvement and Regeneration Funds

Funds:	Balance as at 1 April 2016 £	Transfers from reserve (Expenditure) in year £	Transfers to reserve (Income) in year £	Forecast Balance as at March 2017 £
Performance	536,417	(153,516)	0	382,901
Regeneration	362,649	(90,832)	522,000	793,817
Communities	71,913	(143)	50,000	121,770
Pension & Redundancy	212,142	0	0	212,142
Local Loan Fund	250,000	0	0	250,000
TOTAL	1,433,121	(244,491)	572,000	1,760,630

3.10 Appendix II details the allocations from the above funds during 2016/17.

Capital Expenditure

3.11 This section of the report details actual capital expenditure and highlights any variations between the revised 2016/17 capital budget and the projected outturn.

3.12 Requests are made to fund the following new capital projects:

- Sheppey Leisure Centre - £35,000 – strengthening the exercise studio floor - to be funded from the Building Maintenance Reserve;
- Bell Road Cemetery - £41,000 – take down and rebuild bell tower - to be funded 50% from the Building Maintenance Reserve and 50% from the General Reserve.

3.13 There will be a separate report to Cabinet in January requesting funding of approximately £95,000 for the construction of a piled retaining wall at Minster Abbey Churchyard due to the structural movement of retaining wall between the churchyard and adjacent pub. This will be funded from either reserves or capital receipts.

3.14 Actual expenditure to end of September 2016 is £831,704. This represents 21.1% of the revised budget. Further details are set out in Appendix III.

3.15 The 2016/17 capital programme expenditure of £831,704 is funded as set out in Table 5.

Table 5: Capital Programme Funding

	2016/17 Revised Budget £	2016/17 Actual to end of September 2016 £
Partnership funding (including S106 Grants)	3,050,125	705,658
Earmarked Reserves	253,065	95,160
Long Term Debtors / Third Party Loans	0	30,886
Capital Receipts	645,730	0
Total Funded	3,948,920	831,704

Payment of Creditors

3.16 The payment of creditors to end of September 2016 is 99% paid in 30 days against the target of 97%.

Debtors

3.17 Tables 6, 7 and 8 below analyse the sundry debt outstanding.

Table 6: Debt outstanding by due date (not including Rent Deposit Scheme)

	September 2016 (period 6) £'000	June 2016 (period 3) £'000	September 2015 (period 6) £'000
Not Due	141	112	289
1-2 Months	63	440	94
2-6 Months	45	46	65
6-12 Months	16	11	20
1-2 Years	17	19	10
2-3 Years	6	4	4
3-4 Years	4	6	9
4-5 Years	8	7	25
5-6 Years	14	14	10
6 Years +	24	23	15
Total	338	682	541
Total Due	197	570	252
% Total Due	58%	84%	47%

Table 7: Debt outstanding by due date (including Rent Deposit Scheme)

	September 2016 (period 6) £'000	June 2016 (period 3) £'000	September 2015 (period 6) £'000
Not Due	141	114	289
1-2 Months	69	440	99
2-6 Months	51	56	73
6-12 Months	22	23	31

	September 2016 (period 6) £'000	June 2016 (period 3) £'000	September 2015 (period 6) £'000
1-2 Years	39	33	33
2-3 Years	27	38	24
3-4 Years	23	11	15
4-5 Years	12	15	46
5-6 Years	30	43	154
6 Years +	84	94	15
Total	498	867	779
Total Due	357	753	490
% Total Due	72%	87%	63%

Table 8: Debt outstanding (including Rent Deposit Scheme) by Head of Service

	September 2016 (period 6) £'000	June 2016 (period 3) £'000	September 2015 (period 6) £'000
Rent Deposit Scheme	160	185	238
Commissioning & Customer Contact	48	58	137
Property	191	157	168
Residents Services	46	49	59
Legal MKLS	1	5	1
Economy & Communities	12	14	13
Planning	14	3	10
Communications	0	0	2
Environmental Health	1	14	2
Policy	11	1	2
Other	14	381	147
Total	498	867	779

3.18 The debt over six years old relates to charges on property, i.e. where the debt cannot be collected until the property concerned is sold.

3.19 Table 9 below analyses the debt outstanding for housing benefit overpayments. The overall Housing Benefit debt has reduced because the Housing Benefit team have been proactively contacting customers to obtain details of their changes in income for example pension and wage increases. The proactive work increased the year 1-2 figures due to the fact we had received a large amount of claims however the amount of new overpayments raised over the past year has reduced. This has given the overpayments team more time to concentrate on the older overpayments.

Table 9: Debt outstanding – Housing Benefit Overpayments

	September 2016 (period 6) £'000	June 2016 (period 3) £'000	September 2015 (period 6) £'000
0-12 Months	963	867	1268
1-2 Years	491	532	275
2-3 Years	206	216	195

	September 2016 (period 6) £'000	June 2016 (period 3) £'000	September 2015 (period 6) £'000
3-4 Years	142	154	196
4-5 Years	155	160	187
5-6 Years	159	164	127
6 Years +	414	432	368
Total	2,530	2,525	2,616

3.20 Table 10 below analyses the debt outstanding for Council Tax Debt.

Table 10: Debt outstanding – Council Tax

	September 2016 (period 6) £'000	June 2016 (period 3) £'000	September 2015 (period 6) £'000
1 Year	1,511	1,347	1,382
2 Years	716	781	791
3 Years	466	503	421
4 Years	259	272	309
5 Years	196	209	217
6 Years	134	143	165
7 Years	104	109	127
8 Years	85	88	85
9 Years	53	55	45
10 Years +	83	88	112
Total	3,607	3,595	3,654

3.21 Table 11 below analyses the debt outstanding for Business Rates. The main reduction is the writing off of £1.25m for TS Sheerness Steel Ltd. We have been actively monitoring all other debts to ensure they are being chased.

Table 11: Debt outstanding – Business Rates

	September 2016 (period 6) £'000	June 2016 (period 3) £'000	September 2015 (period 6) £'000
1 Year	309	356	903
2 Years	145	154	722
3 Years	90	93	297
4 Years	113	114	124
5 Years	65	71	48
6 Years	33	36	28
7 Years	18	18	17
8 Years +	9	18	12
Total	782	860	2,181

4 Alternative Options

4.1 None identified – this report is largely for information.

5 Consultation Undertaken or Proposed

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

6 Implications

Issue	Implications
Corporate Plan	Good financial management is key to achieving our Corporate Plan priority of being “A council to be proud of”
Financial, Resource and Property	As detailed in the report
Legal and Statutory	None identified at this stage
Crime and Disorder	None identified at this stage
Sustainability	None identified at this stage
Health & Wellbeing	None identified at this stage
Risk Management and Health and Safety	None identified at this stage
Equality and Diversity	None identified at this stage

7 Appendices

- 7.1 The following documents are published with this report and form part of the report:
- Appendix I: Fees & Charges Projected Income 2016/17
 - Appendix II: Improvement & Regeneration Fund allocations as at the end of September 2016
 - Appendix III: Capital Programme – Projected outturn as at end of September 2016

8 Background Papers

- 8.1 The Budget 2016/17 and Medium Term Financial Strategy 2016/17 to 2018/19.

Fees & Charges Projected Income 2016/17 (fees set by SBC)

Charge	2015/16 Outturn £	2016/17 Original Budget £	2016/17 Projected Outturn £	Projected Variance £
Commissioning & Customer Contact				
Car parks and season tickets	1,702,515	1,674,900	1,931,900	257,000
Garden waste collections (brown bins)	336,107	367,500	387,415	19,915
Residents parking permits (including voucher parking for visitors parking in residential bays)	125,495	97,000	117,000	20,000
Cemeteries burial fees	124,077	114,960	118,960	4,000
Bulky waste collections	60,086	57,000	57,000	0
Residential wheeled bins	35,776	20,500	15,500	(5,000)
Street naming and numbering	19,560	15,000	52,460	37,460
Beach hut charges	12,217	7,500	13,400	5,900
Seafront memorial bench	11,971	1,000	6,000	5,000
Travelling fetes & fairs and access over open space licence	11,005	11,780	13,280	1,500
Sports facilities	7,376	11,500	5,870	(5,630)
Allotments	1,798	1,000	550	(450)
Radar keys for disabled toilets	486	210	310	100
Harbour facilities and town quays	0	5,500	1,500	(4,000)
Corporate Services				
Legal services charges, including S106 application fees	38,986	28,660	56,660	28,000
Hire of meeting rooms at Swale House	80	100	3,200	3,100
Economic & Cultural Services				
King George's Pavilion	18,806	13,980	13,980	0
Advertising fees for Inside Swale	10,952	5,000	5,000	0
Annual animal licences	10,856	10,500	10,500	0
Stray dog collection	9,490	9,000	9,000	0
Pest control treatments	5,267	2,000	2,000	0
Alleygate key	54	50	50	0
Guildhall	0	600	600	0
Housing				
Houses in multiple occupation	2,480	500	500	0
Stayput handyperson charges	2,367	2,200	2,200	0
Home inspection for immigration application fee	75	100	100	0

Fees & Charges Projected Income 2016/17 (fees set by SBC)

Charge	2015/16 Outturn £	2016/17 Original Budget £	2016/17 Projected Outturn £	Projected Variance £
Mid-Kent Environmental Health Service				
CIEH Level 2 Award Training in Food Safety in Catering	4,305	500	3,500	3,000
Registration fee under the Local Government (Misc Provisions) Act	3,968	1,500	5,000	3,500
Request for environmental information	1,977	1,000	1,200	200
Food export certificate	460	100	420	320
Planning				
Local land charges	220,933	210,000	210,000	0
Pre-application planning advice fees	49,269	60,000	35,000	(25,000)
S106 Monitoring fees	31,144	65,000	40,000	(25,000)
Photocopying charges	91	2,000	3,900	1,900
Sale of ordnance survey plans	0	1,050	50	(1,000)
TOTAL	2,860,029	2,799,190	3,124,005	324,815

Improvement and Regeneration Fund Allocations to the end of September 2016

	Amount £
Performance Fund	
Community Safety Operational Pot	5,000
Transformation Project	120,000
Data Quality Project	25,000
Transitional Review into Future Delivery of DFG's	4,000
Consultancy support for renegotiation of Grounds Maintenance contract	20,000
Smarter Digital Services	20,000
Additional hours to support Cabinet and Deputy Cabinet Members	1,600
Website Development	5,000
Digital Service Development - GovDelivery implementation	3,320
Website re-design	49,000
Pilot project for website self service	10,260
Local Area Perception Survey	12,000
Leisure Centre Conditions Surveys, Swallows Leisure Centre & Faversham Pools	9,192
Total Approved as at September 2016	284,372
Regeneration Fund	
Sheerness Strategic Regeneration Framework	15,000
Faversham Place review and workshop	5,000
Compulsory purchase order, legal Advice	10,000
Total Approved as at September 2016	30,000
Communities Fund	
Total Approved as at September 2016	0

Capital Programme 2016/17

	Funding SBC / Partnership SBC/ P	2016/17 Original Budget £	Other Adjustments £	2016/17 Working Budget £	2016/17 Actual to End of September 2016 £	2016/17 Variance £
<u>SUMMARY</u>						
<u>PARTNERSHIP FUNDING SCHEMES</u>						
Economy & Communities	P	964,000	6,795	970,795	51,327	-919,468
Commissioning & Customer Contact	P	0	136,200	136,200	13,149	-123,051
Resident Services	P	1,140,000	803,130	1,943,130	641,182	-1,301,949
TOTAL PARTNERSHIP FUNDING SCHEMES	P	2,104,000	946,125	3,050,125	705,658	-2,344,468
<u>SWALE BOROUGH COUNCIL FUNDING SCHEMES</u>						
Commissioning & Customer Contact	SBC	15,000	233,230	248,230	84,000	-164,230
Corporate Services	SBC	0	17,000	17,000	8,500	-8,500
Environmental Health	SBC	55,000	0	55,000	0	-55,000
Economy & Communities	SBC	415,000	11,065	426,065	2,660	-423,405
Resident Services	SBC	0	0	0	30,886	30,886
Finance	SBC	0	2,500	2,500	0	-2,500
Property Services	SBC	150,000	0	150,000	0	-150,000
TOTAL SBC FUNDING SCHEMES	SBC	635,000	263,795	898,795	126,046	-772,749
TOTAL CAPITAL PROGRAMME		2,739,000	1,209,920	3,948,920	831,704	-3,117,217

Capital Programme 2016/17

	Funding SBC / Partnership SBC/ P	2016/17 Original Budget £	Other Adjustments £	2016/17 Working Budget £	2016/17 Actual to End of September 2016 £	2016/17 Variance £
<u>ECONOMY & COMMUNITIES - E.WIGGINS</u>						
CCTV - Repairs & Renewals Reserve	SBC	15,000	0	15,000	0	-15,000
Easthall Farm Community Centre - S106	P	964,000	0	964,000	39,666	-924,334
The Mill Project, Sittingbourne Skate Park - Capital Receipts	SBC	200,000	0	200,000	0	-200,000
Faversham Creek Basin Regeneration Project (swing bridge) Capital Receipts	SBC	200,000	0	200,000	0	-200,000
Kemsley Community Facilities (S106)	P	0	0	0	4,866	4,866
The Meads Community Centre- S106	P	0	6,795	6,795	6,795	0
The Meads Community Centre- Regeneration Fund	SBC	0	11,065	11,065	2,660	-8,405
TOTAL ECONOMY & COMMUNITIES		1,379,000	17,860	1,396,860	53,987	-1,342,873
<u>COMMISSIONING & CUSTOMER CONTACT - D.THOMAS</u>						
Cemeteries - future burial provision in the borough - Capital Receipts	SBC	0	22,040	22,040	0	-22,040
Thistle Hill Community Woodland - Trim Trail - S106	P	0	35,000	35,000	0	-35,000
New Play Area - Iwade Schemes - S106	P	0	92,200	92,200	0	-92,200
Milton Creek Footpath & Viewing platform - Capital Receipts	SBC	0	16,190	16,190	0	-16,190
Borden Playstool Playground Equipment (S106)	P	0	0	0	13,149	13,149
Oare Gunpowder Works - S106	P	0	9,000	9,000	0	-9,000
Newington Car Park Wall	SBC	0	125,000	125,000	84,000	-41,000
Car Park Machines - Reserves	SBC	15,000	30,000	45,000	0	-45,000
Car Park Information Boards	SBC	0	40,000	40,000	0	-40,000
TOTAL COMMISSIONING & CUSTOMER CONTACT		15,000	369,430	384,430	97,149	-287,281

Capital Programme 2016/17

	Funding SBC / Partnership SBC/ P	2016/17 Original Budget £	Other Adjustments £	2016/17 Working Budget £	2016/17 Actual to End of September 2016 £	2016/17 Variance £
<u>CORPORATE SERVICES - MARK RADFORD</u>						
Uniform Licencing Implementation	SBC	0	17,000	17,000	8,500	-8,500
TOTAL CORPORATE SERVICES		0	17,000	17,000	8,500	-8,500
<u>ENVIRONMENTAL HEALTH - T.BEATTIE</u>						
Replacement of Air Quality Stations - Capital Receipts	SBC	55,000	0	55,000	0	-55,000
TOTAL ENVIRONMENTAL HEALTH		55,000	0	55,000	0	-55,000
<u>RESIDENT SERVICES - A. CHRISTOU</u>						
DFG Mandatory Grants (CLG)	P	1,140,000	803,130	1,943,130	636,094	-1,307,036
HRG - Housing Repair Grants Over 60	P	0	0	0	5,088	5,088
RHB2 - Decent Home Loans Owner Occupier	SBC	0	0	0	30,886	30,886
TOTAL RESIDENT SERVICES		1,140,000	803,130	1,943,130	672,068	-1,271,062
<u>FINANCE - N. VICKERS</u>						
Cash Receipting System - Replacement - Capital Receipts	SBC	0	2,500	2,500	0	-2,500
TOTAL FINANCE AND PERFORMANCE PORTFOLIO		0	2,500	2,500	0	-2,500
<u>PROPERTY SERVICES – A. ADAMS</u>						
Faversham Pools Refurbishment - Capital Receipts	SBC	150,000	0	150,000	0	-150,000
TOTAL PROPERTY SERVICES		150,000	0	150,000	0	-150,000

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Cabinet Meeting		Agenda Item: X
Meeting Date	7 December 2016	
Report Title	Medium Term Financial Plan and 2017/18 Budget	
Cabinet Member	Cllr Dewar-Whalley, Cabinet Member for Finance & Performance	
SMT Lead	Abdool Kara, Chief Executive	
Head of Service	Nick Vickers, Head of Finance	
Lead Officer	Nick Vickers, Head of Finance	
Key Decision	Yes	
Classification	Open	
Forward Plan	Reference number: 12	
Recommendations	<ol style="list-style-type: none"> 1. To endorse the Medium Term Financial Plan 2. To endorse the draft 2017/18 budget proposals. 	

1 Purpose of Report and Executive Summary

- 1.1 This report sets out the Council's Medium Term Financial Plan (MTFP) and the draft 2017/18 budget.
- 1.2 The Council has established a strong track record for its financial management. In their 2016/17 audit letter Grant Thornton LLP, the Council's external auditors, concluded that "The Council has a history of sound financial management" and that "The Council is taking a pro-active approach to address these pressures, with action to deliver efficiencies and increase the focus on income generation as part of a wide-ranging transformation agenda".
- 1.3 This report sets out how the Council intends to balance the 2017/18 budget, and how it will approach achieving financial self-sufficiency over the longer term. In this regard, the next few years represent a watershed for local authority financing. The approach will be based on further development of new income sources locally, continued growth in business rates from business expansion in the Borough, and transformation of services, led by an internal team which will review all the Council's services over an eighteen month period.
- 1.4 This report will form the basis for the formal Scrutiny Committee review of the proposals on 26 January. Following Scrutiny, and the receipt of further data from Government, an updated report will be submitted to Cabinet on 1 February, and then Council on 15 February.

2 Background

Local Government Finance

- 2.1 The Local Government Finance Settlement for 2016/17 received on 17 December 2015, set out Revenue Support Grant (RSG) figures for three years, and introduced the concept of Four Year Efficiency Plan where, in return for submitting such a plan, the Government would guarantee certain minimum funding levels, primarily for RSG. Cabinet agreed the Council's Efficiency Plan on 7 September and the acceptance of the plan has been confirmed.
- 2.2 As a result, the Council has greater certainty over what has traditionally been a major funding source, although the reductions made in recent years has significantly reduced how much RSG the Council receives. The position for the period of the MTFP is set out below, showing that the Council will see an £848,000 (41%) reduction in RSG for 2017/18.

Revenue Support Grant

2016/17	2017/18	2018/19	2019/20
£'000	£'000	£'000	£'000
2,086	1,238	707	113

- 2.3 The Chancellor of the Exchequer's Autumn Budget Statement was on 23 November. There were no major issues which will impact on the Council but we will examine the detail further for issues such as the increase in minimum wage, increases to employers National Insurance and Insurance Premium Tax and the changes to business rate relief.

Business Rates

- 2.4 From 1 April 2013 Business Rates were part localised. Whilst the rate in the pound is still set nationally, local authorities retain 50% of the growth in income collected since 2013, though there is also a 'top-up' and 'tariff' regime to protect significant losers, and cap significant winners.
- 2.5 In two-tier areas the income is then split between different tiers of Council. As a district, Swale BC currently keeps 40% of growth above the 1 April 2013 baseline. Swale is the billing authority and collects business rates on behalf of the Government and the preceptors. The overall effect as this works through the system of tariffs and top ups, is that Swale currently keeps around £6m of the £50m it collects.
- 2.6 As the table below shows, the Council has seen a significant growth in business rates in recent years:

Business Rates Income

Year	Total Business Rate Income	Business Rate Income Retained by Swale
2013/14 Outturn	£41,509,000	£4,260,000
2014/15 Outturn	£44,122,000	£4,961,000
2015/16 Outturn	£45,081,000	£5,482,000
2016/17 Budget	£46,422,000	£5,682,000
2016/17 NNDR1 Forecast	£47,542,000	£5,868,000

- 2.7 All businesses can appeal their business rate assessment to the Rating and Valuations Office. Appeals can be protracted exercises, with businesses having a strong incentive to appeal. The Council therefore has to set aside a financial provision for appeals; based on the level of appeals and the likelihood of them being successful, the total provision currently is £8m.
- 2.8 Business Rates are collected by the Council, and the resulting Collection Fund is then distributed to Kent CC, Kent Fire and Rescue, the Government, and the Council itself. In 2015/16 there was an increase in the provision for business rate appeals which resulted in a significant deficit on this Fund, of which the Council's share is £1.3m. This is being paid in 2016/17 from the Business Rates Volatility Reserve set up by the Council since the localisation of Business Rates, and therefore does not impact on this budget.
- 2.9 In estimating business rate income across the period of the MTFP we have taken into account the likely level of annual uplift (linked to the Retail Price Index in September each year), and a headline estimate for major new developments of which we are aware, the most significant being the new Aldi warehouse at Neatscourt expected to open in 2018. We do not try to estimate the more normal level of business turnover which there will be across the Borough.
- 2.10 In the Local Government Finance Settlement 2016/17 the Government also announced an intention to fully localise all business rates from 2019 or 2020. This is a huge change to local government finance, and poses some very significant challenges, including:
- (i) distribution issues - even with the full localisation of business rates there will still have to be mechanisms for redistributing income raised between authorities to reflect need. This is likely to be achieved by retaining the top up and tariff regime in some form;
 - (ii) additional responsibilities - as the global amount of business rates exceeds the current amount of RSG, the Government needs to find additional services which will be transferred to local authorities. The provisional ideas about which services these are relate primarily in two-tier areas to county council functions, where there is an understandable nervousness around the delegation of responsibility for people-related services (such as Attendance Allowance) but based on a funding stream linked related to the business cycle; and

- (iii) resetting - there is a debate about whether there should be a full, partial, or possibly no reset from the 1 April 2013 base position. Councils such as Swale which have seen significant business rate growth since 2013 will argue, as we did, against a reset, whilst those who have lost funding will argue in favour of a reset.
- 2.11 There is nothing new in there being uncertainty about local government finance, and our moves to self-sufficiency will remove this over time. But the scale of the change that fully localised business rates will bring does mean that there are huge caveats about any forecasts which go beyond 2020 for this very significant revenue stream.
- 2.12 In addition, from 1 April 2017 there is a revaluation of all non-domestic properties in England and Wales. The headline figure is an increase in the national average of 9.1%, largely driven by London where the increase was 22.3%. In Swale the net increase is 5.1%. To reflect this, the multiplier has been reduced and top ups and tariffs adjusted to reflect the changes, so the overall impact on the Council should be nil.
- 2.13 However, revaluation means that there is probably an even greater incentive for companies that have seen an increase to appeal, which may then put an added pressure on the appeals provision.
- 2.14 On 5 October Cabinet agreed once again is to participate in the Business Rate Pool with Kent CC and all Kent borough councils except Sevenoaks and Dover.

New Homes Bonus

- 2.15 Also in the Local Government Finance Settlement 2016/17 the Government announced a major review of the New Homes Bonus system. On the positive side they said it would become a permanent part of the system of local government finance. But they also indicated that in aggregate it would be reduced by £1.5bn and that this would be used from 2017/18 onwards to fund the Better Care Fund, so effectively moving money away from lower-tier councils who actually have the direct impact on house building numbers. The Council responded to the consultation paper in February, and the Government has still not made any announcements on how it intends to proceed.
- 2.16 The estimate we are using for 2017/18 is consistent with the previous calculation basis where we lose the year 1 figure and add the latest year of housing completions. The net effect sees the total amount reduce from £3,482,000 in the current financial year to a forecast of £3,097,000. But in the current financial year we only took £2,860,000 into the base, and we propose the same for 2017/18.
- 2.17 The 2018/19 and 2019/20 figures are estimates based upon the previously indicated but unconfirmed reductions. These see the loss of a further £824,000 from the total for 2017/18, and a £587,000 reduction from the amount we budget. However, we have had no confirmation that the

Government does intend to proceed with the further reductions, or if they do, the actual basis of any new distribution formula that will be used.

Council Tax

- 2.18 The Council has not increased the Council Tax since 2010/11, and at £159.93 for Band D is now the second lowest in the County. The Council has been able to hold Council Tax in recent years in part because of Council Tax freeze grant from Government in the early years of the freeze, and then more recently because we have been able to continue to balance the budget without reducing spend on frontline services.
- 2.19 Once again the Local Government Finance Settlement 2016/17 made fundamental changes to the role that Council Tax plays in the Government's financial modelling of local authority spending. Forecast Council Tax income now forms part of the Government's 'Core Spending Power' assessment. They also announced that there would be no more Council Tax freeze grants, and those previously granted would be rolled into RSG.
- 2.20 For 2016/17 the Government allowed those lower-tier Councils to increase their Council tax by either 2% or up to £5 per year. For Swale 2% equates to £140,000, and £5 per year to £220,000.

Pay and Allowances

- 2.21 It is proposed that there will be a 1.2% staff pay increase in 2017/18, and the same increase will be applied to all member allowances. The budget will also allow for staff increments where applicable.
- 2.22 There are also two pension related issues impacting on the budget:
- (i) actuarial valuation - every three years the Kent Pension Fund has an actuarial valuation, where the actuary reviews employer contribution rates. The Council currently pays a Future Service rate of 12.6%, and pays an annual contribution of £1.56m for the Past Service Deficit. The contribution rate set by the actuary for 2017/18 is 14.7%, whilst the Past Service Deficit contribution has reduced to £1.36m. Given that the current base budget is short of the required sum by £136,000, the net result is an increase of £60,000 in 2017/18; and
 - (ii) auto enrolment - the Council has to comply with the legislative requirement to auto enrol all staff in the Local Government Pension Scheme (LGPS) as at 1 October 2017. Currently all staff are eligible to join the LGPS but some decide not to. Under the new system all staff will have to be enrolled, and they may then decide to opt out. Provision is made in the budget for an opt-out rate based on the experience of Maidstone BC, who opted to enrol in an earlier year.

Contractual Price Inflation

- 2.23 The Council's major contracts include price inflation (or deflation) provisions. The main contracts have the following provisions:

Contract	Inflation provision
Refuse/Street Cleaning	Average Weighted Earnings (AWE) 40%, Consumer Price Index (CPI) 40%, and Diesel fuel index 20%;
Grounds Maintenance	Retail Price Index excluding mortgage interest payments (RPIX)
Leisure	Retail Price Index
Public Conveniences	RPIX currently; but new contract proposed weighting of AWE 55%, CPI 35%, and Diesel fuel index 10%.

Lower Medway Internal Drainage Board (LMIDB)

- 2.24 The LMIDB has a statutory responsibility for the management of specified water courses and flood protection for the lower portion of the River Medway, including parts of the Borough. The LMIDB levies a precept on the Council, and in 2016/17 this totalled £333,921. The LMIDB is not capped, and therefore any increases are wholly at the discretion of the LMIDB Board.
- 2.25 In May the Council was informed via the Council representatives on the Board that the Board had not been properly rating parts of the Isle of Sheppey. In a letter in 1987 the Council asked for the Board to defer the changes to the rating due to the introduction of the Community Charge, and the Board then overlooked applying the rerating. The rerating applies to Sheerness and Queenborough have only paid $\frac{1}{4}$ of the full rate, and Minster and Eastchurch area $\frac{1}{8}$ of the full rate. The final approval of such a request was required from DEFRA, and we did not know when this would be received. The estimated impact was an increase in the precept of £180,000. We have now been notified that the additional sum to be requested is £442,000, an increase of 133% payable from 1 April 2017, though we are awaiting the Board decision on the precept.
- 2.26 Whilst the Council has benefitted from this oversight over a number of years, the scale of this increase is too great to absorb in one year. We are in the process of challenging this proposal through the Secretary of State, but we must plan on the basis that it will be implemented. It is therefore intended that the increase charged to the base will be phased in over two years, with the balance being met from reserves.

Capital Programme

- 2.27 The Council has been operating a very limited capital programme in recent years, primarily consisting of the Disabled Facilities Grant funded from specific external grants, and some small capital projects funded from specific grants or from reserves.
- 2.28 After the budget was agreed the Council was notified of a significantly higher allocation for 2016/17 for Disabled Facilities Grant which in total will be £1.6m. This is very welcome and we expect this higher allocation to apply in 2017/18 also, although at this stage no final figures have been received.

- 2.29 In March 2016 the Council agreed to allow borrowing of up to £30m for capital projects, and in November Cabinet agreed to use a substantial part of this facility to fund and acquire the leisure, hotel and retail elements of the Sittingbourne Town Centre regeneration project, though this is subject to a Scrutiny Call in at the time of writing.
- 2.30 Cabinet has made clear that it will borrow for strategic projects where there is a business case and the budget report to Council will make the case for increasing the overall borrowing limit to support further major capital projects across the Borough.
- 2.31 The Council has around £18m of reserves and through year on year underspends and additional business rates income these reserves have been building up in recent years. The main purposes of the reserves are:
- (i) to allow the Council to deal with unforeseen events and costs e.g. Spade lane legal costs;
 - (ii) to fund one off initiatives. Though the different reserve funds the use of which is publicly reported on a quarterly basis the Council can fund individual projects or initiatives which it is not able to through the reducing base budget e.g. website redesign to increase digital access to services; and
 - (iii) to allow the Council to play a strategic role in supporting a major initiative with the confidence that the underlying financial strength of the Council will not be compromised e.g. funding the construction of the Sittingbourne multi storey car park.

3 Proposals

Medium Term Financial Plan

- 3.1 The Council has been successful in dealing with the financial implications of deficit reduction without impacting on frontline services, but there does come a point where efficiency savings will no longer be enough to close the gap, and so there needs to be another way of securing the financial viability of the Council.
- 3.2 To achieve this our high level strategy is to:
- (i) drive transformation - the Transformation Team is undertaking reviews of all services to drive digital access to services and other efficiencies to reduce costs;
 - (ii) drive up income - this is income in total, including Council Tax via growth in the Council Tax base, Business Rates, New Homes Bonus, existing Fees & Charges, and new sources of income such as proposed from the Sittingbourne Town centre investment;
 - (iii) review major contracts - the single largest contributor to savings in recent years has been the re-let Waste and Street Cleansing Contract. With the imminent renewal of the Grounds Maintenance Contract and then the

Leisure Services Contract in 2019 the Council needs to look afresh at the configuration of service delivery and the options for savings; and

- (iv) deliver regeneration - delivery of regeneration projects will directly benefit the Council via additional Council Tax, Business rates and New Homes Bonus, and higher levels of income for residents will reduce demand for services.

3.3 The Medium Term Financial Plan is our forecast of the financial position of the Council over the next three years, and the main variables in the Plan have been examined in Section 2 above. The Medium Financial Plan is set out in Appendix I. We have also included in Appendix II an indicative ten-year plan, though please note the caveats related to Business rates retention and New Homes Bonus set out in the commentary in Section 2.

3.4 Variations proposed from the 2016/17 base budget are set out in Appendix III. These use the following Budget Variation Headings:

Heading	Explanation
Growth Items	These are items where the Council does have discretion.
Unavoidable Cost Pressures	These are items where due to legal or contractual requirements there is no choice over incurring the expenditure.
Loss of Income	Loss of income currently within the base budget,
Service savings	Cashable cost savings identified by services,
Additional Income	Increases in income over the current base,

3.5 The Local Government Finance Settlement 2017/18 will be received in December and the Budget report will be updated for Scrutiny in January and Cabinet in February.

Council Tax

3.6 The Council meeting on 15 February 2017 will determine the level of the Council Tax.

4 Alternative Options

4.1 These are the Cabinet's budget proposals as at 7 December 2016. They will be subject to review by Scrutiny Committee, and will be resubmitted to Cabinet prior to seeking Council agreement.

5 Consultation Undertaken or Proposed

5.1 Formal consultation will take place between the December Cabinet meeting, and the final budget setting Council meeting on 15 February 2017. In the absence of proposals to reduce or cease service provision, the consultation

will focus upon Scrutiny Committee on 26 January, and statutory consultation with representatives of local business groups.

6 Implications

Issue	Implications
Corporate Plan	The budget proposals support the delivery of all of the Council's corporate objectives, and in particular 'A Council to be proud of'.
Financial, Resource and Property	This report sets out the Council's Medium Term Financial Plan and the draft 2017/18 budget.
Legal and Statutory	The Council legally has to set a Council Tax and agree a balanced budget.
Crime and Disorder	Any potential impact will be addressed by service managers in their budget proposals.
Sustainability	The sustainability implications of budget decisions will be fully investigated by service managers in drawing up their detailed proposals.
Health and Wellbeing	Any potential impact will be addressed by service managers in their budget proposals.
Risk Management and Health and Safety	Risks will be reviewed as part of the risk update process. Specific H&S risks will be addressed by service managers in their budget proposals.
Equality and Diversity	Where appropriate there will be Community/Equality Impact Assessments undertaken by service managers in relation to specific 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: 10 Year Plan
- Appendix III: Budget Variations

8 Background Papers

8.1 No background papers

Medium Term Financial Plan

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Base Budget	18,146	18,146	18,146	18,146
Growth items	0	78	82	94
Unavoidable cost pressures	0	364	470	525
Loss of income	0	213	213	214
Additional income	0	(259)	(273)	(308)
Committed price increases	0	144	250	305
Lower Medway Internal Drainage Board (LMIDB)	0	456	472	488
Contribution from reserves for LMIDB		(220)	0	0
<u>Salary Related:</u>				
Pay Award (1.2%)	0	109	201	294
Other Pay Increases	0	78	125	150
Contribution to/(from) reserves (Regen Fund contribution ended 17/18)	395	240	42	42
Revenue Support Grant	(2,086)	(1,238)	(707)	(113)
Business Rates	(5,682)	(6,506)	(7,040)	(7,120)
Contribution from Business Rates Reserve	0	(255)	0	0
Council Tax (£164.88 17/18; £169.83 18/19; no increase 19/20)	(7,030)	(7,411)	(7,831)	(8,030)
New Homes Bonus	(3,482)	(3,097)	(2,273)	(2,272)
Collection Fund Surplus/Deficit C Tax	(261)	(136)	(158)	0
Savings Required	0	706	1,719	2,415
Service savings	0	(645)	(572)	(629)
Requirement for balanced position	0	(61)	(1,147)	(1,786)
Committed savings	0	(706)	(1,719)	(2,415)
Contribution (to) from General Fund	0	0	0	0

Ten Year Plan

Swale Council 10 Year MTFP	Budget 2016-17 £'000	Plan 2017-18 £'000	Plan 2018-19 £'000	Plan 2019-20 £'000	Plan 2020-21 £'000	Plan 2021-22 £'000	Plan 2022-23 £'000	Plan 2023-24 £'000	Plan 2024-25 £'000	Plan 2025-26 £'000
Expenditure										
Net Service Expenditure c/f (based on 16/17 budget)	17,914	18,146	18,684	19,114	19,049	19,011	18,975	18,940	18,908	18,878
Net forecast cost/ (savings) (approved in previous years)	66	(105)	275	31	56	57	58	59	60	61
Lower Medway Internal Drainage Board	0	456	16	16	17	17	17	18	18	19
Pay Award	109	109	92	93	94	95	95	96	97	98
Non Pay Award Salary Increases	57	78	47	25	25	25	25	25	25	25
Efficiency savings				(230)	(230)	(230)	(230)	(230)	(230)	(230)
Net Service Expenditure b/f	18,146	18,684	19,114	19,049	19,011	18,975	18,940	18,908	18,878	18,851
Financing Sources										
Government Support										
Revenue Support Grant	(2,086)	(1,238)	(707)	(113)	0	0	0	0	0	0
New Homes Bonus	(3,482)	(3,097)	(2,273)	(2,272)	(2,272)	(2,272)	(2,272)	(2,272)	(2,272)	(2,272)
Council Tax	(7,030)	(7,411)	(7,831)	(8,264)	(8,583)	(8,907)	(9,238)	(9,574)	(9,915)	(10,263)
Business Rates	(5,682)	(6,506)	(7,040)	(7,120)	(7,191)	(7,263)	(7,336)	(7,409)	(7,483)	(7,558)
Collection Fund Surplus C Tax	(261)	(136)	(158)	0	0	0	0	0	0	0
Contribution to/(from) reserves	395	(235)	42	42	42	42	42	42	42	42
Sittingbourne Town Centre rental income	0	0	0	(500)	(500)	(500)	(500)	(500)	(500)	(500)
Total Financing	(18,146)	(18,623)	(17,967)	(18,227)	(18,504)	(18,900)	(19,304)	(19,713)	(20,128)	(20,551)
Budget Gap (surplus)/ deficit	0	61	1,147	822	507	75	(364)	(805)	(1,250)	(1,700)
Cumulative Budget Gap (surplus)/ deficit	0	61	1,208	2,030	2,537	2,612	2,248	1,443	193	(1,507)

Budget Variations

Growth items			
No.	Description	Cabinet Member / Head of Service	2017/18 over 2016/17 £
	Economic & Community Services		
1	Swale Contribution to Kent Integrated Domestic Abuse Commissioning Contract	Cllr A. Horton / C. Hudson	21,040
2	Communications - Squiz CMS licence and support costs	Cllr A. Bowles / E. Wiggins	8,250
	Mid Kent Improvement Partnership (MKIP) Services		
3	Essential Users Car Allowance	Cllr D. Dewar-Whalley / D. Smart	4,130
	Democratic Services		
4	Members' Allowances	Cllr A. Bowles / M. Radford	38,840
	Environmental Health		
5	Single Employing Proposal for the Mid Kent Environmental Health Service	Cllr D. Simmons / T. Beattie	5,800
	Total Growth Items		78,060

Budget Variations

Unavoidable Cost Pressures			
No.	Description	Cabinet Member / Head of Service	2017/18 over 2016/17 £
	Mid Kent ICT		
1	Increase in licence fees due to Microsoft realigning prices in British pounds to be close to Euro levels	Cllr D. Dewar-Whalley / A. Cole	3,600
	Resident Services		
2	Increase in homelessness costs	Cllr K. Pugh / A. Christou	170,000
	Economic & Community Services		
3	Potential increase in costs of dog kennelling and re-homing service - currently out to tender, so increase is based upon maximum predicted costs for the service	Cllrs M. Cosgrove & A. Horton / C. Hudson	20,000
	Mid Kent Improvement Partnership (MKIP) Services		
4	Auto enrolment in the LGPS for those that currently opt out - estimate based on 90% take up	Cllr D. Dewar-Whalley / D. Smart	51,990
5	Apprenticeship levy	Cllr D. Dewar-Whalley / D. Smart	29,230
	Mid Kent Legal Services (MKLS)		
6	Swale BC is increasing its use of MKLS resources - so the Council will have to increase its contribution by approximately 3%, though possibly more in 2017/18	Cllr D. Dewar-Whalley / E. Culligan	20,000
	Director Of Corporate Services		
7	Duty officer charge not previously budgeted for	Cllr D. Dewar-Whalley / M. Radford	2,000
	Finance		
8	Increase in Pension Costs to KCC as a result of triennial revaluation	Cllr D. Dewar-Whalley / N. Vickers	60,000
	Environmental Health		
9	Shellfish Sampling - Port of London passing on sampling costs to SBC for monthly monitoring.	Cllr D. Simmons / T. Beattie	7,500
	Total Unavoidable Cost Pressures		364,320

Budget Variations

Loss Of Income			
No.	Description	Cabinet Member / Head of Service	2017/18 over 2016/17 £
	Property Services		
1	Net loss of income due to vacant site at Gas Road and other rent increases	Cllr D. Dewar-Whalley / A. Adams	15,000
2	Faversham Dry Sports - no recharge from tenant for insurance premium, but offset by reduction in amount recharged from insurance budget	Cllr D. Dewar-Whalley / A. Adams	1,510
	Economic & Community Services		
3	Reduced income from ending of CCTV monitoring contract by third party	Cllr A. Horton / C. Hudson	6,210
	Commissioning & Customer Contact		
4	The Council will no longer be undertaking the Kent Highways Service Maintenance work with the consequent reduction in income from KCC, offset by a saving to the ground maintenance budget (see no. 19 service savings sheet)	Cllr D. Simmons / D. Thomas	138,660
5	No longer operating Queenborough Harbour moorings	Cllr D. Simmons / D. Thomas	2,000
	Mid Kent Legal Services (MKLS)		
6	Staff savings in MKLS. This saving will be offset by the resulting lower contributions from the other Legal shared service authorities (see no. 1 service savings sheet)	Cllr D. Dewar-Whalley / E. Culligan	49,500
	Total Loss Of Income		212,880

Budget Variations

Additional Income			
No.	Description	Cabinet Member / Head of Service	2017/18 over 2016/17 £
	Resident Services		
1	Debt Recovery Service	Cllr D. Dewar-Whalley / A. Christou	(50,000)
	Property Services		
2	Guildhall - additional rental income	Cllr D. Dewar-Whalley / A. Adams	(1,100)
3	Miscellaneous properties - additional rental income	Cllr D. Dewar-Whalley / A. Adams	(1,500)
4	Miscellaneous properties - additional rental income	Cllr D. Dewar-Whalley / A. Adams	(1,500)
5	Rental/Service charge income from Sateda	Cllr D. Dewar-Whalley / A. Adams	(6,200)
	Economic & Community Services		
6	Major event licencing	Cllr A. Horton / C. Hudson	(500)
7	Environmental Response Team - Fixed Penalty Notices	Cllr D. Simmons / C. Hudson	(3,000)
	Commissioning & Customer Contact		
8	Increase in season ticket charges to bring these closer in line with the current Pay & Display tariff	Cllr A. Horton / D. Thomas	(8,500)
9	Increase in resident and visitor parking permit charges	Cllr A. Horton / D. Thomas	(13,000)
10	Garden Waste collections - increased subscriber base	Cllr D. Simmons / D. Thomas	(17,500)
11	Refuse collection contract	Cllr D. Simmons / D. Thomas	(20,000)

Budget Variations

Additional Income			
No.	Description	Cabinet Member / Head of Service	2017/18 over 2016/17 £
12	Current pay and display income remains stable and significantly above expectation following the uplift in parking tariffs last year. This will enable the budget expectation to be increased	Cllr A. Horton / D. Thomas	(100,000)
	Mid Kent Legal Services (MKLS)		
13	Proposal to charge a flat rate of £210 per hour for all legal work may see a slight rise in legal income	Cllr D. Dewar-Whalley / E. Culligan	(1,400)
14	Significant increase in S106 receipts in 2016/17 is expected to be continued in 2017/18	Cllr D. Dewar-Whalley / E. Culligan	(20,000)
	Environmental Health		
15	Management of the new Kent & Medway Air Quality monitoring contract	Cllr D. Simmons / T. Beattie	(5,000)
	Finance		
16	Increased income from external interest of investments	Cllr D. Dewar-Whalley / N. Vickers	(10,000)
	Total Additional Income		(259,200)

Budget Variations

Service Savings			
No.	Description	Cabinet Member / Head of Service	2017/18 over 2016/17 £
	Mid Kent Legal Services (MKLS)		
1	Staff savings in MKLS - this saving will be offset by the loss of income from the resulting lower contributions from the other Legal shared service authorities (see no. 6 loss of income sheet)	Cllr D. Dewar-Whalley / E. Culligan	(66,000)
	Resident Services		
2	£3,000 paid to Kent Rural Housing Enabler to develop their rural housing policy and carry out housing needs surveys. There is little demand for the surveys and there is little to no funding available to build rural affordable housing at present. Continuing to make the full contribution to fund the agency does not represent value for money	Cllr K. Pugh/ A. Christou	(2,000)
3	Mileage, no longer needed to send staff to other offices on such a regular basis. There are also no longer Visiting Officers; we therefore have fewer mileage claims going through	Cllr K. Pugh/ A. Christou	(7,000)
4	Staff restructuring in Housing	Cllr K. Pugh/ A. Christou	(15,000)
5	Homeless hostel budget - new agreement with AmicusHorizon to use Housing Benefit Subsidy to cover management costs of this accommodation mean a reduction in this expenditure	Cllr K. Pugh/ A. Christou	(20,000)
6	Saving in Fraud Partnership	Cllr K.Pugh / A. Christou	(74,000)
	Property Services		
7	Guildhall - budget not required	Cllr D. Dewar-Whalley / A. Adams	(330)
8	Health & Safety budget - budget reduction possible as Technical Index cancelled	Cllr D. Dewar-Whalley / A. Adams	(2,000)

Budget Variations

Service Savings			
No.	Description	Cabinet Member / Head of Service	2017/18 over 2016/17 £
9	Print Room - reduction in hours of Print Room operator	Cllr D. Dewar-Whalley / A. Adams	(9,000)
	Economic & Community Services		
10	Rates - budget no longer required	Cllr A.Horton / C. Hudson	(3,460)
11	Cancellation of fibre optic lines - following decommissioning of cameras from CCTV effectiveness review	Cllr A.Horton / C. Hudson	(6,180)
	Commissioning & Customer Contact		
12	A249 litter picking - reduced cost	Cllr D. Simmons / D. Thomas	(800)
13	Wheeled bins - reduced need	Cllr D. Simmons / D. Thomas	(1,000)
14	Procurement reduction	Cllr D. Simmons / D. Thomas	(2,000)
15	Reduction in bin purchases	Cllr D. Simmons / D. Thomas	(2,000)
16	Activity programme at Milton Creek Country Park	Cllr D. Simmons / D. Thomas	(2,440)
17	Cancelled subscription to Cleaner Kent	Cllr D. Simmons / D. Thomas	(3,000)
18	Grounds Maintenance Contract	Cllr D. Simmons / D. Thomas	(50,000)
19	The Council will no longer be undertaking the Kent Highways Service Maintenance work, with the consequent reduction in income from KCC, offset by a saving to the ground maintenance budget (see no. 4 loss of income sheet)	Cllr D. Simmons / D. Thomas	(135,430)
	Planning		
20	Dangerous Structures - reflects recent underspends	Cllr G. Lewin / J. Freeman	(2,000)

Budget Variations

Service Savings			
No.	Description	Cabinet Member / Head of Service	2017/18 over 2016/17 £
21	Mid Kent Planning Support and Local Land Charges - SBC contribution revision	Cllr G. Lewin / J. Freeman	(87,080)
	Director Of Corporate Services		
22	Savings on newspapers and periodicals, officer subscriptions, mobile phone, and Warning and Informing budgets	Cllr D. Dewar-Whalley / M. Radford	(1,390)
	Finance		
23	Reduction in interest rates results in lower cost of adding interest to selected funds	Cllr D. Dewar-Whalley / N. Vickers	(1,000)
24	Reduction on interest element of a finance lease	Cllr D. Dewar-Whalley / N. Vickers	(3,910)
25	Contributions to risk management reserve originally agreed from 2009 insurance tender no longer required as a result of the 2016 insurance tender	Cllr D. Dewar-Whalley / N. Vickers	(15,000)
26	Due to recent increases in costs, Finance Department went out to tender for the cost of processing debit and credit card transactions. The result has been a reduction in costs	Cllr D. Dewar-Whalley / N. Vickers	(30,000)
27	Finance proposal to change the basis of the calculation of the Minimum Revenue Provision	Cllr D. Dewar-Whalley / N. Vickers	(100,000)
	Environmental Health		
28	Renewal of Air Quality station data monitoring contract with Kent & Medway Air Quality Monitoring Network contract. In addition, a review of the number of continuous monitoring stations down from four to three	Cllr D. Simmons / T. Beattie	(2,500)
	Total Service Savings		(644,520)

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Scrutiny Committee Briefing: Settlement Update

26 January 2017

On 15 December 2016 the Provisional Local Government Finance Settlement was announced. The main high level features of the Settlement were:

- the four-year funding allocations that were offered in the 2016/17 settlement have been confirmed. The following funding streams are included: Revenue Support Grant (RSG), Business rates tariff and top up payments, (which will not change for reasons relating to the relative needs of local authorities), Rural Services Delivery Grant, and Transition Grant;
- 97% of local authorities including Swale accepted the Four Year deal on offer;
- Core Spending Power is published by the Government to show the overall impact on local authorities of changes in funding allocations and locally-raised council tax (this does not, therefore, included locally raised sums through, for example fees and charges or investment income). At a national level it shows that overall spending power is expected to reduce by only 1.14% in 2017/18. This is driven by a reduction of 12.46% in the Settlement Funding Assessment (primarily the significant cut in RSG), which is partially offset by an expected increase in Council Tax (5.60%). It is really important to reinforce that in their funding assumptions Government assumes maximum increases in Council Tax, and they also take into account some growth in the Council Tax base, thus continuing the change introduced in 2016/17 when the previous policy of encouraging Council Tax to be held was abandoned;
- the main issue in the media before the Settlement was speculation over increased funding for adult social care. The Settlement allows councils with adult social care statutory responsibilities a maximum 6% increase in Council Tax over the next three years, with a maximum increase in any one year of 3%; and
- the Government is also reducing New Homes Bonus funding by £240m in 2017/18, to fund an Adult Social Care Grant.

By far and away the biggest issue for the Council from the Settlement is the long awaited changes to how the New Homes Bonus system operates. The Government consultation on New Homes Bonus was completed in March 2016, and no announcements on this were made until the Settlement. In the Settlement it was announced that grant in 2017/18 will be paid for five years (rather than the previous six years) and from 2018/19 the basis of the award will fall further, to four years. The Government also introduces the concept of baseline growth in the housing stock. For 2017/18 they have assumed 0.4% (as opposed to the 0.2% consulted on). From 2018/19 further unspecified additional conditions will be introduced subject to consultation in the new year.

The financial impact on the Council is set out in the table overleaf.

	2017/18 £	2018/19 £	2019/20 £
Total forecast	3,097,000	2,273,000	2,272,000
Amount budgeted	2,860,000	2,273,000	2,272,000
New allocation	2,743,000	2,089,000	2,005,000
Reduction	117,000	184,000	267,000

Note: in 2016/17 the Council took £2,860,000 of New Homes Bonus into the base budget.

The reduction for 2017/18 in the total funding for New Homes Bonus is clearly very disadvantageous to the Council, and we have made strong representations back to Government on the proposed change. This is compounded by the longer term changes to New Homes Bonus which significantly reduces the incentive effect of NHB on housing delivery.

Overall, the Settlement sees the Council's Spending Power reduce by -6.84% in 2017/18, compared with a shire district average reduction of -5.2%. The Council was already budgeting for a further 41% (£848,000) reduction in RSG. The spending power calculation by Government builds in an expected £5 increase in Council Tax and unspecified growth in the Council Tax base.

The 1 February 2017 budget report to Cabinet will set out the proposals for balancing the 2017/18 budget in light of the Settlement.

Nick Vickers
Head of Finance
10 January 2017

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REPORT OF THE CABINET MEMBER FOR FINANCE AND PERFORMANCE AND THE HEAD OF FINANCE

The Council has established a strong track record for its financial management. In their 2016/17 audit letter Grant Thornton LLP, the Council's external auditors, concluded that "The Council has a history of sound financial management" and that "The Council is taking a pro-active approach to address these pressures, with action to deliver efficiencies and increase the focus on income generation as part of a wide-ranging transformation agenda".

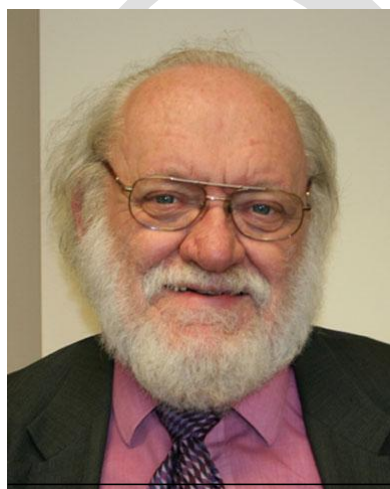
In the Local Government Finance Settlement 2016/17 the Government announced an intention to fully localise all business rates from 2019 or 2020. This is a huge change to local government finance, and poses some very significant challenges.

There is nothing new in there being uncertainty about local government finance, and our moves to self-sufficiency will remove this over time. But the scale of the change that fully localised business rates will bring does mean that there are huge caveats about any forecasts which go beyond 2020 for this very significant revenue stream.

The Local Government Finance Settlement for 2016/17 received on 17 December 2015, set out Revenue Support Grant (RSG) figures for three years, and introduced the concept of Four Year Efficiency Plan where, in return for submitting such a plan, the Government would guarantee certain minimum funding levels, primarily for RSG. Cabinet agreed the Council's Efficiency Plan on 7 September and the acceptance of the plan has been confirmed. As a result, the Council has greater certainty over what has traditionally been a major funding source, although the reductions made in recent years has significantly reduced how much RSG the Council receives.

The Chancellor of the Exchequer's Autumn Budget Statement was on 23 November. There were no major issues which will impact on the Council but we will examine the detail further for issues such as the increase in minimum wage, increases to employers National Insurance and Insurance Premium Tax and the changes to business rate relief.

The Council intends to balance the 2017/18 budget, and achieve financial self-sufficiency over the longer term. In this regard, the next few years represent a watershed for local authority financing. The approach will be based on further development of new income sources locally, continued growth in business rates from business expansion in the Borough, and transformation of services, led by an internal team which will review all the Council's services over an eighteen month period.



Duncan Dewar-Whalley
Cabinet Member for Finance



Nick Vickers
Head of Finance

COUNCIL TAX 2017/18

Swale's Council Tax requirement is as follows:

	2016/17	2017/18
	£000	£000
Swale Budget Requirement	14,890,268	15,290,640
Less Revenue Support Grant	(1,954,950)	(1,238,110)
Less Business Rates	(5,643,950)	(6,506,000)
Less Collection Fund surplus	(260,970)	(136,000)
Council Tax Requirement	7,030,398	7,410,530
Band D Council Tax	159.93	164.88
Tax Base	43,959.22	44,944.98

As well as our own Council Tax, we collect on behalf of the other 'precepting authorities', i.e. Kent County Council, the Kent and Medway Towns Fire & Rescue Authority and the Kent Police and Crime Commissioner. Where applicable there will be an additional sum collected on behalf of the Parish Councils which have chosen to levy a local precept.

Calculation of Band D Council Tax 2017/18: (to be updated in later version)

2016/17		Authority	2017/18	
Precept £	Band D Council Tax £		Precept £	Band D Council Tax £
49,829,974	1,133.55	Kent County Council		
6,688,395	152.15	Kent Police and Crime Commissioner		
3,165,064	72.00	Kent and Medway Towns Fire & Rescue Authority		
7,030,398	159.93	Swale Borough Council		
66,713,831	1,517.63	BASIC COUNCIL TAX		
1,038,628	23.63	Parish Council Precepts *		
67,752,459	1,541.26	Council Tax inc. Parish		

*The Band D Council Tax is the average tax in respect of Parish Council Precepts for the whole Borough.

COUNCIL TAX 2017/18

Allocation of Council Tax: (to be updated in later version)

Council Tax Bandings (to be updated in later version)

	Swale Borough Council	Kent Police & Crime Commissioner	Kent County Council	Kent and Medway Towns Fire and Rescue Authority	Total
	£	£	£	£	£
Band A	109.92				
Band B	128.24				
Band C	146.56				
Band D	164.88				
Band E	201.52				
Band F	238.16				
Band G	274.80				
Band H	329.76				

The Council has been successful in dealing with the financial implications of deficit reduction without impacting on frontline services, but there does come a point where efficiency savings will no longer be enough to close the gap, and so there needs to be another way of securing the financial viability of the Council.

To achieve this our high level strategy is to:

- drive transformation - the Transformation Team is undertaking reviews of all services to drive digital access to services and other efficiencies to reduce costs;
- drive up income - this is income in total, including Council Tax via growth in the Council Tax base, Business Rates, New Homes Bonus, existing Fees & Charges, and new sources of income such as proposed from the Sittingbourne Town centre investment;
- review major contracts - the single largest contributor to savings in recent years has been the re-let Waste and Street Cleansing Contract. With the imminent renewal of the Grounds Maintenance Contract and then the Leisure Services Contract in 2019 the Council needs to look afresh at the configuration of service delivery and the options for savings; and
- deliver regeneration - delivery of regeneration projects will directly benefit the Council via additional Council Tax, Business rates and New Homes Bonus, and higher levels of income for residents will reduce demand for services.

MEDIUM TERM FINANCIAL PLAN

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Base Budget	18,146	18,146	18,146	18,146
Growth items	0	78	82	94
Unavoidable cost pressures	0	364	470	525
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Collection Fund Surplus/Deficit C Tax	(261)	(136)	(158)	0
Savings Required	0	706	1,719	2,415
Service savings	0	(645)	(572)	(629)
Requirement for balanced position	0	(61)	(1,147)	(1,786)
Committed savings	0	(706)	(1,719)	(2,415)
Contribution (to) from General Fund	0	0	0	0

MEDIUM TERM FINANCIAL PLAN

Swale Council 10 Year MTFP	Budget 2016-17 £'000	Plan 2017-18 £'000	Plan 2018-19 £'000	Plan 2019-20 £'000	Plan 2020-21 £'000	Plan 2021-22 £'000	Plan 2022-23 £'000	Plan 2023-24 £'000	Plan 2024-25 £'000	Plan 2025-26 £'000
Expenditure										
Net Service Expenditure c/f (based on 16/17 budget)	17,914	18,146	18,684	19,114	19,049	19,011	18,975	18,940	18,908	18,878
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Pay Award	109	109	92	93	94	95	95	96	97	98
Non Pay Award Salary Increases	57	78	47	25	25	25	25	25	25	25
Efficiency savings	0	0	0	(230)	(230)	(230)	(230)	(230)	(230)	(230)
Net Service Expenditure b/f	18,146	18,684	19,114	19,049	19,011	18,975	18,940	18,908	18,878	18,851
Financing Sources										
Government Support										
Revenue Support Grant	(2,086)	(1,238)	(707)	(113)	0	0	0	0	0	0
New Homes Bonus	(3,482)	(3,097)	(2,273)	(2,272)	(2,272)	(2,272)	(2,272)	(2,272)	(2,272)	(2,272)
Council Tax	(7,030)	(7,411)	(7,831)	(8,264)	(8,583)	(8,907)	(9,238)	(9,574)	(9,915)	(10,263)
Business Rates	(5,682)	(6,506)	(7,040)	(7,120)	(7,191)	(7,263)	(7,336)	(7,409)	(7,483)	(7,558)
Collection Fund Surplus C Tax	(261)	(136)	(158)	0	0	0	0	0	0	0
Contribution to/(from) reserves	395	(235)	42	42	42	42	42	42	42	42
Sittingbourne Town Centre rental income	0	0	0	(500)	(500)	(500)	(500)	(500)	(500)	(500)
Total Financing	(18,146)	(18,623)	(17,967)	(18,227)	(18,504)	(18,900)	(19,304)	(19,713)	(20,128)	(20,551)
Budget Gap (surplus)/ deficit	0	61	1,147	822	507	75	(364)	(805)	(1,250)	(1,700)
Cumulative Budget Gap (surplus)/ deficit	0	61	1,208	2,030	2,537	2,612	2,248	1,443	193	(1,507)

MEDIUM TERM FINANCIAL PLAN

Growth items				
No.	Description	Cabinet Member / Head of Service	2016/17 Original Budget £	2017/18 over 2016/17 £
Economy & Community Services				
1	Swale Contribution to Kent Integrated Domestic Abuse Commissioning Contract	Cllr A. Horton / C. Hudson	0	21,040
2	Communications - Squiz CMS licence and support costs	Cllr A. Bowles / E. Wiggins	530	8,250
Mid Kent Improvement Partnership (MKIP) Services				
3	Essential Users Car Allowance	Cllr D. Dewar-Whalley / D. Smart	44,600	4,130
Democratic Services				
4	Members' Allowances	Cllr A. Bowles / M. Radford	397,060	38,840
Environmental Health				
5	Single Employing Proposal for the Mid Kent Environmental Health Service	Cllr D. Simmons / T. Beattie	51,160	5,800
Total Growth Items				78,060

Unavoidable Cost Pressures				
No.	Description	Cabinet Member / Head of Service	2016/17 Original Budget £	2017/18 over 2016/17 £
Mid Kent ICT				
1	Increase in licence fees due to Microsoft realigning prices in British pounds to be close to Euro levels	Cllr D. Dewar-Whalley / A. Cole	148,730	3,600

MEDIUM TERM FINANCIAL PLAN

Unavoidable Cost Pressures				
No.	Description	Cabinet Member / Head of Service	2016/17 Original Budget £	2017/18 over 2016/17 £
Resident Services				
2	Increase in homelessness costs	Cllr K. Pugh / A. Christou	237,600	170,000
Economy & Community Services				
3	Potential increase in costs of dog kennelling and re-homing service - currently out to tender, so increase is based upon maximum predicted costs for the service	Cllr A. Horton / C. Hudson	17,800	20,000
Mid Kent Improvement Partnership (MKIP) Services				
4	Auto enrolment in the LGPS for those that currently opt out - estimate based on 90% take up	Cllr D. Dewar-Whalley / D. Smart	0	51,990
5	Apprenticeship levy	Cllr D. Dewar-Whalley / D. Smart	0	29,230
Mid Kent Legal Services (MKLS)				
6	Swale BC is increasing its use of MKLS resources - so the Council will have to increase its contribution by approximately 3%, though possibly more in 2017/18	Cllr D. Dewar-Whalley / E. Culligan	0	20,000
Director Of Corporate Services				
7	Duty officer charge not previously budgeted for	Cllr D. Dewar-Whalley / M. Radford	0	2,000
Finance				
8	Increase in Pension Costs	Cllr D. Dewar-Whalley / N. Vickers	0	60,000

MEDIUM TERM FINANCIAL PLAN

Unavoidable Cost Pressures				
No.	Description	Cabinet Member / Head of Service	2016/17 Original Budget £	2017/18 over 2016/17 £
	Environmental Health			
9	Shellfish Sampling - Port of London passing on sampling costs to SBC for monthly monitoring.	Cllr D. Simmons / T. Beattie	17,500	7,500
	Total Unavoidable Cost Pressures			364,320

Additional Income				
No.	Description	Cabinet Member / Head of Service	2016/17 Original Budget £	2017/18 over 2016/17 £
	Resident Services			
1	In-House Enforcement Service	Cllr D. Dewar-Whalley / A. Christou	0	(50,000)
	Property Services			
2	Guildhall - additional rental income	Cllr D. Dewar-Whalley / A. Adams	(1,300)	(1,100)
3	Miscellaneous properties - additional rental income	Cllr D. Dewar-Whalley / A. Adams	(13,000)	(3,000)
4	Rental/Service charge income from Sateda	Cllr D. Dewar-Whalley / A. Adams	0	(6,200)
	Economy & Community Services			
5	Environmental Response Team - Fixed Penalty Notices	Cllr D. Simmons / C. Hudson	(3,000)	(3,000)

MEDIUM TERM FINANCIAL PLAN

Additional Income				
No.	Description	Cabinet Member / Head of Service	2016/17 Original Budget £	2017/18 over 2016/17 £
Commissioning & Customer Contact				
6	Increase in season ticket charges to bring these closer in line with the current Pay & Display tariff	Cllr A. Horton / D. Thomas	(50,000)	(8,500)
7	Increase in resident and visitor parking permit charges	Cllr A. Horton / D. Thomas	(97,000)	(13,000)
8	Garden Waste collections - Increased subscriber base	Cllr D. Simmons / D. Thomas	(367,500)	(17,500)
9	Refuse collection contract	Cllr D. Simmons / D. Thomas	(57,000)	(20,000)
10	Current pay and display income remains stable and significantly above expectation following the uplift in parking tariffs last year. This will enable the budget expectation to be increased	Cllr A. Horton / D. Thomas	(1,564,900)	(100,000)
Mid Kent Legal Services (MKLS)				
11	Proposal to charge a flat rate of £210 per hour for all legal work may see a slight rise in legal income	Cllr D. Dewar-Whalley / E. Culligan	(12,300)	(1,400)
12	Significant increase in S106 receipts in 16/17 is expected to be continued in 17/18	Cllr D. Dewar-Whalley / E. Culligan	(9,000)	(20,000)
Environmental Health				
13	Management of the new Kent & Medway Air Quality monitoring contract	Cllr D. Simmons / T. Beattie	0	(5,000)
Finance				
14	Increased income from external interest of investments	Cllr D. Dewar-Whalley / N. Vickers	(100,480)	(10,000)
Total Additional Income				(258,700)

MEDIUM TERM FINANCIAL PLAN

Loss Of Income				
No.	Description	Cabinet Member / Head of Service	2016/17 Original Budget £	2017/18 over 2016/17 £
	Property Services			
1	Net loss of income due to vacant site at Gas Road and other rent increases	Cllr D. Dewar-Whalley / A. Adams	(336,270)	15,000
2	Faversham Dry Sports. No recharge from tenant for insurance premium but offset by reduction in amount recharged from insurance budget	Cllr D. Dewar-Whalley / A. Adams	(1,510)	1,510
	Economy & Community Services			
3	Reduced income from ending of CCTV monitoring contract by third party	Cllr A. Horton / C. Hudson	(8,150)	6,210
	Commissioning & Customer Contact			
4	The Council will no longer be undertaking the Kent Highways Service Maintenance work with the consequent reduction in income from KCC offset by a saving to the ground maintenance budget. See service savings no. 19	Cllr D. Simmons / D. Thomas	(138,660)	138,660
5	No longer operating Queenborough Harbour moorings	Cllr D. Simmons / D. Thomas	0	2,000
	Mid Kent Legal Services (MKLS)			
6	Saving in post on MKLS. This saving will be offset by the loss of income from the resulting lower contributions from the other Legal shared service authorities. See service savings no.1	Cllr D. Dewar-Whalley / E. Culligan	(1,039,970)	49,500
	Total Loss Of Income			212,880

MEDIUM TERM FINANCIAL PLAN

Service Savings				
No.	Description	Cabinet Member / Head of Service	2016/17 Original Budget £	2017/18 over 2016/17 £
	Mid Kent Legal Services (MKLS)			
1	Saving in post on MKIP Legal. This saving will be offset by the loss of income from the resulting lower contributions from the other Legal shared service authorities. See loss of income no. 6	Cllr D. Dewar-Whalley / E. Culligan	1,316,000	(66,000)
	Resident Services			
2	£3,000 paid to Kent Rural Housing Enabler to develop their rural housing policy and carry out housing needs surveys. There is little demand for the surveys and there is little to no funding available to build rural affordable housing at present. Continuing to make the full contribution to fund the agency may not provide value for money	Cllr K. Pugh/ A. Christou	4,000	(2,000)
3	Mileage, no longer needed to send staff to other offices on such a regular basis. There are also no longer Visiting Officers; we therefore have less mileage claims going through	Cllr K. Pugh/ A. Christou	8,530	(7,000)
4	Staff restructuring in Housing	Cllr K. Pugh/ A. Christou	271,600	(15,000)
5	Homeless hostel budget. New agreement with Amicus Horizon to use Housing Benefit Subsidy to cover management costs of this accommodation mean a reduction in this expenditure	Cllr K. Pugh/ A. Christou	35,000	(20,000)
6	Saving in Fraud Partnership	Cllr K. Pugh / A. Christou	75,530	(74,000)

MEDIUM TERM FINANCIAL PLAN

Service Savings				
No.	Description	Cabinet Member / Head of Service	2016/17 Original Budget £	2017/18 over 2016/17 £
Property Services				
7	Guildhall - budget not required	Cllr D. Dewar-Whalley / A. Adams	330	(330)
8	Health & Safety budget. Budget reduction possible as Technical Index cancelled	Cllr D. Dewar-Whalley / A. Adams	3,250	(2,000)
9	Print Room. Reduction in hours of print room operator	Cllr D. Dewar-Whalley / A. Adams	39,800	(9,000)
Economy & Community Services				
10	Rates - budget no longer required	Cllr A.Horton / C. Hudson	3,460	(3,460)
11	Cancellation of fibre optic lines, following decommissioning of cameras from CCTV effectiveness review	Cllr A.Horton / C. Hudson	48,080	(6,180)
Commissioning & Customer Contact				
12	A249 litter picking reduced cost	Cllr D. Simmons / D. Thomas	4,800	(800)
13	Wheeled bins - Reduced need	Cllr D. Simmons / D. Thomas	5,000	(1,000)
14	Procurement reduction	Cllr D. Simmons / D. Thomas	10,000	(2,000)
15	Reduction in bin purchases	Cllr D. Simmons / D. Thomas	14,000	(2,000)
16	Activity programme at Milton Creek Country park	Cllr D. Simmons / D. Thomas	7,440	(2,440)
17	Cancelled subscription to Cleaner Kent	Cllr D. Simmons / D. Thomas	3,000	(3,000)
18	Grounds Maintenance Contract	Cllr D. Simmons / D. Thomas	1,409,000	(50,000)

MEDIUM TERM FINANCIAL PLAN

Service Savings				
No.	Description	Cabinet Member / Head of Service	2016/17 Original Budget £	2017/18 over 2016/17 £
19	The Council will no longer be undertaking the Kent Highways Service Maintenance work with the consequent reduction in income from KCC offset by a saving to the ground maintenance budget. See loss of income no. 4	Cllr D. Simmons / D. Thomas	135,430	(135,430)
Planning				
20	Dangerous Structures - reflects underspend over past few years	Cllr G. Lewin / J. Freeman	3,000	(2,000)
21	Mid Kent Planning Support and Local Land Charges - SBC contribution revision	Cllr G. Lewin / J. Freeman	312,910	(87,080)
Director Of Corporate Services				
22	Savings on newspapers & periodicals, officers subscriptions, mobile phone and warning and informing budgets	Cllr D. Dewar-Whalley / M. Radford	7,830	(1,390)
Finance				
23	Reduction in cost of adding interest to selected funds	Cllr D. Dewar-Whalley / N. Vickers	8,210	(1,000)
24	Reduction on interest element of a finance lease	Cllr D. Dewar-Whalley / N. Vickers	72,570	(3,910)
25	Contributions to risk management reserve originally agreed from 2009 insurance tender no longer required as a result of the 2016 insurance tender	Cllr D. Dewar-Whalley / N. Vickers	15,000	(15,000)
26	Due to recent increases in costs, Finance department went out to tender for the cost of processing debit and credit card transactions. The result has been a reduction in costs	Cllr D. Dewar-Whalley / N. Vickers	79,970	(30,000)

MEDIUM TERM FINANCIAL PLAN

Service Savings				
No.	Description	Cabinet Member / Head of Service	2016/17 Original Budget £	2017/18 over 2016/17 £
27	Finance proposal to change the basis of the calculation of the Minimum Revenue Provision	Cllr D. Dewar-Whalley / N. Vickers	318,040	(100,000)
	Environmental Health			
28	Renewal of Air Quality station data monitoring contract with Kent & Medway Air Quality Monitoring Network contract. In addition a review of the number of continuous monitoring stations from four to three.	Cllr D. Simmons / T. Beattie	10,000	(2,500)
	Total Service Savings			(644,520)

PARISH COUNCIL PRECEPTS 2017/18

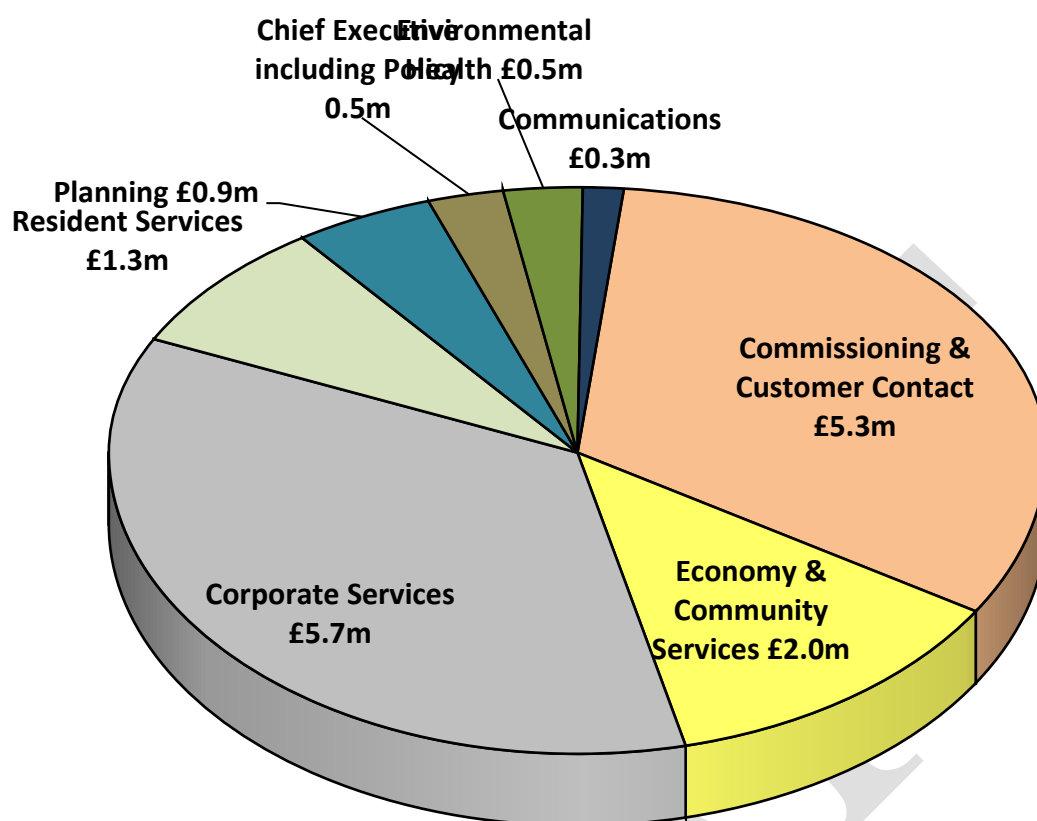
Parish/Town Council	Tax Base 2017/18	Parish Precept (rounded) 2017/18 £	Additional Council Tax for Band D 2017/18 £	Parish Precept 2017/18 % change
BAPCHILD BOBBING BORDEN BOUGHTON-UNDER-BLEAN BREDGAR DODDINGTON DUNKIRK EASTCHURCH EASTLING FAVERSHAM TOWN COUNCIL GRAVENEY & GOODNESTONE HARTLIP HERNHILL IWADE LEYSDOWN LOWER HALSTOW LUDDENHAM LYNSTED MILSTEAD MINSTER NEWINGTON NEWNHAM NORTON & BUCKLAND OARE OSPRINGE QUEENBOROUGH TOWN COUNCIL RODMERSHAM SELLING SHELDWICH/LEAVELAND/ BADLESMERE STALISFIELD TEYNHAM THROWLEY TONGE TUNSTALL UPCHURCH WARDEN				
TOTAL		0		

REVENUE BUDGET – SUMMARY – BY SERVICE

	Actual 2015/16 £	Original Budget 2016/17 £	Working Budget 2016/17 £	Original Budget 2017/18 £
The Chief Executive	420,550	474,280	479,670	479,150
Economy & Community Services	2,173,160	1,973,990	2,104,880	2,044,930
Communications	232,550	258,540	274,170	260,480
Resident Services	1,062,030	1,277,490	1,298,670	1,270,540
Planning	1,114,160	921,230	1,056,940	849,130
Commissioning & Customer Contact	4,553,200	5,284,810	5,501,280	5,255,770
Environmental Health	447,320	502,090	515,790	505,790
The Director of Corporate Services & The Director of Regeneration	292,490	359,990	400,240	368,520
Information Technology	1,182,130	1,081,500	1,090,540	1,106,090
Audit	140,260	156,990	156,990	156,990
Finance	1,256,620	1,391,880	1,405,140	1,846,980
Legal	357,910	381,270	395,640	376,140
Property	304,730	569,460	801,000	569,800
Human Resources	350,680	342,010	371,150	361,000
Democratic	923,850	910,910	928,320	956,340
NET EXPENDITURE BEFORE CONTRIBUTION TO GENERAL FUND	14,811,640	15,886,440	16,780,420	16,407,650
Contribution (from) / to General Fund	241,000	0	0	0
NET EXPENDITURE BEFORE FUNDING	15,052,640	15,886,440	16,780,420	16,407,650
Net below the line items (see page 19)	4,370,200	2,654,560	1,760,580	2,296,350
Revenue Support Grant	(2,929,300)	(2,086,000)	(2,086,000)	(1,238,000)
New Homes Bonus	(2,810,840)	(3,482,000)	(3,482,000)	(3,097,000)
Business Rates	(6,650,400)	(5,682,000)	(5,682,000)	(6,506,000)
Contribution from Business Rates Reserve	0	0	0	(255,000)
Collection Fund Surplus	(176,180)	(261,000)	(261,000)	(136,000)
Council Tax	(6,856,120)	(7,030,000)	(7,030,000)	(7,411,000)
NET EXPENDITURE	0	0	0	61,000

REVENUE BUDGET – SUMMARY – BY SERVICE

Net Expenditure by Service – 2017/18 (expenditure less income and before recharges):



	Actual 2015/16 £	Original Budget 2016/17 £	Working Budget 2016/17 £	Original Budget 2017/18 £
BELOW THE LINE ITEMS:				
Backfunding superannuation costs	1,736,310	1,678,080	1,675,840	1,676,980
Accounting adjustments	(22,760)	263,440	(628,300)	82,340
2014/15 rollovers	1,635,520	0	0	0
Contributions to/from reserves	1,054,750	395,000	395,000	20,000
Minimum Revenue Provision	335,830	318,040	318,040	218,040
Unallocated pay and pension	0	0	0	298,990
Corporate grants	(369,450)	0	0	0
Total Below the Line Items	4,370,200	2,654,560	1,760,580	2,296,350

REVENUE BUDGET BY SERVICE

	Actual 2015/16 £	Original Budget 2016/17 £	Working Budget 2016/17 £	Original Budget 2017/18 £
Chief Executive				
Cllr A. Bowles (A. Kara)				
Chief Executive	216,950	238,750	241,060	240,930
Climate Change	25,010	27,050	27,580	27,540
Corporate Costs	18,330	24,750	24,750	24,750
Policy & Performance	160,260	183,730	186,280	185,930
NET DIRECT EXPENDITURE	420,550	474,280	479,670	479,150
Economy & Community Services				
Cllrs A. Horton, D. Simmons and K. Pugh (C. Hudson)				
Animal Welfare	(7,520)	(8,000)	(8,000)	(8,000)
Arts Events & Activities	38,360	25,000	32,800	25,000
Closed Circuit Television (CCTV)	278,290	254,250	254,250	254,280
Communities & Economic Development Staffing	381,850	328,590	411,650	328,350
Community Halls/Centres	68,490	45,930	45,930	45,930
Community Safety	207,020	226,890	226,700	247,400
Community Services Grants/ Support	261,900	229,730	229,730	229,730
Dog Warden Service	42,950	50,180	50,550	70,470
Environmental Anti Litter/ Graffiti Response	(8,390)	(1,100)	(1,100)	(4,100)
Environmental Response Staffing	427,890	440,310	444,670	443,840
Heritage	10,000	10,000	10,000	10,000
Learning & Skills	49,300	68,390	79,160	98,230
Local Heritage Centres	6,240	4,880	4,880	4,880
Members' Grants	118,630	59,000	65,800	59,000
Markets	(28,590)	(13,850)	(13,850)	(13,850)

REVENUE BUDGET BY SERVICE

	Actual 2015/16 £	Original Budget 2016/17 £	Working Budget 2016/17 £	Original Budget 2017/18 £
Pest Control	(5,270)	(2,000)	(2,000)	(2,000)
Regeneration	48,860	0	15,830	0
Sittingbourne Town Centre Development	56,340	29,000	29,000	29,000
Sports Development	99,420	94,460	95,600	93,640
Tourism	126,540	123,750	124,700	124,550
Unauthorised Encampments	0	3,150	3,150	3,150
Youth	850	5,430	5,430	5,430
NET DIRECT EXPENDITURE	2,173,160	1,973,990	2,104,880	2,044,930
Communications				
Cllr A. Bowles (E. Wiggins)				
Advertising	27,600	26,080	26,080	26,080
Communications	204,950	232,460	248,090	234,400
NET DIRECT EXPENDITURE	232,550	258,540	274,170	260,480
Resident Services				
Cllr K. Pugh, Cllr D. Dewar-Whalley (A. Christou)				
Benefits	(687,650)	(262,780)	(292,830)	(262,780)
Benefit Administration	455,490	205,900	233,450	97,860
Council Tax and Business Rates Collection	108,070	150,350	165,730	112,370
Housing Advice/ Homelessness	710,980	666,380	686,110	835,190
Housing Development Strategy and Health	198,740	241,960	234,820	232,510
Private Sector Housing	278,710	298,880	293,170	277,560
Stay Put Scheme Grants	(2,310)	(23,200)	(21,780)	(22,170)
NET DIRECT EXPENDITURE	1,062,030	1,277,490	1,298,670	1,270,540

REVENUE BUDGET BY SERVICE

	Actual 2015/16 £	Original Budget 2016/17 £	Working Budget 2016/17 £	Original Budget 2017/18 £
Planning				
Cllr G. Lewin (J. Freeman)				
Building Control	78,990	81,450	81,440	79,440
Local Land Charges	(257,640)	(147,670)	(160,270)	(175,940)
Local Planning & Conservation	284,920	196,640	196,640	196,640
Mid Kent Planning Support	235,620	250,580	263,180	191,770
Planning Applications and Fees	(618,260)	(623,780)	(632,820)	(633,020)
Planning Staffing	1,390,530	1,164,010	1,308,770	1,190,240
NET DIRECT EXPENDITURE	1,114,160	921,230	1,056,940	849,130
Legal				
Cllr D. Dewar-Whalley (E. Culligan)				
External Legal Fees	55,530	34,930	34,930	34,930
Mid Kent Legal Services	341,360	375,000	389,370	391,270
S106 Income	(38,980)	(28,660)	(28,660)	(50,060)
NET DIRECT EXPENDITURE	357,910	381,270	395,640	376,140
Commissioning & Customer Contact				
Cllrs A. Horton, D. Simmons (D. Thomas)				
Allotments	2,300	2,360	2,360	2,360
Cemeteries & Closed Churchyards	(65,460)	(22,760)	(22,760)	(20,760)
Client & Amenity Services Staffing	208,040	311,710	312,350	311,820
Coast Protection	(12,810)	(13,470)	(13,470)	(13,470)
Contracts and Procurement	332,940	342,590	346,180	345,580
Countryside & Country Parks	77,130	97,530	117,550	114,990
Customer Service Centre – Sheerness Gateway	17,650	62,990	63,010	62,990
Customer Service Centre Staffing	462,320	463,320	469,500	468,220

REVENUE BUDGET BY SERVICE

	Actual 2015/16 £	Original Budget 2016/17 £	Working Budget 2016/17 £	Original Budget 2017/18 £
Grounds Maintenance	1,133,050	1,262,550	1,240,710	1,275,090
Harbour & Quays	2,270	(2,930)	(2,930)	(930)
Head of Commissioning & Support	109,590	96,490	98,520	98,440
Highways	6,840	11,900	36,740	11,900
Leisure & Sports Centres	370,770	469,130	519,130	478,150
Parking Management	(1,491,970)	(1,311,220)	(1,310,190)	(1,432,720)
Parking Staffing	130,730	152,590	153,580	153,260
Parks & Open Spaces	48,150	82,130	12,160	82,130
Procurement & Commissioning	3,340	10,000	10,000	8,000
Public Conveniences	310,720	314,710	317,030	322,030
Recycling & Waste Minimisation	(633,980)	(663,400)	(663,400)	(680,900)
Refuse Collection	2,399,690	2,417,210	2,523,470	2,443,210
Seafront	184,240	183,120	185,210	184,870
Sports Pitches & Pavilions	(1,320)	(11,350)	(11,350)	(11,350)
Street Cleansing	835,130	879,120	879,120	900,920
Technical Services Staffing	123,840	150,490	152,150	151,940
Transformation Project	0	0	86,610	0
NET DIRECT EXPENDITURE	4,553,200	5,284,810	5,501,280	5,255,770
Information Technology				
Cllr D. Dewar-Whalley (A. Cole)				
Administrative Buildings - Telephones	60,210	65,630	65,630	65,630
IT Maintenance & Equipment	687,660	559,150	560,610	569,730
Mid Kent Information Technology	434,260	456,720	464,300	470,730
NET DIRECT EXPENDITURE	1,182,130	1,081,500	1,090,540	1,106,090

REVENUE BUDGET BY SERVICE

	Actual 2015/16 £	Original Budget 2016/17 £	Working Budget 2016/17 £	Original Budget 2017/18 £
Property				
Cllr D. Dewar-Whalley (A. Adams)				
Administrative Buildings	208,920	225,800	225,800	220,800
Buildings Maintenance	158,690	237,500	317,500	237,500
Health & Safety	930	4,580	12,580	2,580
Property Services Staffing	503,390	547,230	580,770	542,490
Property Management	(567,200)	(445,650)	(335,650)	(433,570)
NET DIRECT EXPENDITURE	304,730	569,460	801,000	569,800
Finance				
Cllr D. Dewar-Whalley (N. Vickers)				
Financial Services	650,420	648,570	666,320	659,670
Insurance	350,880	350,160	350,160	356,560
Interest on Balances & Payable	(155,520)	(20,430)	(20,430)	(35,340)
Lower Medway Internal Drainage Board	326,660	326,840	326,840	782,840
Parish Councils (Footway Lighting)	41,680	46,170	41,680	41,680
Sale of Council House Mortgages	2,260	4,980	4,980	4,980
Treasury Management & Bank Charges	40,240	35,590	35,590	36,590
NET DIRECT EXPENDITURE	1,256,620	1,391,880	1,405,140	1,846,980
Democratic Services				
Cllr A. Bowles (K. Bescoby)				
Democratic Process	583,520	585,540	588,000	628,530
Elections & Electoral Registration	340,330	325,370	340,320	327,810
NET DIRECT EXPENDITURE	923,850	910,910	928,320	956,340

REVENUE BUDGET BY SERVICE

	Actual 2015/16 £	Original Budget 2016/17 £	Working Budget 2016/17 £	Original Budget 2017/18 £
Director of Corporate Services & Director of Regeneration				
Cllr D. Dewar-Whalley (M. Radford & E. Wiggins)				
Corporate Costs Inc. External Audit Fee	55,060	62,890	62,890	62,890
Emergency Planning	65,430	66,440	79,510	78,850
Licences	(107,860)	(55,140)	(22,490)	(53,250)
Strategic Directors	279,860	285,800	280,330	280,030
NET DIRECT EXPENDITURE	292,490	359,990	400,240	368,520
Environmental Health				
Cllr D. Simmons (T. Beattie)				
Environmental Services Staffing	419,530	462,430	486,890	479,390
Food Safety	14,350	17,500	17,500	25,000
Noise Control	900	2,360	2,360	2,360
Pollution Control	13,260	19,250	8,490	(1,510)
Public Health Burials	3,150	1,820	1,820	1,820
Public Health	(3,870)	(1,270)	(1,270)	(1,270)
NET DIRECT EXPENDITURE	447,320	502,090	515,790	505,790
Human Resources				
Cllr D. Dewar-Whalley (D. Smart)				
Mid Kent Human Resources	259,540	236,580	243,940	255,570
Salaries Overheads	91,140	105,430	127,210	105,430
NET DIRECT EXPENDITURE	350,680	342,010	371,150	361,000
Audit				
Cllr D. Dewar-Whalley (R. Clarke)				
Audit Shared Services	140,260	156,990	156,990	156,990
NET DIRECT EXPENDITURE	140,260	156,990	156,990	156,990

Please note that the budgeted pay award for 2017/18 has not yet been allocated to services.

RESERVES 2017/18

Note: This shows the Base position, but in-year expenditure will only be reflected in the Council's financial accounts

Description	Forecast Contributions		Forecast Contributions		Balance as at 31/03/18 £'000
	Balance as at 31/03/16 £'000	to / from Reserves 2016/17 £'000	Balance as at 31/03/17 £'000	to / from Reserves 2017/18 £'000	
General Reserve	(3,088)	230	(2,858)		(2,858)
Performance Fund	(537)		(537)		(537)
Transformation Fund	(212)		(212)		(212)
Regeneration Fund	(362)	(522)	(884)	(237)	(1,121)
Swale Local Loan Fund	(250)		(250)		(250)
Building Maintenance Fund	(818)		(818)		(818)
Housing Reserves	(198)		(198)		(198)
Repairs and Renewals Funds	(289)	(90)	(379)	(90)	(469)
Local Development Framework Fund	(70)		(70)		(70)
Stay Put Grants Reserve	(152)		(152)		(152)
Revenues Main Reserve	(277)		(277)		(277)
Business Rates Volatility Reserve	(2,649)		(2,649)	255	(2,394)
Preceptors Council Tax Support Reserve	(250)	66	(184)	66	(118)
Commuted Sums	(259)		(259)		(259)
Other Reserves	(1,643)	(79)	(1,722)	20	(1,702)
Total Earmarked Reserves	(11,054)	(395)	(11,449)	14	(11,435)
Usable Capital Receipts Reserve	(1,127)		(1,127)		(1,127)
Capital Grants Unapplied Account	(312)		(312)		(312)
General Fund	(5,365)	1,377	(3,988)	220	(3,768)
Total Usable Reserves	(17,858)	982	(16,876)	234	(16,642)

CAPITAL PROGRAMME 2017/18 – 2018/19

	Funding SBC / Partnership	2016/17 Original Budget £	2016/17 Revised Budget £	2017/18 Original Budget £	2018/19 Original Budget £	Budget Later Years £
<u>Commissioning & Customer Contact - D.Thomas</u>						
Cemeteries - future burial provision - Capital Receipts	SBC	0	22,000	0	0	0
Cemeteries – Bell Road - Reserves	SBC	0	41,000	0	0	0
Sheppey Leisure Centre – Exercise Studio Floor – Reserves	SBC	0	35,000	0	0	0
Milton Creek Footpath & Viewing platform - Capital Receipts	SBC	0	16,200	0	0	0
Newington Car Park Wall – Capital Receipts	SBC	0	125,000	0	0	0
Beach Huts, Leysdown – Capital Receipts	SBC	0	60,000	0	0	0
Resurfacing Promenade, The Leas – Capital Grant	P	0	306,000	0	0	0
Whistle Hill Community Woodland - Trim Trail - S106	P	0	35,000	0	0	0
New Play Area - Iwade Schemes - S106	P	0	92,200	0	0	0
Borden Playstool Playground Equipment – S106	P	0	13,100	0	0	0
Car Park Machines – Reserves	SBC	15,000	45,000	0	0	0
Car Park Information Boards – Reserves	SBC	0	40,000	0	0	0
Milton Creek Access Road – Reserves	SBC	0	40,000	0	0	0
Bridge Deck Replacement at Bartons Point – Reserves	SBC	0	14,000	0	0	0
Modular Toilet Kiosks – Reserves	SBC	0	30,000	0	0	0
Oare Gunpowder Works - S106	P	0	9,000	0	0	0
Total Commissioning & Customer Contact		15,000	923,500	0	0	0

CAPITAL PROGRAMME 2017/18 – 2018/19

	Funding SBC / Partnership	2016/17 Original Budget £	2016/17 Revised Budget £	2017/18 Original Budget £	2018/19 Original Budget £	Budget Later Years £
<u>Corporate Services – M. Radford</u>						
Uniform Licensing Implementation – Capital Receipts	SBC	0	17,000	0	0	0
Total Corporate Services		0	17,000	0	0	0
<u>Economy & Community Services – C. Hudson</u>						
CCTV – Reserves - Repairs & Renewals	SBC	15,000	15,000	15,000	15,000	15,000
The Mill Project, Sittingbourne Skate Park - Capital Receipts	SBC	200,000	200,000	0	0	0
Faversham Creek Basin Regeneration Project (Swing Bridge) Capital Receipts	SBC	200,000	200,000	0	0	0
Faversham Pools refurbishment - Capital Receipts	SBC	150,000	150,000	0	0	0
The Meads Community Centre - Reserves – Regen Fund	SBC	0	11,100	0	0	0
The Meads Community Centre- S106	P	0	6,800	0	0	0
Easthall Farm Community Centre - S106	P	964,000	964,000	0	0	0
Kemsley Community Facilities - S106	P	0	4,900	0	0	0
Total Economy & Community Services		1,529,000	1,551,800	15,000	15,000	15,000
<u>Environmental Health - T. Beattie</u>						
Replacement of Air Quality Stations - Capital Receipts	SBC	55,000	55,000	35,000	0	0
Total Environmental Health		55,000	55,000	35,000	0	0

CAPITAL PROGRAMME 2017/18 – 2018/19

	Funding SBC / Partnership	2016/17 Original Budget £	2016/17 Revised Budget £	2017/18 Original Budget £	2018/19 Original Budget £	Budget Later Years £
<u>Finance - N. Vickers</u>						
Cash Receipting System - Replacement - Capital Receipts	SBC	0	2,500	0	0	0
Total Finance		0	2,500	0	0	0
<u>Housing - A. Christou</u>						
Disabled Facilities Grants - External Grant	P	1,140,000	1,943,100	1,664,800	1,664,800	1,664,800
Disabled Facilities Grants – Reserves	SBC	0	92,100	0	0	0
Total Housing		1,140,000	2,035,200	1,664,800	1,664,800	1,664,800
Total Capital Programme Funded by SBC	SBC	635,000	1,210,900	50,000	15,000	15,000
Total Capital Programme Funded by Partners	P	2,104,000	3,374,100	1,664,800	1,664,800	1,664,800
Total Capital Programme		2,739,000	4,585,000	1,714,800	1,679,800	1,679,800

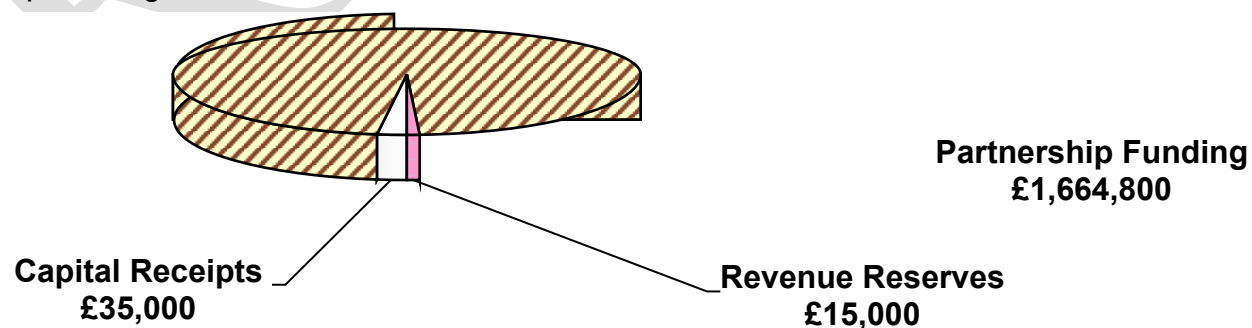
CAPITAL PROGRAMME 2017/18 – 2018/19

	2016/17 Original Budget £	2016/17 Revised Budget £	2017/18 Original Budget £	2018/19 Original Budget £	Budget Later Years £
Total Capital Expenditure	2,739,000	4,585,000	1,714,800	1,679,800	1,679,800
Funding Analysis					
Partnership Funding	2,104,000	3,374,100	1,664,800	1,664,800	1,664,800
Revenue Contributions:-					
(a) Repairs & Renewals Reserves					
- CCTV	15,000	15,000	15,000	15,000	15,000
(b) General Reserve					
- Disabled Facilities Grant	0	92,100	0	0	0
- Cemeteries – Bell Road	0	20,500	0	0	0
- Car Park Information Boards	0	40,000	0	0	0
- Milton Creek Access Road	0	40,000	0	0	0
- Bridge Deck Replacement at Bartons Point	0	14,000	0	0	0
- Modular Toilet Kiosks	0	30,000	0	0	0
- Car Park Machines	15,000	45,000	0	0	0
Sub total	15,000	281,600	0	0	0
(c) Regeneration Fund					
- The Meads Community Centre	0	11,100	0	0	0
(d) Building Maintenance Fund					
- Cemeteries – Bell Road	0	20,500	0	0	0
- Exercise Floor at Sheppey Leisure Centre	0	35,000	0	0	0
Sub total	0	55,500	0	0	0
(e) Performance Fund					
- Uniform Licensing Implementation	0	17,000	0	0	0
Total Revenue Contributions	30,000	380,200	15,000	15,000	15,000

CAPITAL PROGRAMME 2017/18 – 2018/19

	2016/17 Original Budget £	2016/17 Revised Budget £	2017/18 Original Budget £	2018/19 Original Budget £	Budget Later Years £
Capital Receipts:-					
- The Mill Project, Sittingbourne Skate Park	200,000	200,000	0	0	0
- Faversham Creek Basin Regeneration Project (Swing Bridge)	200,000	200,000	0	0	0
- Faversham Pools Refurbishment	150,000	150,000	0	0	0
-Newington Car Park Wall – Capital Receipts	0	125,000	0	0	0
- Beach Huts Leysdown – Capital Receipts	0	60,000	0	0	0
- Milton Creek Footpath and Viewing Platform	0	16,200	0	0	0
- Cemeteries - Future Burial Provision	0	22,000	0	0	0
- Replacement of Cash Receipting System	0	2,500	0	0	0
- Replacement of Air Quality Stations	55,000	55,000	35,000	0	0
Total Capital Receipts	605,000	830,700	35,000	0	0
Total Funds Utilised	2,739,000	4,585,000	1,714,800	1,679,800	1,679,800

How we are intending to fund our 2017/18 Capital Programme:



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