

Council Meeting	Agenda Item:
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Meeting Date	15 February 2017
Report Title	Budgets and Council Tax for 2017/18
Cabinet Member	Cabinet Member for Finance and Performance, Duncan Dewar-Whalley
SMT Lead	Abdool Kara, Chief Executive
Head of Service	Nick Vickers, Head of Finance
Lead Officer	Philip Wilson, Chief Accountant
Key Decision	Yes
Classification	Open
Forward Plan	Reference number:

Recommendations	1. That Members note the Head of Finance’s opinion on the robustness of the budget estimates and the adequacy of reserves.
	2. That Minute Number 1162/02/17 approved by the Cabinet on 1 February 2017 on the report on the Medium Term Financial Plan and the 2017/18 Revenue and Capital Budgets be approved.
	3. That the resolutions contained in Appendix I be approved.
	4. That in accordance with the proposals contained within SI 2014 No. 165 that a recorded vote be taken on the 2017/18 Budget and Council Tax.

1. Purpose of Report and Executive Summary

- 1.1 At their meeting on 1 February 2017, the Cabinet recommended the 2017/18 Council Tax for Swale Borough Council, the 2017/18 Revenue Budget, the Capital Programme for 2017/18 to 2018/19 and the Medium Term Financial Plan for 2017/18 to 2019/20.
- 1.2 The purpose of this report is for the Council to approve the Council Tax Requirement, Revenue Budget, Capital Programme and Council Tax for the year 2017/18 as set out in the report to the Cabinet on 1 February 2017, subject to any amendments, and to approve the Council Tax Resolutions set out in Appendix I.
- 1.3 This report reflects the latest information available for the preceptors at the time of writing this report (2 February). Should there be any changes to these, members will be informed.

2. Background

- 2.1 As part of the 2017/18 budget setting process, the Cabinet first received a report on the budget proposals for 2017/18 and an update on the Medium Term Financial Plan on 7 December 2016. The draft budget was then considered by the Cabinet at its meeting on 1 February 2017.

3. Proposal

- 3.1 In accordance with section 25 of the Local Government Act 2003 the Council's Section 151 Officer is required to report formally to the Council on the robustness of the estimates and the adequacy of the reserves. It should be noted that Section 26 of the Act gives the Secretary of State power to set a minimum level of reserves for which an authority must provide in setting its budget. The Section 151 Officer (the Head of Finance), in accordance with Local Government Act 2003, hereby has confirmed his opinion that the 2017/18 budget submitted is robust and that the reserves are reasonable given an assessment of risks. Appendices I and IX of the Budget report to the Cabinet on 1 February 2017 set out the background to this opinion.
- 3.2 The Council has to provide the Government with a forecast for the business rates to be collected for the forthcoming financial year (NNDR1), which has a statutory deadline of 31 January. The return for 2017/18 forecast a higher figure for business rates than in the original Budget Report to Cabinet and the additional amount has been provisionally allocated to the Business Rate Volatility Reserve. This does not affect the Council Tax requirement reported to Cabinet.
- 3.3 The Town and Parish Council Precepts for 2017/18 are detailed in Appendix I and total £1,099,953. The increase in the average Band D Council Tax for parished areas is 4.16% and results in an average Band D Council Tax for parishes of £40.07 for 2017/18 (£24.28 including those areas of the borough which are unparished).
- 3.4 As well as its own Council Tax, Swale Borough Council collects on behalf of the other 'precepting authorities', i.e. Kent County Council, the Kent and Medway Fire and Rescue Authority and the Kent Police & Crime Commissioner.
- 3.5 At the time of writing this report, Kent and Medway Fire and Rescue Authority were due to meet on 13 February 2017. This report is based upon a precept of £3,322,747, which results in a Band D Council Tax of £73.35 (1.88% increase).
- 3.6 At the time of writing this report the Police and Crime Panel were due to meet on 2 February 2017 to consider the budget proposals from the Kent Police & Crime Commissioner. The decision was for a precept of £7,118,878, which results in a Band D Council Tax of £157.15 (3.29% increase).

- 3.7 At the time of writing the report, Kent County Council were due to meet on 9 February 2017 and set their precept at £53,400,416 resulting in a Band D Council Tax of £1,178.82 (3.99% increase including Social Care precept).
- 3.8 Appendix II provides more detail on the calculation of the Council Tax requirement and a summary of the calculation of Band D Council Tax.
- 3.9 Appendix III is the Budget report submitted to Cabinet on 1 February 2017.

4. Alternative Options

- 4.1 The options are detailed in the Budget report to the Cabinet on 1 February 2017.

5. Consultation Undertaken or Proposed

- 5.1 Details on the consultation on the budget are in the Budget report to the Cabinet on 1 February 2017.

6. Implications

Issue	Implications
Corporate Plan	As detailed in the Budget report to the Cabinet on 1 February 2017.
Financial, Resource and Property	As detailed in the Budget report to the Cabinet on 1 February 2017.
Legal and Statutory	As detailed in the Budget report to the Cabinet on 1 February 2017.
Crime and Disorder	As detailed in the Budget report to the Cabinet on 1 February 2017.
Sustainability	As detailed in the Budget report to the Cabinet on 1 February 2017.
Health and Wellbeing	As detailed in the Budget report to the Cabinet on 1 February 2017.
Risk Management and Health & Safety	As detailed in the Budget report to the Cabinet on 1 February 2017.
Equality and Diversity	As detailed in the Budget report to the Cabinet on 1 February 2017.

7. Appendices

- 7.1 The following documents are to be published with this report and form part of the report:
- Appendix I: Council Tax Resolutions
 - Appendix II:
 - (i) Council Tax Requirement 2017/18
 - (ii) Calculation of Band D Council Tax 2017/18
 - Appendix III: Budget Report to Cabinet 1 February 2017

8. Background Papers

- 8.1 As detailed in the Budget report to the Cabinet on 1 February 2017.

Council is recommended to resolve as follows:

1. That it be noted that at its meeting on 25 January 2017 (Minute 1136/01/17) the Council calculated:
 - 1.1 the Council Tax Base 2017/18 for the whole Council area as 45,299.89 (item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended) (the 'Act') and,
 - 1.2 for dwellings in those parts of its area to which a Parish Precept relates as set out below:

Parish / Town Council	Tax Base
Bapchild	461.95
Bobbing	902.12
Borden	1,071.93
Boughton-Under-Blean	680.48
Bredgar	286.21
Doddington	218.69
Dunkirk	495.44
Eastchurch	732.80
Eastling	145.99
Faversham Town Council	6,193.73
Graveney & Goodnestone	184.29
Hartlip	361.56
Hernhill	283.86
Iwade	1,361.82
Leysdown	1,083.36
Lower Halstow	446.49
Luddenham	46.03
Lynsted	462.38
Milstead	91.28
Minster	5,216.95
Newington	871.04
Newnham	150.67
Norton & Buckland	182.71
Oare	168.23
Ospringe	278.31
Queenborough Town Council	780.72
Rodmersham	240.71
Selling	346.70
Sheldwich, Leaveland & Badlesmere	348.27
Stalisfield	99.96
Teynham	868.43
Throwley	139.84
Tonge	140.61
Tunstall	702.95
Upchurch	921.95
Warden	484.70
Total Parished Areas	27,453.16

2. That, as a preliminary step, the calculation of the Council Tax requirement for the Council's own purposes for 2017/18 (excluding parish precepts) is £7,469,046, as detailed in the report to Cabinet on 1 February 2017.
3. That the following amounts be calculated for the year 2017/18 in accordance with Sections 30 to 36 of the Act:
 - 3.1 £93,353,783 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
 - 3.2 £84,784,784 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
 - 3.3 £8,568,999 being the amount by which the aggregate at 3.1 above exceeds the aggregate at 3.2 above, calculated by the Council in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act.)
 - 3.4 £189.16 being the amount at 3.3 above (Item R), all divided by item 1.1 above, calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
 - 3.5 £1,099,953 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act.
 - 3.6 £164.88 being the amount at 3.4 above, less the result given by dividing the amount at 3.5 above by 1.1 above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.

3.7 Part of the Council's area

Parish / Town Council	£ p
Bapchild	188.69
Bobbing	184.83
Borden	212.69
Boughton-Under-Blean	237.17
Bredgar	198.47
Doddington	202.84
Dunkirk	188.68
Eastchurch	205.82
Eastling	199.88
Faversham Town Council	217.94
Graveney & Goodnestone	198.08
Hartlip	185.62
Hernhill	196.59
Iwade	200.31
Leysdown	187.96
Lower Halstow	240.88
Luddenham	164.88
Lynsted	201.75
Milstead	225.13
Minster	192.49
Newington	217.41
Newnham	200.42
Norton & Buckland	196.88
Oare	215.81
Ospringe	190.93
Queenborough Town Council	248.42
Rodmersham	197.08
Selling	194.83
Sheldwich, Leaveland & Badlesmere	189.57
Stalisfield	190.89
Teynham	219.55
Throwley	187.52
Tonge	180.53
Tunstall	189.86
Upchurch	195.14
Warden	195.83

being the amounts given by adding to the amount at 3.6 above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 1.2 above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which special items relate.

3.8

	Band -A	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Bapchild	104.83	125.79	146.76	167.72	188.69	230.62	272.55	314.48	377.38
Bobbing	102.68	123.22	143.76	164.29	184.83	225.90	266.98	308.05	369.66
Borden	118.16	141.79	165.43	189.06	212.69	259.95	307.22	354.48	425.38
Boughton-Under-Blean	131.76	158.11	184.47	210.82	237.17	289.87	342.58	395.28	474.34
Bredgar	110.26	132.31	154.37	176.42	198.47	242.57	286.68	330.78	396.94
Doddington	112.69	135.23	157.76	180.30	202.84	247.92	292.99	338.07	405.68
Dunkirk	104.82	125.79	146.75	167.72	188.68	230.61	272.54	314.47	377.36
Eastchurch	114.34	137.21	160.08	182.95	205.82	251.56	297.30	343.03	411.64
Eastling	111.04	133.25	155.46	177.67	199.88	244.30	288.72	333.13	399.76
Faversham Town Council	121.08	145.29	169.51	193.72	217.94	266.37	314.80	363.23	435.88
Graveney & Goodnestone	110.04	132.05	154.06	176.07	198.08	242.10	286.12	330.13	396.16
Hartlip	103.12	123.75	144.37	165.00	185.62	226.87	268.12	309.37	371.24
Hernhill	109.22	131.06	152.90	174.75	196.59	240.28	283.96	327.65	393.18
Iwade	111.28	133.54	155.80	178.05	200.31	244.82	289.34	333.85	400.62
Leysdown	104.42	125.31	146.19	167.08	187.96	229.73	271.50	313.27	375.92
Lower Halstow	133.82	160.59	187.35	214.12	240.88	294.41	347.94	401.47	481.76
Luddenham	91.60	109.92	128.24	146.56	164.88	201.52	238.16	274.80	329.76
Lynsted	112.08	134.50	156.92	179.33	201.75	246.58	291.42	336.25	403.50
Milstead	125.07	150.09	175.10	200.12	225.13	275.16	325.19	375.22	450.26
Minster	106.94	128.33	149.71	171.10	192.49	235.27	278.04	320.82	384.98
Newington	120.78	144.94	169.10	193.25	217.41	265.72	314.04	362.35	434.82
Newnham	111.34	133.61	155.88	178.15	200.42	244.96	289.50	334.03	400.84
Norton & Buckland	109.38	131.25	153.13	175.00	196.88	240.63	284.38	328.13	393.76
Oare	119.89	143.87	167.85	191.83	215.81	263.77	311.73	359.68	431.62
Ospringle	106.07	127.29	148.50	169.72	190.93	233.36	275.79	318.22	381.86
Queenborough Town Council	138.01	165.61	193.22	220.82	248.42	303.62	358.83	414.03	496.84
Rodmersham	109.49	131.39	153.28	175.18	197.08	240.88	284.67	328.47	394.16
Selling	108.24	129.89	151.53	173.18	194.83	238.13	281.42	324.72	389.66
Sheldwich, Leaveland & Badlesmere	105.32	126.38	147.44	168.51	189.57	231.70	273.82	315.95	379.14
Stalisfield	106.05	127.26	148.47	169.68	190.89	233.31	275.73	318.15	381.78
Teynham	121.97	146.37	170.76	195.16	219.55	268.34	317.13	365.92	439.10
Throwley	104.18	125.01	145.85	166.68	187.52	229.19	270.86	312.53	375.04
Tonge	100.29	120.35	140.41	160.47	180.53	220.65	260.77	300.88	361.06
Tunstall	105.48	126.57	147.67	168.76	189.86	232.05	274.24	316.43	379.72
Upchurch	108.41	130.09	151.78	173.46	195.14	238.50	281.87	325.23	390.28
Warden	108.79	130.55	152.31	174.07	195.83	239.35	282.87	326.38	391.66
All other parts of the Council's area	91.60	109.92	128.24	146.56	164.88	201.52	238.16	274.80	329.76

being the amounts given by multiplying the amounts at 3.6 and 3.7 above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

4. That it be noted that, for the year 2017/18, Kent County Council, the Kent Police & Crime Commissioner, and the Kent and Medway Fire and Rescue Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwelling shown below:

Valuation Bands

SWALE BOROUGH COUNCIL

-A	A	B	C	D	E	F	G	H
£91.60	£109.92	£128.24	£146.56	£164.88	£201.52	£238.16	£274.80	£329.76

KENT COUNTY COUNCIL

-A	A	B	C	D	E	F	G	H
£654.90	£785.88	£916.86	£1,047.84	£1,178.82	£1,440.78	£1,702.74	£1,964.70	£2,357.64

THE KENT POLICE & CRIME COMMISSIONER

-A	A	B	C	D	E	F	G	H
£87.31	£104.77	£122.23	£139.69	£157.15	£192.07	£226.99	£261.92	£314.30

KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

-A	A	B	C	D	E	F	G	H
£40.75	£48.90	£57.05	£65.20	£73.35	£89.65	£105.95	£122.25	£146.70

5. That, having calculated the aggregate in each case of the amounts at 3.8 and 4 above, the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2017/18 for each of the categories of dwellings shown below:

Council Tax Resolutions

Appendix I

	Band -A	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Bapchild	887.79	1,065.34	1,242.90	1,420.45	1,598.01	1,953.12	2,308.23	2,663.35	3,196.02
Bobbing	885.64	1,062.77	1,239.90	1,417.02	1,594.15	1,948.40	2,302.66	2,656.92	3,188.30
Borden	901.12	1,081.34	1,261.57	1,441.79	1,622.01	1,982.45	2,342.90	2,703.35	3,244.02
Boughton-Under-Blean	914.72	1,097.66	1,280.61	1,463.55	1,646.49	2,012.37	2,378.26	2,744.15	3,292.98
Bredgar	893.22	1,071.86	1,250.51	1,429.15	1,607.79	1,965.07	2,322.36	2,679.65	3,215.58
Doddington	895.65	1,074.78	1,253.90	1,433.03	1,612.16	1,970.42	2,328.67	2,686.94	3,224.32
Dunkirk	887.78	1,065.34	1,242.89	1,420.45	1,598.00	1,953.11	2,308.22	2,663.34	3,196.00
Eastchurch	897.30	1,076.76	1,256.22	1,435.68	1,615.14	1,974.06	2,332.98	2,691.90	3,230.28
Eastling	894.00	1,072.80	1,251.60	1,430.40	1,609.20	1,966.80	2,324.40	2,682.00	3,218.40
Faversham Town Council	904.04	1,084.84	1,265.65	1,446.45	1,627.26	1,988.87	2,350.48	2,712.10	3,254.52
Graveney & Goodnestone	893.00	1,071.60	1,250.20	1,428.80	1,607.40	1,964.60	2,321.80	2,679.00	3,214.80
Hartlip	886.08	1,063.30	1,240.51	1,417.73	1,594.94	1,949.37	2,303.80	2,658.24	3,189.88
Hernhill	892.18	1,070.61	1,249.04	1,427.48	1,605.91	1,962.78	2,319.64	2,676.52	3,211.82
Iwade	894.24	1,073.09	1,251.94	1,430.78	1,609.63	1,967.32	2,325.02	2,682.72	3,219.26
Leysdown	887.38	1,064.86	1,242.33	1,419.81	1,597.28	1,952.23	2,307.18	2,662.14	3,194.56
Lower Halstow	916.78	1,100.14	1,283.49	1,466.85	1,650.20	2,016.91	2,383.62	2,750.34	3,300.40
Luddenham	874.56	1,049.47	1,224.38	1,399.29	1,574.20	1,924.02	2,273.84	2,623.67	3,148.40
Lynsted	895.04	1,074.05	1,253.06	1,432.06	1,611.07	1,969.08	2,327.10	2,685.12	3,222.14
Milstead	908.03	1,089.64	1,271.24	1,452.85	1,634.45	1,997.66	2,360.87	2,724.09	3,268.90
Minster	889.90	1,067.88	1,245.85	1,423.83	1,601.81	1,957.77	2,313.72	2,669.69	3,203.62
Newington	903.74	1,084.49	1,265.24	1,445.98	1,626.73	1,988.22	2,349.72	2,711.22	3,253.46
Newnham	894.30	1,073.16	1,252.02	1,430.88	1,609.74	1,967.46	2,325.18	2,682.90	3,219.48
Norton & Buckland	892.34	1,070.80	1,249.27	1,427.73	1,606.20	1,963.13	2,320.06	2,677.00	3,212.40
Oare	902.85	1,083.42	1,263.99	1,444.56	1,625.13	1,986.27	2,347.41	2,708.55	3,250.26
Ospringe	889.03	1,066.84	1,244.64	1,422.45	1,600.25	1,955.86	2,311.47	2,667.09	3,200.50
Queenborough Town Council	920.97	1,105.16	1,289.36	1,473.55	1,657.74	2,026.12	2,394.51	2,762.90	3,315.48
Rodmersham	892.45	1,070.94	1,249.42	1,427.91	1,606.40	1,963.38	2,320.35	2,677.34	3,212.80
Selling	891.20	1,069.44	1,247.67	1,425.91	1,604.15	1,960.63	2,317.10	2,673.59	3,208.30
Sheldwich, Leaveland & Badlesmere	888.28	1,065.93	1,243.58	1,421.24	1,598.89	1,954.20	2,309.50	2,664.82	3,197.78
Stalisfield	889.01	1,066.81	1,244.61	1,422.41	1,600.21	1,955.81	2,311.41	2,667.02	3,200.42
Teynham	904.93	1,085.92	1,266.90	1,447.89	1,628.87	1,990.84	2,352.81	2,714.79	3,257.74
Throwley	887.14	1,064.56	1,241.99	1,419.41	1,596.84	1,951.69	2,306.54	2,661.40	3,193.68
Tonge	883.25	1,059.90	1,236.55	1,413.20	1,589.85	1,943.15	2,296.45	2,649.75	3,179.70
Tunstall	888.44	1,066.12	1,243.81	1,421.49	1,599.18	1,954.55	2,309.92	2,665.30	3,198.36
Upchurch	891.37	1,069.64	1,247.92	1,426.19	1,604.46	1,961.00	2,317.55	2,674.10	3,208.92
Warden	891.75	1,070.10	1,248.45	1,426.80	1,605.15	1,961.85	2,318.55	2,675.25	3,210.30
All other parts of the Council's area	874.56	1,049.47	1,224.38	1,399.29	1,574.20	1,924.02	2,273.84	2,623.67	3,148.40

6. That it be determined the Council's relevant basic amount of Council Tax for 2017/18 is not excessive in accordance with principles approved under Section 52ZC of the Local Government Finance Act 1992. The principles for the 2017/18 financial year are set out in Annex A of the Referendums Relating to Council Tax Increases (Principles) (England) Report 2017/18. As the billing authority, the Council has not been notified by a major precepting authority that its relevant basic amount of Council Tax for 2017/18 is excessive and therefore the billing authority is not required to hold a referendum in accordance with Section 52ZK of the Local Government Finance Act 1992.

7. That the revenue and capital estimates for 2017/18 in the budget book be approved.

Council Tax 2017/18

Our Council Tax requirement is:

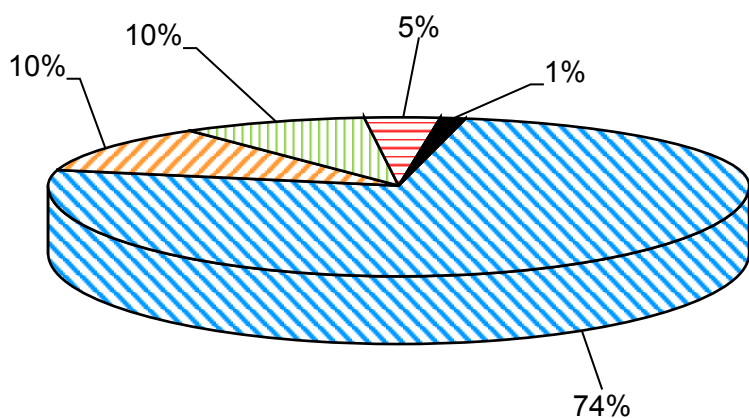
	2016/17	2017/18
	£	£
Swale Budget Requirement	14,890,268	15,353,156
Less Revenue Support Grant	(1,954,950)	(1,238,110)
Less Business Rates	(5,643,950)	(6,506,000)
Less Collection Fund surplus	(260,970)	(140,000)
Council Tax Requirement	7,030,398	7,469,046
Band D Council Tax	£159.93	£164.88
Tax Base	43,959.22	45,299.89

As well as our own Council Tax, we collect on behalf of the other 'precepting authorities', i.e. Kent County Council (3.99% increase), the Kent and Medway Fire and Rescue Authority (1.88% increase) and the Kent Police & Crime Commissioner (3.29% increase). For a Band D property this equates to an overall increase of 3.73% compared to the increase of 3.40% in 2016/17. Where applicable there will be an additional sum collected on behalf of the Parish Councils which have chosen to levy a local precept (see Appendix I).

2016/17		Authority	2017/18	
Precept £	Band D Council Tax £		Precept £	Band D Council Tax £
49,829,974	1,133.55	Kent County Council	53,400,416	1,178.82
6,688,395	152.15	Kent Police & Crime Commissioner	7,118,878	157.15
3,165,064	72.00	Kent and Medway Fire and Rescue Authority	3,322,747	73.35
7,030,398	159.93	Swale Borough Council	7,469,046	164.88
66,713,831	1,517.63	BASIC COUNCIL TAX	71,311,087	1,574.20
1,038,628	23.63	Parish Council Precepts*	1,099,953	24.28
67,752,459	1,541.26	Council Tax inc. Parish	72,411,040	1,598.48

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

Allocation of Council Tax:



- Kent County Council
 £1,178.82 (74%)
- Kent Police & Crime Commissioner
 £157.15 (10%)
- Swale Borough Council
 £164.88 (10%)
- Kent and Medway Fire and Rescue Authority
 £73.35 (5%)
- Parish Council Precepts
 £24.28 (1%)

Cabinet Meeting	Agenda Item: X
Meeting Date	1 February 2017
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	Phil Wilson, Chief Accountant
Key Decision	Yes
Classification	Open
Forward Plan	Reference number:
Recommendations	<ol style="list-style-type: none"> 1. To approve the 2017/18 budget proposals. 2. To approve the proposed Council tax band D increase for 2017/18 to £164.88. 3. To note the Medium Term Financial Plan funding position. 4. To approve the capital investment principles. 5. To approve increasing the borrowing facility from £30m to £60m. 6. To approve the draft Capital Programme. 7. To note the additional amount of Council Tax for parish precepts. 8. To approve the Minimum Revenue Provision Statement as set out in Appendix X. 9. To consider the recommendations of Scrutiny Committee.

1 Purpose of Report and Executive Summary

- 1.1 This report sets out the Council's Medium Term Financial Plan (MTFP), and the 2017/18 budget proposals.
- 1.2 Cabinet received a budget report on 7 December. This report updates that version of the budget report, taking into account the Provisional Local Authority Grant Settlement announced on 15 December.
- 1.3 The 7 December Cabinet report provided the basis for Scrutiny Committee's examination of the budget proposals on 26 January.
- 1.4 This report, if agreed by Cabinet, will then go forward to Council on 15 February for final decision.

2 Background

Provisional Local Government Finance Settlement 2017/18

- 2.1 On 15 December the Provisional Local Government Finance Settlement was announced. The main high level features of the Settlement were:
- (I) the four-year settlements 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;
 - (II) 97% of local authorities including Swale accepted the Four Year deal;
 - (III) Core Spending Power is published by the Government to show the overall impact on local authorities of changes in funding and locally-raised council tax. 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;
 - (IV) 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
 - (V) the Government is also reducing New Homes Bonus funding by £240m in 2017/18 to fund an Adult Social Care Grant for councils with social care responsibility.
- 2.2 By far and away the biggest issue for the Council from the Settlement is its long awaited changes to how the New Homes Bonus system operates. The Government consultation on New Homes Bonus was completed in March 2016, with no announcements made until the Settlement in December 2016.
- 2.3 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 be reduced further, to only four years.
- 2.4 The Government also introduces the concept of baseline growth in the housing stock. For 2017/18 they have assumed 0.4% 'deadweight' growth.
- 2.5 From 2018/19 further unspecified additional conditions will be introduced, subject to consultation in the new year.

2.6 The financial impact on the Council is set out in the table below:

	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.

2.7 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 changes. This is compounded by the longer term changes to New Homes Bonus (NHB) which significantly reduces the incentive effect of NHB on housing delivery.

2.8 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% or £848,000 reduction in RSG. The spending power calculation by Government allows for a £5 increase in Council Tax, and unspecified growth in the Council Tax base.

3 Proposals

Medium Term Financial Plan

3.1 The Medium Term Financial Plan (MTFP) is the core forecast of the financial position of the Council over the next three years. The financial context for the MTFP has completely changed in recent years, with the reduced reliance upon RSG and a much greater reliance on locally based revenue streams. This makes forecasting much more difficult, particularly in relation to highly volatile business rates income.

3.2 The future financing projections for the Council therefore will be dominated by considerations related to Council Tax, business rates growth, New Homes Bonus, and fees and charges income. The Council has to identify and realise new funding streams if services are to not just be retained at existing levels, but also to be improved to reflect residents' aspirations for the services the Council provides.

3.3 This has been the background for the proposals which have been agreed, subject to full due diligence, for the Council to become the funder and owner of sections of the Sittingbourne Town Centre redevelopment. At the heart of this proposal is the creation of new income streams which will replace the lost Central Government funding.

- 3.4 The three year forward plan is also now supplemented with an indicative ten-year financial plan, based on a set of assumptions which are largely guesswork beyond 2019/20, given that:
- (i) the Government’s plan to devolve the whole of business rates income to local government to replace RSG, on a basis yet to be determined;
 - (ii) the Government’s plan to introduce a new needs based formula for local government, the basis of which is at this stage entirely unknown; and
 - (iii) further changes to the NHB calculation, which are also unknown at the present time.
- 3.5 Nonetheless, having such a plan reflects the need for the Council to look further ahead than three years in its quest to become self-financing, and this will be an evolving initiative which we will develop further over coming years.
- 3.6 The updated MTFP is attached in Appendix I. Any variations from the 7 December Cabinet report are explained below. The updated ten-year plan is attached in Appendix II.

Balanced Budget Proposals

- 3.7 The only change to the detailed budget proposals in the 7 December budget report is the deletion of the £500 major events licence additional income following clarification in the fees and charges update process. These are set out in Appendix III.
- 3.8 The 7 December report identified a gap of £61,000 for 2017/18. The changes to this position are set out below:

2017/18 funding gap		£61,000
Add		
Reduction in New Homes Bonus (NHB)	£354,000	£415,000
Less		
No contribution from NHB to Regen Fund	£237,000	
Higher final Council Tax base	£58,000	
Revised Collection Fund surplus	£4,000	£299,000
Required drawdown from Reserves		£116,000

Council Tax

- 3.9 The Council has not increased Council Tax since 2010/11, and the band D at £159.93 is the second lowest in the County. Whilst the borough council element is by far the smallest element of the Council Tax (in non-parished areas), it has been an important principle for the Council to not increase the financial burden on residents at a time of financial restraint for many residents. Despite the fact that Government now assumes that councils will increase Council Tax by the maximum possible in their funding assumptions, it remains a

central belief of the Administration that Council Tax should be kept as low as possible.

- 3.10 However, as was explained in the 7 December Cabinet report, the 133% increase in the Lower Medway Internal Drainage Board (LMIDB) precept costing the Council an additional £442,000 per annum was a new financial pressure which just could not be absorbed within the funding envelope available for 2017/18.
- 3.11 Under the regulations all borough or district councils have the option of increasing Council tax by a maximum of £5 per annum rather than just 2%. Therefore the budget proposals assume a £4.95 increase in the band D Council Tax, to £164.88 per annum.
- 3.12 The Collection Fund and Council Tax base is set out in Appendix IV.
- 3.13 The Council Tax base was agreed by Council on 25 January.
- 3.14 The calculation of the Budget Requirement and Council Tax Requirement is shown in Appendix V.
- 3.15 Parish precepts are shown in Appendix VI.

Capital Strategy

- 3.16 Over a long period the Council has had a very limited capital programme focussed upon specific grant-funded items, primarily Disabled Facilities Grant, and use of some reserve funds to support identified priority projects such as the Sittingbourne Skatepark or building improvements at Faversham Swimming Pool. The Council has also been debt free.
- 3.17 In March 2016 Council agreed that a borrowing facility of up to £30m could be put in place to fund capital projects. This reflected a fundamental change in the Council's stance, recognising that some capital investment could be undertaken to create some of the income generation opportunities. The Council is not alone in taking this approach - nationally, in the third quarter of 2016 councils invested £800m in to Commercial Property, representing 10% of the total investment in Commercial property, which was more than in the previous ten years combined.
- 3.18 In considering investing in assets there are two overriding principles to be applied:
- (i) minimising the cost to the revenue budget - given the continued reductions in local government financing there is no scope within the revenue budget to meet debt charge costs. If the Council incurred debt charge costs then, unless the investment generated sufficient income to cover these costs, the Council effectively would have to reduce services to fund the costs. In the case of the Sittingbourne Town Centre investment all the capital financing costs will be wholly funded from rental income; and

- (ii) strategic impact - if the Council is going to invest in property it needs to support wider Council objectives around regeneration of the Borough, including creating new employment. This means there needs to be additionality in-terms of the wider economic benefits e.g. higher business rates.
- 3.19 The timing of new investment opportunities cannot be predicted in advance, and so it is proposed that a facility is created which would enable the Council to borrow up to an additional £30m on top of the £30m previously agreed. This borrowing would need to satisfy the principles set out in paragraph 3.18, and any project would be subject to a business case report to Cabinet.
- 3.20 The capital programme is set out in Appendix VII.

Reserves

- 3.21 The key principles for the management of Reserves moving forward are:
- maintain a prudent level of reserves to allow the Council to deal with unexpected one-off events;
 - funding of strategic Council priorities; and
 - fund one-off items of expenditure to support service delivery.
- 3.22 When the Council is considering its budget requirement, it is the Chief Financial Officers' duty under section 25 of the Local Government Act 2003 to report on the adequacy of reserves. These have been reviewed in line with guidance from the Chartered Institute of Public Finance and Accountancy.
- 3.23 The Council currently seeks to maintain a minimum of £1.5m as its General Fund balance, and there is no reason to change this. The Council also holds earmarked reserves for specific purposes. The remaining unallocated funds form the General Reserve. The Head of Finance's view is that the level of reserves and balances held by the Council are at a reasonable level.
- 3.24 The Council's Section 151 Officer (Head of Finance), in accordance with the Local Government Act 2003, has hereby confirmed his opinion that the 2017/18 budget is robust, and the reserves are reasonable given an assessment of the financial risks faced by the Council (see Appendix VIII).

4 Alternative Options

- 4.1 The proposals made reflect the views of Cabinet on the best way to meet the Council's objectives, given the resources available.

5 Consultation Undertaken or Proposed

- 5.1 The budget proposals were reported to Cabinet on 7 December, and were examined by Scrutiny Committee on 26 January.

- 5.2 Consultation with local business groups has been undertaken as required by legislation.
- 5.3 As there are no proposed reductions in service provision, there is no requirement to consult with service users on any proposals contained within this budget.

6 Implications

Issue	Implications
Corporate Plan	The budget proposals for 2017/18 support the Corporate Plan objectives. In particular, setting a balanced budget meets the priority of being a Council to be Proud of.
Financial, Resource and Property	The report sets out the approach to the 2017/18 budget, and the medium term financial plan.
Legal and Statutory	The approach reflects the legal requirement for the Council to agree a balanced budget.
Crime and Disorder	Any potential impact will be addressed by service managers.
Sustainability	The sustainability implications of budget decisions will be fully investigated by service managers in implementing proposals.
Health and Wellbeing	No issues identified.
Risk Management and Health and Safety	A register of the key financial risks is attached in Appendix VIII. Corporate risks are reviewed through the Corporate Risk register.
Equality and Diversity	Any implications will be addressed via service managers preparing equality risk assessments.

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: Outline Ten-Year Plan
- Appendix III: Detailed Budget Proposals
- Appendix IV: Collection Fund and Council Tax Base
- Appendix V: Budget Requirement and Council Tax Requirement
- Appendix VI: Parish Precepts
- Appendix VII: Reserves
- Appendix VIII: Capital Programme
- Appendix IX: Financial Risk Register

- Appendix X: Minimum Revenue Provision Statement 2017/18

8 Background Papers

Cabinet budget report 7 December 2016

<http://services.swale.gov.uk/meetings/documents/s6621/Item%205%20Cabinet%20Report%201718%20v4%20AK%20NV%20final.pdf>

Medium Term Financial Plan

Appendix I

	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	395	3	42	42
Revenue Support Grant	(2,086)	(1,238)	(707)	(113)
Business Rates	(5,682)	(6,506)	(7,132)	(7,398)
Contribution from Business Rates Reserve	0	(255)	0	0
Council Tax	(7,030)	(7,469)	(7,831)	(8,030)
New Homes Bonus	(3,482)	(2,743)	(2,089)	(2,005)
Collection Fund Surplus C Tax	(261)	(140)	(72)	0
Savings Required	0	761	1,897	2,404
Service savings	0	(645)	(572)	(629)
Requirement for balanced position	0	0	(1,325)	(1,775)
Committed savings	0	(645)	(1,897)	(2,404)
Contribution (to) from General Fund	0	116	0	0

Ten-Year Plan

Appendix II

Swale Council Ten-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	17,914	18,146	18,684	19,114	19,279	19,121	18,965	18,810	18,658	18,508
Net forecast cost/ (savings)	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					(350)	(350)	(350)	(350)	(350)	(350)
Net Service Expenditure b/f	18,146	18,684	19,114	19,279	19,121	18,965	18,810	18,658	18,508	18,361
Financing Sources										
Government Support										
Revenue Support Grant	(2,086)	(1,238)	(707)	(113)	0	0	0	0	0	0
New Homes Bonus	(3,482)	(2,743)	(2,089)	(2,005)	(2,005)	(2,005)	(2,005)	(2,005)	(2,005)	(2,005)
Council Tax	(7,030)	(7,469)	(7,831)	(8,030)	(8,347)	(8,669)	(8,997)	(9,330)	(9,669)	(10,014)
Business Rates	(5,682)	(6,506)	(7,132)	(7,398)	(7,472)	(7,547)	(7,622)	(7,698)	(7,775)	(7,853)
Collection Fund surplus for C Tax	(261)	(140)	(72)	0	0	0	0	0	0	0
Contribution to/(from) reserves	395	(588)	42	42	42	42	42	42	42	42
Net Sittingbourne Town Centre rental income	0	0	0	0	(500)	(500)	(500)	(500)	(500)	(500)
Total Financing	(18,146)	(18,684)	(17,789)	(17,504)	(18,282)	(18,679)	(19,082)	(19,491)	(19,907)	(20,330)
Budget Gap (surplus)/ deficit	0	0	1,325	1,775	839	286	(272)	(833)	(1,399)	(1,969)
Cumulative Budget Gap (surplus)/ deficit	0	0	1,325	3,100	3,939	4,225	3,953	3,120	1,721	(248)

Detailed Budget Proposals

Appendix III

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
Resident Services				
2	Increase in homelessness costs	Cllr K. Pugh / A. Christou	237,600	170,000

Detailed Budget Proposals

Appendix III

Unavoidable Cost Pressures				
No.	Description	Cabinet Member / Head of Service	2016/17 Original Budget £	2017/18 over 2016/17 £
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 Local Government Pension Scheme (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 to Kent County Council (KCC) as a result of triennial revaluation	Cllr D. Dewar-Whalley / N. Vickers	0	60,000
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

Detailed Budget Proposals

Appendix III

Additional Income				
No.	Description	Cabinet Member / Head of Service	2016/17 Original Budget £	2017/18 over 2016/17 £
Resident Services				
1	In House Debt Recovery Service	Cllr D. Dewar-Whalley / A. Christou	0	(50,000)
Property Services				
2	Queenborough 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 Swale Action to End Domestic Abuse (SATEDA)	Cllr D. Dewar-Whalley / A. Adams	0	(6,200)
Economy & Community Services				
5	Environmental Response Team - Fixed Penalty Notice's	Cllr D. Simmons / C. Hudson	(3,000)	(3,000)
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 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)

Detailed Budget Proposals

Appendix III

Additional Income				
No.	Description	Cabinet Member / Head of Service	2016/17 Original Budget £	2017/18 over 2016/17 £
	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)

Detailed Budget Proposals

Appendix III

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).	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	Savings through restructure in MKS Legal. This saving will be offset by the loss of income from the resulting lower contributions from the other Legal shared service authorities	Cllr D. Dewar-Whalley / E. Culligan	(1,039,970)	49,500
Total Loss Of Income				212,880

Detailed Budget Proposals

Appendix III

Service Savings				
No.	Description	Cabinet Member / Head of Service	2016/17 Original Budget £	2017/18 over 2016/17 £
Mid Kent Legal Services (MKLS)				
1	Savings through restructure in MKS Legal. This saving will be offset by the loss of income from the resulting lower contributions from the other Legal shared service authorities	Cllr D. Dewar-Whalley / E. Culligan	1,316,000	(66,000)
Resident Services				
2	Payment made 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)
Property Services				
7	Queenborough Guildhall - budget not required	Cllr D. Dewar-Whalley / A. Adams	330	(330)

Detailed Budget Proposals

Appendix III

Service Savings				
No.	Description	Cabinet Member / Head of Service	2016/17 Original Budget £	2017/18 over 2016/17 £
8	Health & Safety 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)
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).	Cllr D. Simmons / D. Thomas	135,430	(135,430)

Detailed Budget Proposals

Appendix III

Service Savings				
No.	Description	Cabinet Member / Head of Service	2016/17 Original Budget £	2017/18 over 2016/17 £
Planning				
20	Dangerous Structures - reflects underspend over past few years	Cllr G. Lewin / J. Freeman	3,000	(2,000)
21	MKS 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, cellphone 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	Tender for the cost of processing debit and credit card transactions resulted in a reduction in costs	Cllr D. Dewar-Whalley / N. Vickers	79,970	(30,000)
27	Change in 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. In addition a review of the number of monitoring stations from 4 to 3	Cllr D. Simmons / T. Beattie	10,000	(2,500)
Total Service Savings				(644,520)

Tax Base

The tax base for 2017/18 is 45,299.89.

Collection Fund

As the Billing Authority, Swale Borough Council had to make an estimate of the surplus or deficit on the Collection Fund in January 2017, notifying Kent County Council, the Police and Crime Commissioner for Kent and the Kent & Medway Towns Fire & Rescue Authority of their proportions. The declared surplus of £3,625,600 is shared as follows:

	(Surplus)/ £'000
Kent County Council	(1,087)
The Police and Crime Commissioner for Kent	(116)
Kent & Medway Towns Fire & Rescue Authority	(79)
Swale Borough Council	(1,119)
Central Government	(1,224)
Total	(3,625)

These amounts are not added to precepts or budgets, but must be taken into account by each Authority when setting their basic Council Tax. The net surplus for Swale Borough Council is therefore £1,119,400, including a £979,000 surplus for business rates, and a £140,400 surplus for council tax.

Only the council tax surplus is shown in the budget projections for the calculation of the 2017/18 Council Tax, as the business rates surplus will be put to the business rates volatility reserve.

Other Preceptors

Kent County Council, the Kent & Medway Fire Authority and the Kent Police and Crime Commissioner will set their own precepting for all valuation bands. These tax levels will form part of the overall Council Tax to be set by full Council on 15 February 2017.

Parish Council Precepts

Parish Council precept demands have been submitted during January 2017 as and when the Parish Councils met to set their precepts. These will be expressed as an additional precept.

	2017/18 £'000
2016/17 Swale Operating Expenditure Budget Before Savings and Growth Items	18,146
Lower Medway Internal Drainage Board	456
Growth items	78
Unavoidable cost pressures	364
Loss of income	213
Additional income	(259)
Committed price increases	144
Pay increases	78
Pay award	109
Contribution to/ (from) reserves	(588)
Service savings	(645)
Sub total	18,096
New Homes Bonus	(2,743)
Swale Budget Requirement (to be agreed)	15,353
Revenue Support Grant	(1,238)
Business Rates	(6,506)
Collection Fund Surplus	(140)
Council Tax Requirement (to be agreed)	7,469
Council Tax Income (assuming £164.88 for Band D)	(7,469)

Parish Precepts

Appendix VI

Parish / Town Council	Additional Council Tax for Band D 2016/17 £	Tax Base 2017/18	Parish Precept (rounded) 2017/18 £	Additional Council Tax for Band D 2017/18 £	Parish Precept 2017/18 % Change
Bapchild	22.95	461.95	11,000	23.81	3.75%
Bobbing	19.82	902.12	18,000	19.95	0.66%
Borden	46.47	1,071.93	51,250	47.81	2.88%
Boughton-under-Blean	66.30	680.48	49,195	72.29	9.03%
Bredgar	33.08	286.21	9,615	33.59	1.54%
Doddington	35.97	218.69	8,302	37.96	5.53%
Dunkirk	24.42	495.44	11,792	23.80	-2.54%
Eastchurch	42.74	732.80	30,000	40.94	-4.21%
Eastling	22.34	145.99	5,110	35.00	56.67%
Faversham Town Council	53.06	6,193.73	328,638	53.06	0%
Graveney & Goodnestone	30.37	184.29	6,118	33.20	9.32%
Hartlip	19.38	361.56	7,500	20.74	7.02%
Hernhill	28.24	283.86	9,000	31.71	12.29%
Iwade	35.43	1,361.82	48,250	35.43	0%
Leysdown	22.66	1,083.36	25,000	23.08	1.85%
Lower Halstow	64.68	446.49	33,933	76.00	17.50%
Luddenham	0	46.03	0	0	0%
Lynsted	37.58	462.38	17,049	36.87	-1.89%
Milstead	58.77	91.28	5,500	60.25	2.52%
Minster	26.89	5,216.95	144,056	27.61	2.68%
Newington	50.55	871.04	45,760	52.53	3.92%
Newnham	35.46	150.67	5,355	35.54	0.23%
Norton & Buckland	31.31	182.71	5,847	32.00	2.20%
Oare	51.63	168.23	8,568	50.93	-1.36%
Ospringe	25.31	278.31	7,250	26.05	2.92%
Queenborough Town Council	58.91	780.72	65,225	83.54	41.81%
Rodmersham	31.54	240.71	7,750	32.20	2.09%
Selling	23.92	346.70	10,384	29.95	25.21%
Sheldwich, Leaveland & Badlesmere	24.56	348.27	8,600	24.69	0.53%
Stalisfield	26.80	99.96	2,600	26.01	-2.95%
Teynham	52.78	868.43	47,480	54.67	3.58%
Throwley	23.14	139.84	3,166	22.64	-2.16%
Tonge	14.13	140.61	2,200	15.65	10.76%
Tunstall	24.23	702.95	17,560	24.98	3.10%
Upchurch	28.85	921.95	27,900	30.26	4.89%
Warden	31.70	484.70	15,000	30.95	-2.37%
TOTAL			1,099,953		

Reserves

Appendix VII

Description	Balance as at 31/03/16 £'000	Forecast	Balance as at 31/03/17 £'000	Forecast	Balance as at 31/03/18 £'000
		Contributions to / from Reserves 2016/17 £'000		Contributions 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)		(884)
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)	1,348	(1,301)	(724)	(2,025)
Preceptors Council Tax Support Reserve	(250)	66	(184)	66	(118)
Commuted Sums	(259)		(259)		(259)
Other Reserves	(1,643)	(79)	(1,722)	21	(1,701)
Total Earmarked Reserves	(11,054)	953	(10,101)	(727)	(10,828)
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)	336	(3,652)
Total Usable Reserves	(17,858)	2,330	(15,528)	(391)	(15,919)

Capital Programme

Appendix VIII

	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
Thistle 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
<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

Capital Programme

Appendix VIII

	Funding SBC / Partnership	2016/17 Original Budget £	2016/17 Revised Budget £	2017/18 Original Budget £	2018/19 Original Budget £	Budget Later Years £
<u>Economy & Communities – 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 & Communities		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
<u>Finance - N. Vickers</u>						
Income Management System - Replacement - Capital Receipts	SBC	0	2,500	0	0	0
TOTAL FINANCE		0	2,500	0	0	0

Capital Programme

Appendix VIII

	Funding SBC / Partnership	2016/17 Original Budget £	2016/17 Revised Budget £	2017/18 Original Budget £	2018/19 Original Budget £	Budget Later Years £
<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

Appendix VIII

	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

Appendix VIII

	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
- Income Management 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	15,000	15,000

(Very High=4, High=3, Medium=2, Low=1)

Issue	Likelihood/Impact	Mitigation
Funding reductions	L 4 x I 3 = 12	Medium term financial plan Income generation National and local intelligence
Sittingbourne Town Centre	L 3 x I 3 = 9	External advice Due diligence Regular reporting
Localisation of business rates, business rates appeals	L4 x I 2 = 8	Consultation responses In-depth research Modelling
Leisure centre contract renewal	L 4 x I 2 = 8	Early examination of all options Project planning
New Homes Bonus	L 3 x I 2 = 6	Consultation responses Lobbying Budgeting
Homelessness	L 3 x I 2 = 6	Alternative provision Limiting support to budget available
Judicial review of a key decision	L2 x I 3 = 6	Good governance Member and officer training
Delivery of 2017/18 budget savings	L 2 x I 2 = 4	Robust budget preparation Good monitoring
Loss of key staff	L 2 x I 2 = 4	Succession planning Staff development and training
Fraud	L 1 x I 3 = 3	Internal controls Internal audit review Member and staff awareness

The Department for Communities and Local Government's Guidance on Minimum Revenue Provision (issued in 2010) places a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State, and local authorities are required to "have regard" to such Guidance, under section 21(1A) of the Local Government Act 2003.

The Regulations require that "A local authority shall determine for the current financial year an amount of minimum revenue provision which it considers to be prudent".

The concept of Minimum Revenue Provision (MRP) was introduced in 1989 to prescribe the minimum amount which must be charged to the revenue account each year to meet credit liabilities (borrowing and leasing costs). MRP is charged to the General Fund and therefore does affect levels of Council Tax. Under the previous MRP regulations MRP was set at a uniform rate of 4% of the adjusted Capital Financing Requirement (CFR), which represents the underlying need to borrow for the Council.

The detailed rules and formulae to be used in the more recent method of calculation were laid down in Regulation 28 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. This system was later radically revised, and now requires an annual statement setting out the method of calculation of MRP.

The Secretary of State for Communities and Local Government issued guidance under section 21(1A) of the Local Government Act 2003. This states that "the broad aim of prudent provision is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of the grant." This would affect any future borrowing that local authorities may be considering.

The four MRP options available are:

- Option 1: Regulatory Method
- Option 2: CFR Method
- Option 3: Asset Life Method (Equal Instalment or Annuity)
- Option 4: Depreciation Method

Note: This does not preclude other prudent methods.

MRP in 2017/18:

Options 1 and 2 may be used only for supported expenditure (i.e. financing costs deemed to be supported through Revenue Support Grant from Central Government). Methods of making prudent provision for self-financed expenditure include Options 3 and 4 (which may also be used for supported expenditure if the Council chooses).

The MRP Statement will be submitted to Council before the start of the 2017/18 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Council at that time.

Council on 17 February 2016 resolved that for the 2016/17 financial year, the Council's policy for the calculation of Minimum Revenue Provision would be the asset life (equal instalment) method for Prudential Borrowing, and the "Regulatory Method" for calculating the MRP for the CFR created by unfunded capital expenditure before 1/4/2008. In this option, MRP is equal to the amount determined in accordance with the former regulations 28 and 29 of the 2003 Regulations as if they had not been revoked. MRP is set at a uniform rate of 4% of the adjusted CFR, i.e. adjusted for "Adjustment A" on a reducing balance method (which in effect means that MRP charges will stretch into infinity).

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 does provide a number of options for local authorities to use to calculate their MRP, which must be then be approved by Council annually. Although options are recommended in the guidance the intention was not to be prescriptive, and local authorities can propose alternative approaches as long as they can demonstrate that the resulting MRP will be prudent.

Therefore it is proposed that the MRP element relating to unfunded capital expenditure incurred before 1 April 2008 is changed from 1 April 2017 from the Regulatory Method to the Annuity Method, based on full repayment of the CFR over 50 years, and using an interest rate of 2%. The Council believes that the 50 year period is prudent as the aim is to repay capital expenditure, and this matches the Council's existing accounting policies on the standard useful lives of assets used in our annual accounts. The 2% is taken from the Government's inflation target. The element of the CFR relating to unfunded capital expenditure before 1 April 2008 is forecast to be £4m on 1 April 2017. Using the proposed annuity method this will be fully repaid in 50 years; if the regulatory method had continued to be used, £780,000 would still be left unfunded after the 50 years.

This Policy will be reviewed on an annual basis.

For 2017/18 it is recommended that:

- for supported expenditure, and for all capital expenditure incurred prior to 1 April 2008, MRP will, under delegated authority, be calculated under the Annuity Method over 50 years;
- MRP for all self-financed capital expenditure incurred after 1 April 2008 will, under delegated authority, be calculated under the Asset Life (Equal Instalment) Method;
- MRP in respect of leases and Public Finance Initiative (PFI) schemes brought on Balance Sheet under the International Financial Reporting Standards based Accounting Code of Practice will match the principal repayment for the associated deferred liability, to ensure that the impact on the revenue account is neutral; and
- where loans are made to other bodies for their capital expenditure, no MRP will be charged but the Council would apply the capital receipt arising from the principal repayments to reduce the CFR instead.