

## AGENDA

### SCRUTINY COMMITTEE MEETING

Date: Wednesday, 20 January 2021

Time: 7.00pm

Venue: Virtual Meeting Via Skype\*

Membership:

Councillors Lloyd Bowen (Chairman), Richard Darby, Steve Davey, Mike Dendor (Vice-Chairman), Tim Gibson, Alastair Gould, James Hall, Carole Jackson, Elliott Jayes, Denise Knights, Pete Neal, Hannah Perkin and Ken Pugh.

Quorum = 4

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Pages

#### Information for the Public

\*Members of the press and public can listen to this meeting live. Details of how to join the meeting will be added to the website after 4pm on Tuesday 19 January 2021.

#### Privacy Statement

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1. Apologies for Absence and Confirmation of Substitutes
2. Minutes

To approve the [Minutes](#) of the Meeting held on 18 November 2020 (Minute Nos. 258 - 263), subject to Minute No. 260 Scrutiny of 2021/22

Fees and Charges Proposals, page 286, to read The Guildhall, **Queenborough** and the [Minutes](#) of the Extraordinary Meeting held on 24 November 2020 (Minute Nos. 264 - 270) as correct records.

3. 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 meeting 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 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**

4. Financial Management Report 5 - 30

The Committee is asked to consider the Financial Management Report – Second Quarter 2020/21.

5. The Leader and the Chief Financial Officer will be attending the meeting.  
Budget 2021/22 and Medium Term Financial Plan 31 - 56

To review the draft Budget and Medium Term Financial Plan for 2021/22 and to consider making recommendations to Cabinet on 10 February 2020.

Cabinet Members and their Deputies; and the following Officers have been invited to attend the meeting, as have all Members:

Chief Executive, Director of Regeneration, Chief Financial Officer, Head

of Policy, Communications and Customer Services, Head of Planning Services, Head of Commissioning, Environment and Leisure and Head of Housing, Economy and Community Services.

## **Issued on Tuesday, 12 January 2021**

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](http://www.swale.gov.uk)

**Chief Executive, Swale Borough Council,  
Swale House, East Street, Sittingbourne, Kent, ME10 3HT**

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<b>Scrutiny Committee</b>	
<b>Meeting Date</b>	20 January 2021
<b>Report Title</b>	Financial Management Report – Second Quarter 2020/21
<b>Cabinet Member</b>	Cllr Roger Truelove, Leader and Cabinet Member for Finance
<b>SMT Lead</b>	Nick Vickers, Chief Financial Officer
<b>Head of Service</b>	Nick Vickers, Chief Financial Officer
<b>Lead Officer</b>	Phil Wilson, Financial Services Manager and Caroline Frampton, Principal Accountant
<b>Key Decision</b>	Yes
<b>Classification</b>	Open
<b>Forward Plan</b>	Reference number: 8
<b>Recommendations</b>	<ol style="list-style-type: none"> <li>1. To note the total projected revenue overspend of £3,319,000 (£2,555,000 as at end of June 2020).</li> <li>2. To note the settlement on litigation as set out in paragraph 3.16.</li> <li>3. To note the use of reserve funds as set out in paragraph 3.15.</li> <li>4. To note the payments with regard to the loss of income claims for the leisure contract as set out in paragraph 3.18.</li> <li>5. To note the projected capital overspend of £2,279,256 and expenditure of £5,676,723 as detailed in paragraph 3.23 and Table 10 Appendix I.</li> <li>6. To note the additional Government funding received by the Council in response to the coronavirus.</li> <li>7. To note the capital variances and their funding as detailed in paragraph 3.21 and Table 10 Appendix I refers.</li> </ol>

## 1. Purpose of Report and Executive Summary

1.1 This report sets out the revenue and capital projected outturn position for 2020/21 as at the end of September 2020. The report is based on service activity up to the end of September 2020 and is collated from monitoring returns from budget managers.

1.2 The headline figures are:

- projected total revenue overspend of £3,319,000 (£2,555,000 as at end of June 2020) - Table 2;
- the projected impact of the Coronavirus pandemic is £3.5m (£2,832,000 as at end of June 2020);
- projected capital overspend of £2,279,256 – Table 10 appendix I.

## 2. Background

- 2.1 The Council operates a budget monitoring process at Head of Service level, with regular reports to the Leader and Cabinet Member for Finance and 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 The last monitoring report to Cabinet was on 23 September covering April to June and the net revenue service expenditure was a forecast overspend of £2,555,000 and the equivalent outturn figure shown in Table 2 is a forecast overspend of £3,319,000, which represents a movement of £764,000 on a budget of £19.381 million. Table 1 below details the significant movements.

**Table 1 – Net Revenue Service Expenditure - Movement from April to June Forecast to April to September Forecast**

<b>Movement from 1<sup>st</sup> Quarter to 2<sup>nd</sup> Quarter</b>	<b>£'000</b>	<b>Notes</b>
<b>1<sup>st</sup> Quarter Monitoring Report to Cabinet</b>	<b>2,555</b>	
Homelessness – increase in numbers / Rough Sleeper Initiative	192	Includes £133k Rough Sleeper costs re Covid – may be possible to claim some of this back
Leisure Centre	170	Total estimated cost £570k re loss of income claim from Swale Community Leisure (SCL) Trust
Car Park Pay & Display – increased loss of income	156	
Faversham Pool Grant	75	One off grant
Interest Earnings & Cost of Borrowing – reduced income	70	Fall in interest rates and lower cash balances
Recovery of Council Tax costs	67	
Community Leisure Trust Grant	50	One off grant
Shared Service Costs	41	(HR, ICT and Planning)
Maidstone Council Parking Partnership – increased costs	38	Reflected in 21/22 budget proposals
Waste Contract Savings – reduced savings	35	
Car Park increased loss of income	30	
Bourne Place loss of income	18	
Mid Kent Services (MKS) Debt Recovery – based on further advice from Maidstone Borough Council (MBC)	(65)	Courts opening has been delayed and MBC anticipate to break-even.
Property Services – underspends	(41)	Vacant post (£20k) and reduced expenditure offset by reduced printing income (£6k)

<b>Movement from 1<sup>st</sup> Quarter to 2<sup>nd</sup> Quarter</b>	<b>£'000</b>	<b>Notes</b>
Sittingbourne Regeneration – revenue costs including staffing	(20)	Staffing costs that cannot be capitalised
Recovery of Council Tax Benefit Overpayments	(10)	
Net other movements (less than £10k)	(42)	
<b>Sub Total – Movement</b>	<b>764</b>	
<b>2<sup>nd</sup> Quarter Monitoring Report to Cabinet</b>	<b>3,319</b>	

**Table 2 - Projected Variance by Service**

<b>Service</b>	<b>Service Manager</b>	<b>Working Budget £</b>	<b>Projected Outturn £</b>	<b>Projected Variance £</b>
Chief Executive		330,270	202,270	(128,000)
Policy, Communications & Customer Services	D. Clifford	1,201,940	1,148,940	(53,000)
Democratic Services	D. Clifford	168,380	143,380	(25,000)
Electoral Services	D. Clifford	848,450	810,450	(38,000)
Director of Regeneration	E. Wiggins	198,110	198,110	0
Housing, Economy & Community Planning	C. Hudson	3,545,670	4,267,670	722,000
Commissioning, Environment & Leisure	J. Freeman	826,390	1,305,390	479,000
Finance	M. Cassell	6,032,080	7,856,080	1,824,000
Revenues & Benefits	N. Vickers	0	(28,000)	(28,000)
Property	Z. Kent	4,770	183,770	179,000
Licensing & Resilience	A. Adams	1,928,250	1,887,250	(41,000)
Environmental Health	D. Fackrell	60,780	43,780	(17,000)
Information Technology	T. Beattie	567,190	580,190	13,000
Internal Audit	C. Woodward	1,305,530	1,325,530	20,000
Human Resources	R. Clarke	178,260	178,260	0
Legal	B. Sandher	446,410	452,410	6,000
Sittingbourne Regeneration	P. Narebor	523,860	502,860	(21,000)
STC - Cinema/Hotel/Restaurants	N. Vickers	0	62,000	62,000
STC - Retail Park	N. Vickers	(574,290)	(372,290)	202,000
Contributions from Reserves for services shown above	N. Vickers	(471,400)	(471,400)	0
Corporate Items	N. Vickers	0	(8,000)	(8,000)
<b>NET REVENUE SERVICE EXPENDITURE</b>		<b>19,381,040</b>	<b>22,700,040</b>	<b>3,319,000</b>
<b>Financed by:</b>				
Revenue Support Grant		(115,000)	(115,000)	0
Business Rates		(9,000,000)	(9,000,000)	0
New Homes Bonus		(1,633,000)	(1,633,000)	0
Council Tax Requirement		(8,648,040)	(8,648,040)	0
<b>TOTAL FINANCING</b>		<b>(19,396,040)</b>	<b>(19,396,040)</b>	<b>0</b>
<b>NET EXPENDITURE</b>		<b>(15,000)</b>	<b>3,304,000</b>	<b>3,319,000</b>

Note: 2020/21 budget had a surplus of £15,000.

## Forecast Budget Variance

- 3.2 Table 2 shows a variance of £3,304,000 which, with the £15,000 contribution to Reserves, gives a net overspend of £3,319,000.
- 3.3 The revenue overspend of £3,319,000 includes a number of contributions to/from reserves, which have been made in order to comply with statute and previous Cabinet decisions, which total £8,000 and they are detailed below:

**Table 3 – Contributions to Reserves**

<b>Service</b>	<b>Description</b>	<b>£'000</b>
Local Plan	The overspend as a result of legislative changes in August 2020 will be met from the ring-fenced local plan reserve.	(75)
Revenues and Benefits	The net saving will be transferred to the Revenues and Benefits reserve.	141
Parking Management	The 2020/21 deficit relating to on-street parking will be transferred to the surplus on the on-street parking reserve under Section 55 of the Road Traffic Act 1984.	(39)
Environmental Response Team	Section 96 of the Clean Neighbourhoods and Environment Act of 2005 advised that income must be spent on “qualifying functions”. The 2020/21 deficit will be transferred to the surplus on the reserve.	(35)
<b>Total</b>		<b>(8)</b>

- 3.4 The forecast variance is for 2020/21 only. However, the impact of the coronavirus also affects forecast income from business rates and council tax. The Council is a billing authority which collects these taxes and then distributes them to other preceptors through the Collection Fund. Any surplus or deficit on the Collection Fund in 2020/21 will be allocated to preceptors in future years. Therefore, in order to show the full impact of the effect of the coronavirus on the Council’s finances, these forecast deficits are shown in Table 4 below and the explanations for them are detailed in the next section of the report.

**Table 4 – Forecast Variance**

	<b>Forecast Variance £'000</b>
Forecast over/(under)spend 2020/21 (Table 2)	3,319
Forecast future impact of under-recovery of Business Rate income	250
Forecast future impact of under-recovery of Council Tax income	321
<b>Total Forecast Overspend</b>	<b>3,890</b>



3.5 The additional funding received by the Council, updated for funding allocated since the period end, is shown in the table below:

**Table 5 – Government funding**

<b>Funding</b>	<b>Amount £</b>	<b>Allocation basis</b>
Tranche 1	75,560	March £1.6bn of which £1.46bn for Social care
Tranche 2	1,501,441	April £1.6bn with 35% allocation to districts
Tranche 3	317,585	July £500m with a Relative Needs Formula reflecting deprivation
Tranche 4	1,027,204	October £919m with a Relative Needs Formula reflecting deprivation
Sales, Fees and Charges	716,000	75% of defined losses on some Sales, Fees and Charges - initial submission made
<b>Sub-total</b>	<b>3,637,790</b>	
New Burdens Grant Revenues & Benefits	170,000	Banded allocation based upon number of hereditaments
Covid Enforcement	90,000	£30m allocation nationally
Contain Outbreak Funding	100,000	Via Kent County Council (KCC)
<b>Total</b>	<b>3,997,790</b>	

3.6 At this stage, the forecast overspend is matched by an unprecedented level of additional Government funding. The cost forecasts are very sensitive to the impact of the new lockdown. These will be assessed in the January budget monitoring. We also await clarity of the level of support from Government for additional leisure costs. We are still awaiting information on how the additional £100m allocated nationally will be allocated.

### **Business Rates**

3.7 The Council collects business rates and distributes them to preceptors including the Government, Kent County Council (KCC), the Fire Authority and the Council and this is accounted for in the Collection Fund. The original forecast for 2020/21 was that the Council would collect £53m in total in 2020/21. Later the Government announced new reliefs on business rates for retail, local newspapers and nurseries which would reduce the income from business rates by £14m, but this will be offset by Government grants.

3.8 The Council budgeted that its share of the total business rates collected for 2020/21 would be £8.75m plus £250k contribution from business rates reserves. There is a complicated system of levies and tariffs, and any deficit on the Collection Fund for 2020/21 will be allocated to each preceptor as a cost in future years. However, for the purposes of this report, the forecast Council share of the deficit for 2020/21 of £250,000 is reported here, even though it will be a cost in future years. Council policy is to pay for business rate collection fund deficits from reserves.

- 3.9 The Business Rates Collection Fund has set aside £10m for appeals, of which the Council's share is £4m.

### **Council Tax**

- 3.10 The Council collects council tax and distributes it to preceptors including the KCC, the Fire Authority, the Police Authority, Parish and Town Councils and the Council and this is accounted for in the Collection Fund. The original forecast for 2020/21 was that the Council would collect £89m in total.
- 3.11 Any surplus or deficit on the Council Tax Collection Fund for 2020/21 will be allocated in future years. However, for the purposes of this report, the forecast for 2020/21 is a deficit on the Council Tax Collection Fund of £2.8m of which the Council's share is £321k.
- 3.12 The reasons for this reduction in income are:
- Increase in the single person discount due to the increase in the number of deaths resulting in a single person living in a property;
  - Reduction in the number of new properties being completed and then being liable for Council Tax; and,
  - Reduction in the recovery of overpayment of council tax support due to customers not moving into work since March.

### **Collection Fund**

- 3.13 Any deficits from council tax and business rates arising in 2020/21 would normally be transferred from the collection fund in the following year (2021/22). The Government has proposed that these deficits will now be spread equally over three years (2021/22 to 2023/24) "to ease immediate pressures on budgets". The full terms of the arrangements are still not entirely clear.

## Improvement and Regeneration Funds

3.14 Table 6 below details the movements on a number of reserve funds up to the end of September 2020. Further details regarding the funds committed in 2020/21 are detailed in Appendix I Table 9.

**Table 6: Improvement and Regeneration Funds**

	Balance as at 1 April 2020	Proposed Topping Up of Funds 2020/21	Fund Committed as at 1 April 2020	Funds committed after 1 April 2020 (Appendix I Table 9) 2020/21	Balance Unallocated
<b>Funds:</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Special Projects	964	1,000	(553)	(972)	439
Performance	432	0	(233)	(29)	170
Communities	556	0	(173)	(15)	368
Pension & Redundancy	94	100	0	(103)	91
Regeneration	152	0	(152)	0	0
Local Loan Fund	175	0	0	0	175
<b>TOTAL</b>	<b>2,373</b>	<b>1,100</b>	<b>(1,111)</b>	<b>(1,119)</b>	<b>1,243</b>

3.15 The budget report to this meeting emphasises that the completely unprecedented circumstances that we are living in puts a huge onus on the Council to respond to the needs of our residents. The Leader and Cabinet Member for Finance has had a series of bilateral meetings with cabinet members to see what additional support can be provided. It is therefore proposed that:

- Business Volatility fund continues to support Project Fund on a £1 million per annum basis;
- £800,000 allocated to Town Centres from Business Pool;
- £1.7m North Kent Housing and Economic Growth Fund to Local Housing Company, for set up costs and future investment, including possible investment in Sheppey;
- £1.1m Malro capital receipt to Sheerness Improvement Fund at £250,000 and balance to other Sheppey capital investments; and
- £2.1m Business Pool money to be divided into "Improvement and Resilience Fund" of £1m. The balance to be retained for potential top ups and for new initiatives or pressures.

## **Litigation Settlement**

3.16 The Council has legal responsibility for maintenance of closed churchyards. A business has a long-standing claim against the Council for the impact on their property from the failure to maintain the adjacent churchyard. Litigation has been going on since 2012. There was an agreement with the then owner in 2015 and we are now in a position to settle with the new owner. By agreeing to pay £86,950 inclusive of VAT we are no longer obliged, by the terms of the 2015 agreement, to carry out and pay for the reinstatement works ourselves with the potential for cost overruns and time delays as well as further claims should the reinstatement itself prove to be defective. Liability for all aspects of the reinstatement scheme is assumed by the current owner. The liability of the Council funded from the Property Reserve are:

- We cap the claim for diminution in the value of the land at £20,000;
- We cap any further liability for delay costs at £22,000;
- We cap our liability for legal costs at no more than £5,000 plus VAT; and,
- The settlement is inclusive of interest.

3.17 Legal officers have been involved throughout the process and the Head of Legal Services supports the settlement of the claim.

## **Leisure Contract**

3.18 Over the last year the Council has been involved in protracted negotiations with Swale Community Leisure (SCL) and Serco over a range of issues where they are making claims for loss of income due to the actions of the Council. These are reported below as we reach a point of settlement. In an open report the details of these negotiations cannot be shared fully. The Head of Commissioning, Environmental & Leisure has been advised by Legal Services throughout the negotiations. The negotiations related to three claims:

- Loss of income claim 1 - this claim is for the extended closure of the pool hall due to additional roof works from the refurbishment of the Swallows. This claim will be settled at £249,000 dependent upon the outcome of loss of income claim 2. Serco already hold a sum of £28,750 towards this total and the Council already holds reserves of £110,770 for this. This leaves £109,480 to be approved.
- Loss of income 2 - this claim is storm damage to Swallows Leisure Centre roof. The income losses incurred by SCL/Serco are being covered by their insurance but the Council has to pay for the £50,000 insurance excess on the Serco insurance policy.

- Loss of income 3 - this related to losses incurred because of the Covid 19 pandemic which led to a Government enforced closure of the Swallows and Sheppey Leisure Centres on 20 March. Swale Community Leisure and Serco hold that, contractually, the Council is responsible for loss of income. There has been an ongoing dialogue with all parties and a Sport England funded consultant. It has to be said that this work has not yet produced a mutually acceptable solution. The position is compounded by the Government providing no financial support to date for the additional costs which councils are incurring with their outsourced leisure providers. It was announced in October that £100m of funding has been provided for the Department for Culture, Media and Sport to meet additional costs and we await further details on the criteria. For this report Cabinet is asked to agree a payment of £165,000 for the period April-July 2020.

## Capital Expenditure

3.19 This section of the report details actual capital expenditure to end of September 2020 and highlights any projected variations between the revised 2020/21 capital budget and the projected outturn.

3.20 The revised budget includes the following approvals: -

- capital rollovers from 2019/20 of £5,263,936;
- roof replacement for the Swallows Leisure Centre of £743,000 approved by the July Cabinet;
- Replacement of Bartons Point footbridge - Cabinet in July approved the capital contract at an additional cost of £22,000 to be met from capital receipts;
- Car park improvements / Enhancements – Electric Charging Points – Rose Street Car Park - funded from car park reserve £29,900;
- Car park improvements / Enhancements – Electric Charging Points – Swale House Car Park – funded from Special Projects Fund £32,000;
- The Community Fund approved a grant of £10,000 for the Leaky Lucy Minibus Replacement;
- The Community Fund approved a grant of £100,000 for Murston Church;
- Adjustment to the funding of the Modular Toilet Kiosk – Minster Leas – £80,000 of the project was originally to be funded from capital receipts but this has been replaced with funding from the Special Projects Fund;
- £380,000 of capital receipts funding has been replaced with Special Project Funding (public toilets).

3.21 The following projects require approval for funding in 2020/21: -

- Bartons Point Coastal Park – replacement footbridge - due to detailed investigations of the foundations, foundation costs are expected to be in the region of £40k more than the award price. There are also additional hiring costs depending on when the works can be completed of £5k. To be funded from capital receipts;
- Sittingbourne Town Centre (STC) – as the leisure development completes there will be a reconciliation of total spend against budget. There are additional costs associated with the Light cinema and bowling developments;
- Queenborough & Rushenden Klondyke Land Improvement £6m in total – this is fully funded via external grant from Homes England;
- Ospringe Brickworks Site, Western Link £21,440 – this is fully funded from S106 receipts;
- Swallows Leisure Centre – additional funding from revenue £51,200;
- Faversham Recreation Ground – to reflect actual expenditure and allocation from Lottery Fund.

3.22 Actual expenditure to end of September 2020 was £5,676,000. This represents 53% of the revised budget. Further details are set out in Table 10 of appendix I.

3.23 Table 7 below summarises the projected capital overspend of £2,279,000.

**Table 7: Capital Programme Expenditure**

	<b>2020/21 Revised Budget</b>	<b>2020/21 Actual to Date</b>	<b>2020/21 Projected Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Housing, Economy & Community Services	7,496	5,329	2,277
Commissioning, Environment & Leisure	2,946	266	32
Finance	12	11	0
Property	200	2	0
Planning	6	0	(6)
Information Technology	116	68	(24)
<b>Total Capital Programme</b>	<b>10,776</b>	<b>5,676</b>	<b>2,279</b>
<b>Total funded by the Council</b>	<b>6,077</b>	<b>5,045</b>	<b>2,348</b>
<b>Total Partnership funded</b>	<b>4,699</b>	<b>631</b>	<b>(69)</b>
<b>% Spent to date compared to Revised Budget</b>		<b>53%</b>	

## Payment of Creditors

3.24 For April to September 2020, 99% of invoices from suppliers were paid within 30 days of receipt of invoice, against the target of 97%.

## Sundry Debtors

3.25 Tables 11.1 and 11.2 in appendix I analyse the sundry debt outstanding.

## 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 supporting the Corporate Plan objectives.
Financial, Resource and Property	As detailed in the report
Legal and Statutory	The outturn report is not a statutory requirement, but it is a requirement of the Council's Financial Regulations.
Crime and Disorder	None identified at this stage.
Environmental Sustainability	The report identifies a wide range of expenditure headings which support the Council's Climate and Emergency Action Plan.
Health & Wellbeing	None identified at this stage.
Risk Management and Health and Safety	The Council's overall financial position is a key risk in the Council's Corporate Risk Register.
Equality and Diversity	None identified at this stage.
Privacy and Data Protection	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: Finance Report 2020/21

## 8. Background Papers

[Cabinet Medium Term Financial Plan and Budget 2020/21](#)

**Table 8 – Significant Variances**

<b>Service – Cabinet Member (Head of Service)</b>	<b>£'000</b>
<b>CHIEF EXECUTIVE – Cllr R Truelove</b>	
<b>Other Variances:</b>	
Salary underspend	(133)
Recruitment costs	25
Special Projects & Swale Stars	(14)
Other net savings	(6)
<b>TOTAL</b>	<b>(128)</b>
<b>POLICY, DEMOCRATIC SERVICES, COMMUNICATIONS AND CUSTOMER SERVICES – Cllr R Truelove (David Clifford)</b>	
<b>Policy, Communications &amp; Customer Services:</b>	
<b>Other Variances:</b>	
Salary underspend – Policy	(11)
Salary underspend – Customer Service Centre	(34)
Other variances	(8)
<b>Democratic Services:</b>	
<b>Other Variances:</b>	
Salary underspend – Mayoral	(17)
Mayor & Ceremonial – other	(8)
<b>Electoral Services:</b>	
<b>Other Variances:</b>	
Net underspend on Electoral Registration	(38)
<b>TOTAL</b>	<b>(116)</b>
<b>HOUSING, ECONOMY AND COMMUNITY SERVICES – Cllr B Martin, Cllr T Valentine, Cllr R Palmer, Cllr M Bonney, Cllr A Harrison (Charlotte Hudson)</b>	
<b>Economy &amp; Community Services:</b>	
<b>Coronavirus Related Variances:</b>	
Salary overspend – Economy & Communities budget savings requirement delayed due to restructure being paused due to coronavirus.	38
Income under-recovery – Markets' rents not received. Markets did not trade during quarter one and will be in recovery stage for the remainder of the year. Trading commenced in July.	9
<b>Sub-total</b>	<b>47</b>
<b>Housing:</b>	
<b>Coronavirus Related Variances:</b>	
Temporary accommodation overspend – additional pressure on service during coronavirus.	656
Rough Sleeper Initiative – Government "everyone in" during coronavirus cost £50k. It is assumed that this will be fully reimbursed by the Government.	0



**Table 8 – Significant Variances**

<b>Service – Cabinet Member (Head of Service)</b>	<b>£'000</b>
<b>Other Variances:</b>	
Salary overspend – Housing Private Sector vacancy allowance will not be achieved and new staff recruitment may involve post regrading.	8
Stay-Put scheme grants – net variations	11
<b>Sub-total</b>	<b>675</b>
<b>TOTAL</b>	<b>722</b>
<b>PLANNING - Cllr M Baldock (James Freeman)</b>	
<b>Coronavirus Related Variances:</b>	
Planning fees income – shortfall as a result of economic uncertainty which has caused the decline in the housing market and a significant drop in planning applications and major applications to the Council.	250
Local Land Charges income – shortfall as a result of economic uncertainty which has caused the decline in the housing market and a significant drop in the income from land searches fees to the Council.	60
Building Control – the South Thames Gateway (STG) Building Control Partnership is not a separate entity and the forecast loss in fees and charges is being reported within Medway’s submission to Ministry of Housing, Communities and Local Government (MHCLG) and included as part of their compensation claim to the Government. The remaining deficit is being met from partnership reserves for 2020/21 only.	0
<b>Other Variances:</b>	
Development Control / Services – salaries underspend	0
Planning Shared Service – overspend	15
Legal fees / Planning consultation advice	60
Local Plan overspend as a result of legislative changes in August 2020	75
Conservation, Design and Heritage staff - overspend	19
<b>TOTAL</b>	<b>479</b>
<i>Note: Not included in the above are the potential costs for the major planning appeal for Barton Hill Drive estimated at £203k including the £170k costs of a court claim against the Council which is subject to a High Court challenge.</i>	
<b>COMMISSIONING, ENVIRONMENT AND LEISURE – Cllr A Harrison, Cllr T Valentine (Martyn Cassell)</b>	
<b>Coronavirus Related Variances:</b>	
Car Parks pay and display – income shortfall	825
Parking Penalty Charge Notices (PCN's) – income shortfall	50
Multi-Storey Car Park – income shortfall	80
Parking season tickets – income shortfall	22
Environmental Response – Fixed Penalty Notices – net loss of income – deficit is transferred to the ring-fenced Environmental Initiatives account.	35
Parking Enforcement – deficit relating to on-street parking is transferred to the ring-fenced street parking account under Section 55 of the Road Traffic Act 1984.	39

**Table 8 – Significant Variances**

<b>Service – Cabinet Member (Head of Service)</b>	<b>£'000</b>
Leisure & Sports Centres – additional expenditure. Additional costs re contract variation.	570
Street Cleansing and Refuse Collection – significant additional COVID-19 costs to be factored in for additional cleansing in town centres and contract pressures during peak of pandemic.	125
Swale Community Leisure Trust Ltd – additional grant	50
Faversham Pool - additional grant	75
Community Halls – loss of bookings income	5
Parking Management – reduced cash security costs	(20)
<b>Other Variances:</b>	
Leisure & Sports Centres – additional expenditure – consultancy costs and concessionary use.	5
Garden Waste collections – additional income.	(150)
Wheeled Bins purchase – additional expenditure. Increase in garden waste subscriptions.	115
Wheeled Bins sales – reduced income – including income from new developments requesting waste receptacles (anticipated to be slightly below last year's levels).	10
Street Cleansing and Refuse Collection – contract costs savings. Indexation anticipated to be lower than expected but yet to be finalised. Annual uplift figures not yet been agreed.	(145)
Public Conveniences – cost savings on premises expenses.	0
Parks, Sports and other 'open air' facilities – net additional expenditure on Sports Facilities premises expenses.	13
Seafront and Flood Prevention net additional contract and contractor costs.	15
Multi-Storey Car Park additional private contractor costs and security costs increased due to longer opening hours.	30
Multi-Storey Car Park additional other costs, including £12k electricity.	18
Parking Management – additional licence costs	19
Parking Partnership – additional costs with Maidstone Borough Council.	38
<b>TOTAL</b>	<b>1,824</b>
<b>FINANCE – Cllr R Truelove (Nick Vickers)</b>	
<b>Other Variances:</b>	
Salary Underspend – vacant post and agency staff savings.	(28)
<b>TOTAL</b>	<b>(28)</b>
<b>REVENUES &amp; BENEFITS – Cllr R Truelove (Nick Vickers)</b>	
<b>Coronavirus Related Variances:</b>	
Reduced income – recovery of council tax court costs due to the courts being shut for April to September.	250
Reduced income – recovery of overpayments of housing benefits due to reduction in recovery action.	172

**Table 8 – Significant Variances**

<b>Service – Cabinet Member (Head of Service)</b>	<b>£'000</b>
Reduced income – Mid Kent debt recovery.	15
<b>Other Variances:</b>	
Department of Works and Pensions (DWP) net additional housing benefit subsidy grant.	(107)
DWP additional housing benefit grants.	(111)
DWP housing benefit admin subsidy grant increase.	(30)
Recovery of Council Tax Benefit Overpayments.	(10)
<b>TOTAL</b>	<b>179</b>
<b>PROPERTY SERVICES – Cllr M Bonney (Anne Adams)</b>	
<b>Coronavirus Related Variances:</b>	
External Printing reduced income.	6
<b>Other Variances:</b>	
Property salary underspend due to vacant post	(20)
Premises expenditure	(32)
Admin Buildings – rent – additional costs.	5
<b>TOTAL</b>	<b>(41)</b>
<b>LICENSING &amp; RESILIENCE PLANNING – Cllr R Palmer (Della Fackrell)</b>	
<b>Other Variances:</b>	
Licensing salary underspend due to vacant post	(7)
Hackney Carriage additional income forecast	(15)
Gambling Licence fees additional income forecast	(4)
Emergency response overtime (Eastchurch Cliff fall)	9
General Licence Fees reduced income forecast	0
<b>TOTAL</b>	<b>(17)</b>
<b>ENVIRONMENTAL HEALTH – Cllr T Valentine (Tracey Beattie)</b>	
<b>Other Variances:</b>	
Shared Service costs	13
<b>TOTAL</b>	<b>13</b>
<b>INFORMATION TECHNOLOGY – Cllr R Truelove (Chris Woodward)</b>	
<b>Other Variances:</b>	
Shared Service costs	20
<b>TOTAL</b>	<b>20</b>
<b>INTERNAL AUDIT – Cllr R Truelove (Rich Clarke)</b>	
<b>Other Variances:</b>	
Nil variance	0
<b>TOTAL</b>	<b>0</b>

Table 8 – Significant Variances

Service – Cabinet Member (Head of Service)	£'000
<b>HUMAN RESOURCES – Cllr R Truelove (Bal Sandher)</b>	
<b>Other Variances:</b>	
Shared Service costs	6
<b>TOTAL</b>	<b>6</b>
<b>LEGAL – Cllr R Truelove (Patricia Narebor)</b>	
<b>Other Variances:</b>	
Legal shared service – underspend	(25)
S106 additional income	(25)
External legal fees	29
<b>TOTAL</b>	<b>(21)</b>
<b>SITTINGBOURNE REGENERATION</b>	
<b>Other Variances:</b>	
Salary costs	12
Fees & services – anticipated consultancy and legal costs	50
<b>TOTAL</b>	<b>62</b>
<b>CINEMA/HOTEL/RESTAURANTS</b>	
<b>Coronavirus Related Variances:</b>	
Loss of rental income	202
<b>TOTAL</b>	<b>202</b>
<b>CONTRIBUTIONS TO/FROM (-) RESERVES FROM SERVICES SHOWN ABOVE</b>	
Local Plan	(75)
Revenue Services	141
On-street Parking	(39)
Environmental Response Team	(35)
<b>TOTAL</b>	<b>(8)</b>
<b>CORPORATE ITEMS</b>	
<b>Coronavirus Related Variances:</b>	
Coronavirus Communities overspend – grants issued.	28
Coronavirus Communities overspend – salary costs.	26
Coronavirus Communities overspend – PPE equipment for staff.	14
Coronavirus Communities overspend – other costs.	38
Opening High Street Safely Project overspend – private contractors.	0
<b>Other Variances:</b>	
Staff costs including pension costs reflecting the recent three-year revaluation which are higher than the estimated contributions provided as part of that revaluation, offset by net corporate staff savings.	26
Salary underspend – secretarial support	(31)
Net interest earnings.	59

## Table 8 – Significant Variances

## APPENDIX I

<b>Service – Cabinet Member (Head of Service)</b>	<b>£'000</b>
Insurance – additional properties and increase in cost of public liability cover.	26
Other savings.	(15)
<b>TOTAL</b>	<b>171</b>
<b>NET EXPENDITURE (Overspend)</b>	<b>3,319</b>

The forecast salary variances identified above are collated in the table below and total £155k underspend on the total salary/ agency budget of £13.6m.

<b>Service</b>	<b>£'000</b>
Salary underspend - Chief Executive	(133)
Salary underspend – Policy	(11)
Salary underspend – Customer Service Centre	(34)
Salary underspend – Mayoral	(17)
Salary underspend – secretarial support - Regeneration	(31)
Salary overspend – Economy & Communities budget savings requirement delayed due to restructure being paused due to coronavirus.	38
Salary overspend – Housing Private Sector	0
Development Control / Services – salaries underspend	0
Conservation, Design and Heritage agency staff	19
Salary underspend – Finance due to vacancy and reduced agency costs.	(28)
Salary underspend – Licensing due to vacancy	(7)
Salary underspend – Property due to vacancy	(20)
Salary costs – Sittingbourne Regeneration	12
Salary costs – overtime – Eastchurch landslide	9
Coronavirus Communities overspend – salary costs.	22
Staff costs including pension costs reflecting the recent three-year revaluation which are higher than the estimated contributions provided as part of that revaluation, offset by net corporate staff savings	26
<b>Total</b>	<b>(155)</b>

**Table 9 – 2020/21 Allocations from Funds**

	<b>£'000</b>
<b>Special Project Fund</b>	
Members' grants	54
Area Committees - grant funding	188
Park improvements	150
Fuel poverty	48
Climate project officer	27
Social inclusion - officer and one off spend	55
Air Quality Officer	50
Clean Air Zone consultancy	50
Project Surveyor	55
Green Space Activity Coordinator	35
Biffa deep cleans	50
Play equipment	100
West Faversham Community Centre - support for expansion	25
Air Quality - additional monitoring St Paul's Street	22
Provision of heating for Faversham Strike Force Football Club	6
Thistle Hill Community Centre - solar PV installation	20
Leysdown Village Hall kitchen refurbishment	27
Oak Road bus lane bollards	10
<b>Total Special Project Fund Approved as at 30 September 2020</b>	<b>972</b>
<b>Performance Fund</b>	
Sittingbourne Town Centre (STC) Away Day	4
Member IT	25
<b>Total Performance Fund Approved as at 30 September 2020</b>	<b>29</b>
<b>Communities Fund</b>	
Old Forge Museum	8
Raybel Restoration Project	7
<b>Total Communities Fund Approved as at 30 September 2020</b>	<b>15</b>
<b>Pension &amp; Redundancy Fund</b>	
Pension and Redundancy costs	103
<b>Total Pension &amp; Redundancy Fund Approved as at 30 September 2020</b>	<b>103</b>

**Table 10 – Capital Programme 2020/21**

Capital Scheme	Funding SBC/ Partnership (P)	2020/21 Original Budget	2020/21 Revised Budget	2020/21 Actual to Date	2020/21 Projected Variance	Notes
		£	£	£	£	
<b>Commissioning, Environment &amp; Leisure - M. Cassell</b>						
Gunpowder Works Oare, Faversham - S106	P	0	9,000	0	0	
New Play Area - Iwade Scheme	P	0	45,000	0	0	
Minster Leas Promenade Resurfacing	P	0	79,970	0	0	
Modular Toilet Kiosk - Minster Leas	SBC	0	122,931	0	0	(a)
Milton Creek Country Park Access Road	SBC	0	40,000	0	0	
Barton's Point Coastal Park – Replacement Bridge	SBC	0	113,260	9,364	45,000	(b)
Faversham Recreation Ground Improvement - S106	P	125,400	199,534	42,731	(156,803)	(c)
Faversham Recreation Ground Improvement – Reserves	SBC	0	0	118,762	122,240	(c)
Open Space Project - Minster Leas (outdoor gym equipment)	SBC	0	1,753	0	0	
Open Spaces Project - Shellness Road (refurbishment existing Play Area at Leysdown Coastal Park, Shellness Road)	SBC	0	2,250	0	0	
Car Park Improvement/Enhancement - Electric Charging Points – Swale House Car Park (Reserves)	SBC	0	32,000	0	0	(d)
Car Park Improvement/Enhancement – Electric Charging Points – Rose Street Car Park (Reserves)	SBC	0	29,900	29,870	0	(d)

Capital Scheme	Funding SBC/ Partnership (P)	2020/21 Original Budget	2020/21 Revised Budget	2020/21 Actual to Date	2020/21 Projected Variance	Notes
Footpath contribution - High Street Sittingbourne - S106	P	0	18,915	11,300	0	
Open Spaces S106 Play Equipment (Budget Only)	P	130,000	356,000	0	0	
Ospringe Brickworks Site, Western Link – S106	P	0	0	0	21,440	(e)
Leisure Centres – Budget Only	SBC	0	293,847	0	0	
Swallows Leisure Centre - Capital Works	SBC	0	0	(22,090)	0	
Sheppey Leisure Centre (Not Pool) - Capital Works	SBC	0	0	(2,310)	0	
Sheppey Swimming Pool	SBC	0	0	(4,030)	0	
Play Area Improvements - Reserves	SBC	150,000	150,000	0	0	
Play Area Improvements - Diligent Drive	SBC	0	18,000	0	0	
Public Toilets Refurbishment - Forum, Sittingbourne	SBC	0	50,000	0	0	
Public Toilets Refurbishment - Central Car Park, Faversham	SBC	0	40,000	0	0	
Modular Toilet Kiosk - Milton Creek Country Park	SBC	0	150,000	73	0	
Public Toilets and Showers - Bartons Point, Sheppey	SBC	0	100,000	0	0	
Public Toilets - The Spinney Leysdown	SBC	0	40,000	15,000	0	
Wheeled Bins	SBC	157,000	251,000	0	0	
Beach Huts	SBC	60,000	60,000	0	0	
Swallows Leisure Centre Roof – internal/external	SBC	0	743,000	67,102	(51,200)	(f)
Swallows Leisure Centre Roof – Revenue	SBC	0	0	0	51,200	(f)
<b>Total Commissioning, Environment &amp; Leisure</b>		<b>622,400</b>	<b>2,946,360</b>	<b>265,772</b>	<b>31,877</b>	



Capital Scheme	Funding SBC/ Partnership (P)	2020/21 Original Budget	2020/21 Revised Budget	2020/21 Actual to Date	2020/21 Forecast Variance	Notes
		£	£	£	£	
<b><u>Housing, Economy &amp; Communities Services - C. Hudson</u></b>						
Disabled Facilities Grants Mandatory Grants	P	2,062,800	2,062,800	396,393	0	
Disabled Facilities Grants Discretionary Grants	P	0	1,927,533	0	0	
Queenborough & Rushenden Klondyke Land	P	0	0	66,600	66,600	(g)
Housing Repair Grants Over 60	SBC	0	0	0	0	
CCTV - Repairs & Renewals	SBC	0	30,000	0	0	
CCTV Monitoring Control Centre at Multi-Story Car Park	SBC	0	0	(24,112)	0	
Decent Home Loans Owner Occupier (loans)	SBC	0	0	7,400	0	
Murston Old Church	SBC	0	100,000	100,000	0	(h)
STC Site 4, Cinema/Restaurants	SBC	0	3,131,302	4,511,432	2,211,007	(i)
STC Site 5, Multi-Storey Car Park	SBC	0	0	0	0	
STC - Other Assets	SBC	44,250	44,250	276,588	0	(i)
The Mill Project, Sittingbourne Skate Park	P	0	0	(4,860)	0	
Faversham Creek Basin Regeneration Project (swing bridge)	SBC	0	200,000	0	0	
<b>Total Housing, Economy &amp; Communities Services</b>		<b>2,107,050</b>	<b>7,495,885</b>	<b>5,329,441</b>	<b>2,277,607</b>	

Table 10 – Capital Programme 2020/21

Capital Scheme	Funding SBC/ Partner-ship (P)	2020/21 Original Budget	2020/21 Revised Budget	2020/21 Actual to Date	2020/21 Forecast Variance	Notes
		£	£	£	£	
<b><u>ICT - C. Woodward</u></b>						
ICT infrastructure – firewall and equipment replacement	SBC	76,200	115,828	68,390	(23,828)	
<b>Total ICT</b>		<b>76,200</b>	<b>115,828</b>	<b>68,390</b>	<b>(23,828)</b>	
<b><u>Finance - N. Vickers</u></b>						
Finance System Upgrade	SBC	0	1,410	950	0	
Leaky Lucy Minibus Replacement	SBC	0	10,000	10,000	0	(j)
<b>Total Finance</b>		<b>0</b>	<b>11,410</b>	<b>10,950</b>	<b>0</b>	
<b><u>Property – A. Adams</u></b>						
Swale House Refurbishment	SBC	0	200,000	2,170	0	
<b>Total Property Services</b>		<b>0</b>	<b>200,000</b>	<b>2,170</b>	<b>0</b>	
<b><u>Planning - J. Freeman</u></b>						
Land Charges Shared Service - Online Submission Module	SBC	6,400	6,400	0	(6,400)	(k)
<b>Total Planning</b>		<b>6,400</b>	<b>6,400</b>	<b>0</b>	<b>(6,400)</b>	
<b>Total Capital Programme Funded by the Council</b>						
	<b>SBC</b>	<b>493,850</b>	<b>6,077,131</b>	<b>5,164,559</b>	<b>2,348,019</b>	
<b>Total Capital Programme Funded by Partners</b>						
	<b>P</b>	<b>2,318,200</b>	<b>4,698,752</b>	<b>512,164</b>	<b>(68,763)</b>	
<b>Total Capital Programme</b>						
		<b>2,812,050</b>	<b>10,775,883</b>	<b>5,676,723</b>	<b>2,279,256</b>	

**Notes**

- (a) Revised Budget includes Special Project Funding (SPF22).
- (b) Cabinet on 8 July 2020 approved additional funding of £22,000 against the original budget of £120,000 as a result of a contract award for the Bartons Point Coastal Park footbridge. This will be met from capital receipts. In addition, due to detailed investigations of the foundations, foundation costs are expected to be in the region of £40k more than the award price. There are also additional hiring costs depending on when the works can be completed of £5k.
- (c) Budget virement between allocation of funding to reflect actual expenditure.
- (d) Funded from reserves – special project funding and car parking equipment reserve.
- (e) Funded from S106 monies.
- (f) Expenditure is to be met from borrowing. Anticipated to be £743k. This is to meet the uninsured losses regarding the roof replacement at the Swallows Leisure Centre. Agreed by Cabinet 8 July 2020. In addition, £51,200 is to be funded from direct revenue funding.
- (g) Externally funded project Homes England.
- (h) Community Fund Bid (CFB54).
- (i) As the leisure development completes there will be a reconciliation of total spend against budget. There are additional costs associated with the Light cinema and bowling developments.
- (j) Community Fund Bid (CFB55) approved in 2019/20.
- (k) Project has been cancelled.

Table 11.1 – Sundry Debt Outstanding (including not due) by due date

	September 2020 £'000	September 2019 £'000
Not due (less than 1 month)	315	301
1–2 months	4	41
2–6 months	160	269
6–12 months	104	93
1–2 years	205	32
2–3 years	20	21
3–4 years	17	10
4–5 years	9	27
5–6 years	24	5
6 years +	34	33
<b>Total</b>	<b>892</b>	<b>832</b>
<b>Total due (over 1 month)</b>	<b>577</b>	<b>531</b>
<b>% Total over 1 month</b>	<b>65</b>	<b>64</b>

Notes:

2 – 6 months includes £71k relating to two debtors.

6 – 12 months includes £57k relating to one debtor.

1 – 2 years includes £10k relating to charges on property and £170k relating to two debtors.

2 – 3 years includes £2k relating to charges on property.

5 – 6 years includes £4k relating to charges on property.

6 years + includes £21k relating to charges on property. The balance are rent deposit debts which are being paid off via payment plans.

These tables include debts raised for all our grants receivable from Kent County Council, the NHS, etc.

Table 11.2 – Sundry Debt Outstanding (including not due) by Service

	September 2020 £'000	September 2019 £'000
Property	251	143
Commissioning, Environment & Leisure	56	43
Housing, Economy & Communities	290	278
Legal	0	0
Environmental Health	6	0
Planning	28	4
Communications	1	5
Other	260	359
<b>Total</b>	<b>892</b>	<b>832</b>

Notes:

'Property' includes outstanding £137,000 quarterly rent relating to one debtor.

'Housing, Economy & Communities' September 2020 includes £147k for one debtor, £98k Rent Deposit Schemes etc. and £31k charges on property.

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<b>Scrutiny</b>	
<b>Meeting Date</b>	20 January 2021
<b>Report Title</b>	Budget 2021/22 and Medium Term Financial Plan
<b>Cabinet Member</b>	Cllr Truelove, Leader and Cabinet Member for Finance
<b>SMT Lead</b>	Nick Vickers, Chief Financial Officer
<b>Head of Service</b>	Nick Vickers, Chief Financial Officer
<b>Lead Officer</b>	Phil Wilson, Financial Services Manager
<b>Key Decision</b>	Yes
<b>Classification</b>	Open
<b>Forward Plan</b>	Reference Number: 9
<b>Recommendations</b>	<ol style="list-style-type: none"> <li>1. To consider the draft 2021/22 revenue and capital budgets.</li> <li>2. To consider the Medium Term Financial Plan.</li> </ol>

## 1. Purpose of Report and Executive Summary

- 1.1 This report sets out draft 2021/22 revenue and capital budgets and the draft Medium Term Financial Plan (MTFP).
- 1.2 The Council is facing its most serious challenges since its creation arising from the Covid 19 pandemic. Huge calls have been made upon the resources and ingenuity of the Council to help residents deal with the consequences of the pandemic. This crisis is about the health of residents, supporting the most disadvantaged and those hardest hit, such as the Clinically Extremely Vulnerable, and trying to ensure that a robust local economy survives the pandemic. This budget is focussed on how the Council can positively support the community over the next 18 months.
- 1.3 The Government announced a Spending Review on 25 November and the Local Government Finance Settlement has to be announced by 17 December and a verbal update will be given on the impact if known.
- 1.4 The contents of this report will form the basis of the formal scrutiny of the proposals on 20 January.

## 2. Background

### Local Government Finance

- 2.1 The fundamental changes planned to the funding basis of councils have once again been deferred. The changes would have seen business rate localisation, a reset of each council's business rate base position and the implementation of the Fair Funding Review notionally reflecting resource needs in the allocation of funding. It does seem unlikely that these fundamental changes, which will result in many losers in funding, will be implemented in the foreseeable future.
- 2.2 This Council receives 25% less in Revenue Support Grant and Business Rates income than it did 10 years ago. With the significant price inflation in that time this shows just how severely funding for the Council has been reduced. The Government, in moving away from Revenue Support Grant, reflecting some element of need, to funding through Business Rates, is not properly funding high need areas. The Covid pandemic has focussed attention on just how stretched Council finances have become and the response from the Ministry for Housing, Communities and Local Government (MHCLG) has been quite exceptional. In light of the initial Council estimate of a funding pressure from Covid of £4.1m the following funding streams have been or will be received:

<b>Funding</b>	<b>Amount £</b>	<b>Allocation basis</b>
Tranche 1	75,560	March £1.6bn of which £1.46bn for Social care
Tranche 2	1,501,441	April £1.6bn with 35% allocation to districts
Tranche 3	317,585	July £500m with a Relative Needs Formula reflecting deprivation
Tranche 4	1,027,204	October £919m with a Relative Needs Formula reflecting deprivation
Sales, Fees and Charges	716,000	75% of defined losses on some Sales, Fees and Charges - initial submission made
<b>Sub-total</b>	<b>3,637,790</b>	
New Burdens Grant Revenues & Benefits	170,000	Banded allocation based upon number of hereditaments
Covid Enforcement	90,000	£30m allocation nationally
Contain Outbreak Funding	100,000	Via Kent County Council (KCC)
<b>Total</b>	<b>3,997,790</b>	

Note- this table excludes funding streams for specific purposes provided via KCC.



- 2.3 At this point in time there has been no further commitment from MHCLG to provide additional funding but it seems reasonable to assume that Government, having taken the steps it has to date, will not want to see large numbers of local authorities failing.
- 2.4 The Spending Review was on 25 November and the Chancellor of the Exchequer made announcements which are highly supportive of the strategy being put forward for balancing the Council's finances in 2021/22. The main features are:
- £1.55bn grant funding to cover COVID related expenditure costs for Quarter 1 2021/22. It is anticipated that this will be allocated on a needs basis as Tranche 4 funding was.
  - Extension of the Sales Fee and Charges scheme for the first Quarter 1 of 2021/22 – 75% reimbursement with a 5% disregard (calculated on the first quarter only).
  - £670m of additional grant funding to help local authorities support households that are least able to afford Council Tax payments.
  - Maintain the existing New Homes Bonus (NHB) scheme for a further year with no new legacy payments. This is positive but we will have to await the detail in a MHCLG technical paper. The Council is forecasting an £881,000 reduction in NHB for 2021/22.

### **Coalition Priorities**

- 2.5 Against this very difficult background the Council has to be able to meet the challenges from the Covid pandemic. The Recovery Plan agreed by Cabinet emphasises delivery of the priorities identified in May 2019 and now reflected in the new Corporate Plan as the key priorities for recovery. The 2021/22 budget therefore needs to support the delivery of the priorities in this Covid environment which means maintaining and where possible enhancing services to residents to assist them through the recovery.
- 2.6 The current circumstances are quite unprecedented for councils and this requires different thinking even if the legal framework which the Council has to operate within is unchanged. The budget proposals therefore reflect:
- Delivery of existing Coalition priorities has to be maintained. The next two years should see major steps forward based on the work undertaken to date.
  - The organisation cannot support large scale reductions in staffing levels as would normally have to happen in this financial position.

- The Council has responded well to Covid and, with the pandemic by no means defeated, it is important that the Council can respond to new demands placed upon it. Government ministers have implied that they do not want to see councils slashing services at this time. But a balanced revenue budget position has to be achieved.

2.7 The Council in May 2019 had reserves of £23.9m, this reduced to £23.5m at 31 March 2020. The approach has been to use one off monies to support key Coalition priorities. So over the four years the £4m of Business Rates Volatility Reserve and £3.8m of shared Business Rates funds are committed to Coalition priorities. The projects supported from the Special Project Fund are reported separately to this meeting but show the extent of support provided across the borough to support specific projects.

### **Affordable Housing**

2.8 There has been a significant increase in homelessness driven by the Covid 19 pandemic. This has resulted in a budget pressure of £500,000 for 2021/22.

2.9 It has been clear for a number of years that the real issue here is about increasing the supply of affordable homes. This is being approached in two main ways:

- Via the planning process. Currently it is projected that firm delivery sites over 5 years will be able to deliver 867 affordable dwellings.
- Through the creation of a housing company (Rainbow Homes). The business plan was agreed by Cabinet on 23 September and the first business case envisages 139 affordable homes being developed with Council funding of £23m.

2.10 Further business cases from Rainbow Homes will be considered as the company develops.

### **Use of Reserves**

2.11 Reserves are central both to achieving the Coalition priorities and to achieving a balanced budget position. The Reserves position is healthy largely due to business rates growth since the partial localisation of Business Rates by the Coalition Government in 2013. Given the impact of Covid 19 it will be necessary to use Reserves to achieve a balanced position for 2021/22. It has to be recognised by all that the continued use of Reserves to achieve a balanced revenue budget position is not sustainable.

### **Capital Strategy**

2.12 The capital strategy will be reported to Cabinet and Council in February. A draft capital budget is presented for Scrutiny to consider. New projects for the capital budget will be subject to individual business cases for decision by Cabinet.

## Council Tax

- 2.13 The 2021/22 budget and the MTFP assume an increase of £4.95 per annum subject to confirmation in the Local Government Finance Settlement of the parameters for District Councils.

## Contractual Price Inflation

- 2.14 The Council's major contracts are subject to price inflation (or deflation) provisions. The main contracts have the following provisions:

<b>Contract</b>	<b>Inflation Provision</b>
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	AWE 55%, CPI 35%, and Diesel fuel index 10%.

## Staff Pay

- 2.15 The budget currently reflects the fact that the staff pay increase, to which members' allowances increases are linked, is subject to negotiation locally. The current budget provision is for a 2% increase plus further salary costs including increments where applicable. In the Spending Review the Chancellor announced a widespread pay freeze across the public sector which we may apply to the Council. However, staff earning £24,000 or less will receive an increase of £250. We need to evaluate the impact of this, and it will be reported in the February Cabinet report.

## Section 114 Local Government Finance Act 1988

- 2.16 When the pandemic hit in March 2020 there was much talk of the Section 114 powers. This has come back into prominence as a Section 114 notice was issued in the London Borough of Croydon in November 2020. This followed a Report in the Public Interest by external auditors, Grant Thornton, which makes very sanguine reading.
- 2.17 S114 imposes a specific duty on the S151 Officer to prepare and present a public report in certain circumstances of actual or possible financial misconduct and in circumstances where the S151 Officer believes it is not possible to maintain or achieve a balanced financial position.
- 2.18 The S151 Officer would be required to report to full Council within 21 days. The Council cannot enter into any agreements incurring expenditure until Council has considered the report.

2.19 To be clear, the S151 Officer would only take this route after all other options to achieve a balanced financial position had been unsuccessful. MHCLG officials in discussion with Kent Finance Officers have emphasized that they would want to be involved at an early stage if a Council felt that it was at risk of issuing a S114 notice.

2.20 To be absolutely clear there is no possibility of this happening in this Council.

### **3. Proposals**

3.1 The updated Medium Term Financial Plan is attached in Appendix I. It currently shows a gap to be closed for a balanced position of £3,246,000. A gap of this magnitude on a net budget of £19m is unprecedented. The forecast includes an £881,000 reduction in New Homes Bonus income and for the first time since Business Rates were part localised in 2013 a forecast reduction in Business rates income, the latter reflecting the impact of Covid 19.

3.2 Variations from the 2020/21 base budget are set out in Appendix II. For convenience they are shown by Head of Service with the standard categories of Growth, Unavoidable Cost Pressures, Loss of Income, Service Savings and Additional Income.

3.3 The approach to bridging the £3.3m gap is based upon:

- Resisting pressures (£1.1m) - see paragraph 3.5;
- Assume that Government will not reduce funding (£1m);
- Balance from Reserves £1.2m.

3.4 If Government funding is not increased that would ultimately mean an additional £1m having to come from Reserves. This is a high risk approach which would not be recommended in “normal” circumstances but is driven by maintaining the Council’s Covid response. The Spending Review announcements are highly supportive of this strategy.

3.5 The table below shows the detail on resisting pressures:

<b>Service Area</b>	<b>Issue</b>	<b>Amount £</b>	<b>Action</b>
Environmental Health	Increase in charges from Tunbridge Wells Council	85,510	Not accepted/ under discussion
Parking	Increased charge from Maidstone Council	38,000	Fund from car parking income
Environmental & Community Services	Culture grants	10,000	Fund from other member funds
Environmental & Community Services	Members grants	53,800	Fund from Special Projects Fund (SPF) as planned
Planning	Local Land Charge income	76,000	Not accepted/ under discussion
Planning	Increased costs	30,000	Performance Fund
Planning	Planning fees reduced	180,850	Revise forecast/ staff savings
Leisure	Project surveyor	45,000	Fund from SPF as planned
Planning	Additional Heritage Officer	61,170	Fund from Heritage Reserve £250k
Licensing	Additional post	21,140	Fund from ring fenced income
Finance	Increased pension costs	181,640	Fund from reserves
Finance	Minimum Revenue Provision (MRP)	301,660	Fund from reserves
Revenues & Benefits	Reduction in benefits subsidy	52,280	Fund from Revenues & Benefits reserve
<b>Total</b>		<b>1,137,050</b>	

3.6 The draft capital budget is attached in Appendix III.

## **4. Alternative Options**

4.1 Do nothing – This is not recommended as the Council is legally required to set a balanced budget. The Constitution also requires the Scrutiny Committee to have budget proposals one month in advance of their January meeting. Further budget report will be submitted to Cabinet and Council in February 2021.

## **5. Consultation Undertaken or Proposed**

5.1 Formal consultation with the business community will be undertaken.

## 6. Implications

Issue	Implications
Corporate Plan	The budget proposals support the achievement of the Council's corporate priorities.
Financial, Resource and Property	The report sets out the Council's resourcing position.
Legal, Statutory and Procurement	The Council is required to set a Council tax and a balanced budget.
Crime and Disorder	Any potential implications will be addressed by service managers in their budget proposals.
Environment and Sustainability	The proposals support the Climate Change and Ecological motion agreed by Cabinet.
Health and Wellbeing	Funding is allocated for a dedicated Health post.
Risk Management and Health and Safety	Any potential implications will be addressed by service managers in their budget proposals.
Equality and Diversity	Any potential implications will be addressed by service managers in their budget proposals.
Privacy and Data Protection	Any potential implications will be addressed by service managers in their budget 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: Budget variations
- Appendix III: Capital budget

## 8. Background Papers

None

## 2021/22 Medium Term Financial Plan (MTFP)

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Base Budget	19,395	19,395	19,395	19,395
Growth items	0	68	70	71
Unavoidable cost pressures	0	972	1,065	1,225
Loss of income	0	386	523	518
Additional income	0	(95)	(95)	(96)
Committed price increases	0	191	430	754
Sittingbourne Town Centre (STC) Bourne Place & Retail Park	0	(129)	(447)	(445)
Lower Medway Internal Drainage Board	847	878	910	943
Pay Award (2%)	0	263	530	797
Other Pay Increases	0	78	125	150
Contribution to reserves	93	93	93	93
Contribution (from) Special Projects	(99)	0	0	0
Contribution (from) Performance Fund	(43)	0	0	0
Contribution (from) Communities Fund	(10)	0	0	0
Contribution (from) General Reserves	(541)	0	0	0
Contribution (from) Heritage Reserve	(61)	0	0	0
Contribution (from) Revenues Reserves	(52)	0	0	0
Sub Total Contribution (from) reserves	(806)	0	0	0
Revenue Support Grant	(115)	(101)	0	0
Business Rates <i>This does not reflect changes from Fair Funding Review, Baseline Reset and New Approach to Business Rates.</i>	(8,750)	(8,642)	(8,690)	(8,739)
Contribution from Business Rates Reserves	(250)	0	0	0
Levy account surplus	(173)	0	0	0
Council Tax	(8,623)	(8,949)	(9,282)	(9,620)
New Homes Bonus	(1,633)	(752)	(371)	0
<b>Savings Required</b>	<b>(15)</b>	<b>3,656</b>	<b>4,256</b>	<b>5,046</b>
Service savings	0	(410)	(409)	(388)
Requirement for balanced position	0	(3,246)	(3,847)	(4,658)
<b>Committed savings</b>	<b>0</b>	<b>(3,656)</b>	<b>(4,256)</b>	<b>(5,046)</b>
<b>Contribution (to) General Fund</b>	<b>(15)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Council Tax	£179.37	£184.32	£189.27	£194.22
Tax Base	48,072.67	48,553.40	49,038.93	49,529.32
Council Tax increase %	2.84%	2.76%	2.69%	2.62%
Council Tax increase £	£4.95	£4.95	£4.95	£4.95
Tax Base increase %	1.5%	1.0%	1.0%	1.0%

## Budget Variations

No.	Head of Service	Service Description	Type of Spend/ Income	2019/20 Actual £	Original Budget 2020/21 £	MTFP Category	Explanation of Budget Change	21/22 Increase Over & Above 20/21 £	22/23 Increase Over & Above 20/21 £	23/24 Increase Over & Above 20/21 £
1	Adams	Printing Section	Private Printing	-13,472	-12,000	Loss of income	External printing severely impacted due to Covid and uncertainty whether it will pick back up in 21/22.	6,000	6,000	6,000
2	Adams	Swale House - Structure	Rents	-21,986	-27,580	Loss of income	Swale FM not paying rent	5,180	5,180	5,180
3	Adams	Miscellaneous General Fund Properties	Rents	-351,055	-350,000	Loss of income	Will be reduced by £23,000 when Mormon Church site developed	0	23,000	23,000
4	Adams	<b>Sub Total</b>						<b>11,180</b>	<b>34,180</b>	<b>34,180</b>
5	Beattie	Kent & Medway Air Quality Data Mgt Network	Private Contractors	13,088	17,480	Unavoidable cost pressures	Contract management transferring to Tunbridge Wells in 2021/22	-17,480	-17,480	-17,480
6	Beattie	Kent & Medway Air Quality Data Mgt Network	Fees and Charges		-17,480	Unavoidable cost pressures	Contract management transferring to Tunbridge Wells in 2021/22	17,480	17,480	17,480
7	Beattie	Environmental Protection	Charges for Environmental Services		39,000	Service savings	Air Quality Project Officer for 2 years only (20/21 Budget Item 10 Special Projects Fund)	-39,000	-39,000	-39,000
8	Beattie	Contributions from Funds	Expenditure funded from Reserves		-39,000	Contribution from Reserves	End of reserve funding of Air Quality Project Officer (20/21 Budget Item 11 Special Projects Fund)	39,000	39,000	39,000



## Budget Variations

No.	Head of Service	Service Description	Type of Spend/ Income	2019/20 Actual £	Original Budget 2020/21 £	MTFP Category	Explanation of Budget Change	21/22 Increase Over & Above 20/21 £	22/23 Increase Over & Above 20/21 £	23/24 Increase Over & Above 20/21 £
9	Beattie	Various	Tunbridge Wells Council recharge for Environmental Services	496,390	526,160	Unavoidable cost pressures	Increase in cost of service and increase in Council's share of total costs	85,510	97,640	110,120
<b>10</b>	<b>Beattie</b>	<b>Sub Total</b>						<b>85,510</b>	<b>97,640</b>	<b>110,120</b>
11	Cassell	Head of Commissioning Economy and Community Services	Salary Savings	0	-60,000	Service savings	To confirm that these restructure 20/21 Budget savings will be achieved.	0	0	0
12	Cassell	Car Park Staff	Maidstone Council Charges for Car Parking	120,736	114,000	Unavoidable cost pressures	Revised resourcing	38,000	38,000	38,000
13	Cassell	Seafront	Undue Wear & Tear Rental Car	2,754	0	Unavoidable cost pressures	Trucks hire contract returnable standard	0	0	3,000
14	Cassell	Swale Community Leisure Trust Ltd	Contracts	228,319	112,150	Service savings	Contract anniversary in October 2021/22. Parking refunds of £90,000 not included.	-23,810	-38,570	-38,570
15	Cassell	Open Spaces - Swale	Commuted Sums - Contracts		-90,000	Loss of income	Change in policy of adopting open land has resulted in no additional new income	0	26,000	46,000

## Budget Variations

No.	Head of Service	Service Description	Type of Spend/ Income	2019/20 Actual £	Original Budget 2020/21 £	MTFP Category	Explanation of Budget Change	21/22 Increase Over & Above 20/21 £	22/23 Increase Over & Above 20/21 £	23/24 Increase Over & Above 20/21 £
16	Cassell	Faversham Recreation Ground	Salaries			Growth items	Budget for 2 posts for 5 years	29,850	31,810	33,180
17	Cassell	Faversham Recreation Ground	Grants & Subscriptions	0	0	Growth items	Funding for 2 posts for 5 years on Faversham Recreation Project from Heritage Fund (Lottery) and s106.	-29,850	-31,810	-33,180
18	Cassell	Environmental Initiatives	Equipment Purchase	0	15,000	Unavoidable cost pressures	Move budget for grants to equipment.	-15,000	-15,000	-15,000
19	Cassell	Environmental Initiatives	Grants and subscriptions	19,763	0	Unavoidable cost pressures	Move budget for grants to equipment.	15,000	15,000	15,000
20	Cassell	Environmental Initiatives	Fixed Penalty Notice (Environmental Response)	-141,460	-152,360	Loss of income	Predicted that there will be lower level of issuing from new contractor based on industry research	12,360	12,360	12,360
21	Cassell	Public Conveniences	Rates	16,686	22,970	Service savings	Business rates multiplier	-6,070	-6,030	-5,940
22	Cassell	Wheeled Bins	Equipment Purchase	234,637	137,000	Unavoidable cost pressures	Additional bin purchases to be offset against additional income and use of remaining reserve.	50,000	0	0

## Budget Variations

No.	Head of Service	Service Description	Type of Spend/ Income	2019/20 Actual £	Original Budget 2020/21 £	MTFP Category	Explanation of Budget Change	21/22 Increase Over & Above 20/21 £	22/23 Increase Over & Above 20/21 £	23/24 Increase Over & Above 20/21 £
23	Cassell	Recycling Campaign	Garden Waste Scheme-Brown Bins (not compost bins)	-580,898	-530,000	Additional income	Over achieved income in 2019-20. Small planned fee increase will probably balance drop in subscriptions following Covid effect.	-50,000	-50,000	-50,000
24	Cassell	Swale Car Parks	Rates	217,148	231,120	Service savings	Business rates multiplier	-11,920	-11,720	-10,620
25	Cassell	Swale Car Parks	Equipment Maintenance	20,320	15,000	Unavoidable cost pressures	Rebalanced budget and inflation	6,000	6,060	6,120
26	Cassell	Swale Car Parks	Fees - Licence	85,270	50,000	Unavoidable cost pressures	RingGo fees collected from customer for additional services and paid back to RingGo	35,620	35,980	36,340
27	Cassell	Swale Car Parks	Parking - Excess Charges	0	0	Unavoidable cost pressures	RingGo fees collected from customer for additional services and paid back to RingGo	-35,620	-35,980	-36,340
28	Cassell	S/B Multi-storey Car Park	Electricity	10,052	0	Unavoidable cost pressures	Operating costs of car park now known following opening 6 months last year.	12,000	12,000	12,000
29	Cassell	S/B Multi-storey Car Park	Fees and Services	2,137	0	Unavoidable cost pressures	Operating costs of car park software	10,000	10,000	10,000

## Budget Variations

No.	Head of Service	Service Description	Type of Spend/ Income	2019/20 Actual £	Original Budget 2020/21 £	MTFP Category	Explanation of Budget Change	21/22 Increase Over & Above 20/21 £	22/23 Increase Over & Above 20/21 £	23/24 Increase Over & Above 20/21 £
30	Cassell	S/B Multi-storey Car Park	Private Contractors	107,102	0	Unavoidable cost pressures	Full operational costs of managing the site.	28,120	32,350	36,670
31	Cassell	Civil Parking Enforcement	Computer Equipment & Materials	7,700	0	Unavoidable cost pressures	Shared software costs	7,700	7,700	7,700
32	Cassell	Contributions from Funds	Expenditure funded from Reserves		-45,000	Contribution from Reserves	End of reserve funding for Project Support Surveyor (permanent addition to establishment) (20/21 Budget item 32 Special Projects Fund)	45,000	45,000	45,000
33	<b>Cassell</b>	<b>Sub Total</b>						<b>117,380</b>	<b>83,150</b>	<b>111,720</b>
34	Clifford	Data Protection Resource	Salaries			Growth items	Information Governance (IG) officer post for one year fixed term	62,530	0	0
35	Clifford	Contributions from funds	Expenditure funded from Reserves			Growth items	IG officer post for one year fixed term funded from Performance Fund	-62,530	0	0
36	Clifford	Data Protection Resource	Salaries		57,560	Service savings	IG officer post due to end in 20/21 (20/21 Budget item 51)	-57,560	-57,560	-57,560
37	Clifford	Contributions from Funds	Expenditure funded from Reserves		-43,170	Contribution from Reserves	End of reserve funding for IG officer post due to end in 20/21(20/21 Budget item 52 Performance Fund)	43,170	43,170	43,170

## Budget Variations

No.	Head of Service	Service Description	Type of Spend/ Income	2019/20 Actual £	Original Budget 2020/21 £	MTFP Category	Explanation of Budget Change	21/22 Increase Over & Above 20/21 £	22/23 Increase Over & Above 20/21 £	23/24 Increase Over & Above 20/21 £
38	Clifford	Policy & Performance	Salary Savings	0	-20,000	Service savings	To confirm that these restructure 20/21 Budget savings will be achieved.	0	0	0
39	Clifford	Forums/Local Engagement Forums (LEF's)	Hire of Premises	0	0	Unavoidable cost pressures	Required to hold Area committees, initially remotely but 4 x quarterly meetings, 4 times a year - unless funded from Special Projects Fund?	6,000	8,000	10,000
40	Clifford	General Democratic Costs	Mid Kent Services (MKS) Director	42,077	42,030	Unavoidable cost pressures	Forecast 2020/21 plus 2% indexation	5,300	6,250	7,220
41	Clifford	<b>Sub Total</b>						<b>-3,090</b>	<b>-140</b>	<b>2,830</b>
42	Hudson	Head of Housing, Economy & Community Services	Salary Savings	0	-30,000	Service savings	To confirm that these 20/21 Budget savings will be achieved.	0	0	0
43	Hudson	Contributions from Funds	Expenditure funded from Reserves		-10,000	Contribution from Reserves	End of reserve funding for Culture Grants (20/21 Budget item 63 Communities Fund)	10,000	10,000	10,000
44	Hudson	Contributions from Funds	Expenditure funded from Reserves		-53,800	Contribution from Reserves	End of reserve funding for Members Localism Grants 20/21 Budget item 61 Special Projects Fund)	53,800	53,800	53,800

## Budget Variations

No.	Head of Service	Service Description	Type of Spend/ Income	2019/20 Actual £	Original Budget 2020/21 £	MTFP Category	Explanation of Budget Change	21/22 Increase Over & Above 20/21 £	22/23 Increase Over & Above 20/21 £	23/24 Increase Over & Above 20/21 £
45	Hudson	Temporary Accommodation (TA) (Homelessness)	NL (Nightly Lets) - Homelessness Landlord Payments	1,611,919	1,700,000	Unavoidable cost pressures	Significant increase in TA and due to recession unlikely to improve position.	500,000	500,000	500,000
46	Hudson	Housing - Housing Options Team	Salaries		100,000	Service savings	End of reserve funding for Housing, Homelessness and Rough Sleepers Strategy (19/20 Budget item 59 General Reserves). Housing will be rolling forward grant monies to 21/22 to pay for staff. There will need to be a growth entered for 22/23 if no savings in staff.	-100,000	-100,000	-100,000
47	Hudson	Contributions from Funds	Expenditure funded from Reserves		-100,000	Contribution from Reserves	End of reserve funding for Housing, Homelessness and Rough Sleepers Strategy (19/20 Budget item 59 General Reserves). Housing will be rolling forward grant monies to 21/22 to pay for staff.	100,000	100,000	100,000
48	Hudson	<b>Sub Total</b>						<b>563,800</b>	<b>563,800</b>	<b>563,800</b>

## Budget Variations

No.	Head of Service	Service Description	Type of Spend/ Income	2019/20 Actual £	Original Budget 2020/21 £	MTFP Category	Explanation of Budget Change	21/22 Increase Over & Above 20/21 £	22/23 Increase Over & Above 20/21 £	23/24 Increase Over & Above 20/21 £
49	Freeman	Planning Admin team	MKS charges for Planning	167,181	201,770	Unavoidable cost pressures	Forecast 2020/21 plus 2% indexation	19,760	24,190	28,710
50	Freeman	Local Land Charges	MKS Charges for Local Land Charges	57,122	75,060	Service savings	Forecast 2020/21 plus 2% indexation	-16,770	-15,600	-14,410
51	Freeman	Local Land Charges	Fees and Charges	-160,002	-236,000	Loss of income	The income budget has consistently been too high compared to actual income received.	76,000	76,000	76,000
52	Freeman	Building Control - Client Side	Contracts	62,972	59,240	Growth items	In accordance with shared service business plan	5,980	8,080	8,740
53	Freeman	Development Management	Fees and Charges	0	19,370	Growth items	This increase is based on trends in previous years.	30,000	30,000	30,000
54	Freeman	Development Management	Computer Equipment & Materials	0	0	Growth items	This is for the exacom software.	10,000	10,000	10,000
55	Freeman	Development Management	Planning Fees	-974,581	-1,180,850	Loss of income	This represents the forecast income from Planning Fees and does not include any adjustment for coronavirus.	180,850	180,850	180,850
56	Freeman	Development Management	Pre-application Planning advice	-59,479	-120,000	Additional income	Demand for this service is expected to increase.	-10,000	-10,000	-10,000

## Budget Variations

No.	Head of Service	Service Description	Type of Spend/ Income	2019/20 Actual £	Original Budget 2020/21 £	MTFP Category	Explanation of Budget Change	21/22 Increase Over & Above 20/21 £	22/23 Increase Over & Above 20/21 £	23/24 Increase Over & Above 20/21 £
57	Freeman	Local Plan	Fees and Services	166,293	151,540	Unavoidable cost pressures	The Local Plan Reserve currently absorbs any overspend on the revenue budget, but this reserve will be exhausted by March 2022, thereafter expenditure will have to be contained within this budget.	0	0	0
58	Freeman	Contributions from Funds	Expenditure funded from Reserves		-61,170	Contribution from Reserves	End of reserve funding for Heritage Conservation & Design (19/20 Budget item 52 £250k Heritage Strategy Reserve)	61,170	61,170	61,170
<b>59</b>	<b>Freeman</b>	<b>Sub Total</b>						<b>356,990</b>	<b>364,690</b>	<b>371,060</b>
60	Fackrell	Licensing	Salaries	95,195	113,860	Growth items	To restructure the team to enable an effective statutory service. Self-supporting service	21,140	21,140	21,140
61	Fackrell	Licences (Legal)	Licence Fees (Legal)	-128,788	-120,000	Additional income	To reflect anticipated higher income than originally forecast.	-5,000	-5,000	-5,000
62	Fackrell	Hackney Carriages + Private Hire	Hackney Carriage Licences	-97,899	-65,000	Additional income	Fees consistently received	-25,000	-25,000	-25,000
<b>63</b>	<b>Fackrell</b>	<b>Sub Total</b>						<b>-8,860</b>	<b>-8,860</b>	<b>-8,860</b>



## Budget Variations

No.	Head of Service	Service Description	Type of Spend/ Income	2019/20 Actual £	Original Budget 2020/21 £	MTFP Category	Explanation of Budget Change	21/22 Increase Over & Above 20/21 £	22/23 Increase Over & Above 20/21 £	23/24 Increase Over & Above 20/21 £
64	Finance	Various	Pensions Future Funding	1,177,549	1,517,450	Unavoidable cost pressures	From last triennial valuation	65,590	97,250	129,540
65	Finance	Adjustments between accounting/funding basis - GF	Pensions Backfunding	0	1,200,000	Unavoidable cost pressures	From last triennial valuation	40,000	90,000	150,000
66	Finance	Contributions from Funds	Expenditure funded from Reserves		-88,370	Contribution from Reserves	End of reserve funding for pension commitments from last revaluation (19/20 Budget item 87 General Reserves)	88,370	88,370	88,370
67	Finance	Adjustments between accounting/funding basis - GF	Pension Enhancements	223,913	229,000	Service savings	Reduction in pension costs	-12,320	-12,320	-12,320
68	Finance	Chief Financial Officer	Salary Savings	0	-21,840	Service savings	To confirm that these Resources Directorate 20/21 Budget savings will be achieved.	0	0	0
69	Finance	Chief Financial Officer	Salary Savings	0	-30,000	Service savings	To confirm that these 20/21 Budget savings will be achieved.	0	0	0

## Budget Variations

No.	Head of Service	Service Description	Type of Spend/ Income	2019/20 Actual £	Original Budget 2020/21 £	MTFP Category	Explanation of Budget Change	21/22 Increase Over & Above 20/21 £	22/23 Increase Over & Above 20/21 £	23/24 Increase Over & Above 20/21 £
70	Finance	Adjustments between accounting/funding basis - GF	Minimum Revenue Provision (MRP) not for STC	286,231	292,530	Service savings	MRP costs not including Retail Park or Bourne Place	-55,170	-26,170	-25,170
71	Finance	Contributions from Funds	Expenditure funded from Reserves		-301,660	Contribution from Reserves	End of reserve funding for MRP for capital projects (19/20 Budget item 97 General Reserves)	301,660	301,660	301,660
72	Finance	<b>Sub Total</b>						<b>428,130</b>	<b>538,790</b>	<b>632,080</b>
73	Revenues	Housing Benefit	Recovery Via Academy	-452,467	-652,370	Loss of income	Income from the recovery of overpaid housing benefit set to continue to fall due to move to Universal Credit.	102,370	127,370	152,370
74	Revenues	Council Tax	Salaries			Growth items	2 posts within Council Tax are funded from the Council Tax Support Grant	57,000	0	0
75	Revenues	Contributions from Funds	Expenditure funded from Reserves			Growth items	2 posts within Council Tax are funded from the Council Tax Support Grant	-57,000	0	0
76	Revenues	Fraud Partnership	MKS Fraud Partnership Charges	18,328	33,660	Service savings	Based on 2019/20 outturn	-15,330	-15,330	-15,330

## Budget Variations

No.	Head of Service	Service Description	Type of Spend/ Income	2019/20 Actual £	Original Budget 2020/21 £	MTFP Category	Explanation of Budget Change	21/22 Increase Over & Above 20/21 £	22/23 Increase Over & Above 20/21 £	23/24 Increase Over & Above 20/21 £
77	Revenues	Council Tax Collection	Recovery of Costs	-462,884	-413,500	Loss of income	Reduction in income from court costs due to Covid for 21/22 is met from the Revenues reserves	113,500	63,500	13,500
78	Revenues	Contributions from Funds	Expenditure funded from Reserves	0	0	Loss of income	Assume reduction in income from court costs due to Covid and the economic environment but there will be some recovery 21/22 onwards met from Revenues reserves.	-113,500	0	0
79	Revenues	Housing Benefit & Council Tax Support - Administration	Benefit Subsidy	-399,813	-375,840	Unavoidable cost pressures	A year on year reduction in the Benefit Subsidy received is forecast.	-3,980	15,010	33,050
80	Revenues	Contributions from Funds	Expenditure funded from Reserves		-52,280	Contribution from Reserves	End of reserve funding for reduction in benefit subsidy (20/21 Budget item 105 Revenues and Benefits Reserve)	52,280	52,280	52,280
81	Revenues	Housing Benefit & C Tax Support - Administration	Council Tax Support Grant	-163,248	-158,630	Unavoidable cost pressures	A year on year reduction in the Council Tax Support Grant received is forecast.	7,940	15,470	22,630
82	Revenues	<b>Sub Total</b>						<b>143,280</b>	<b>258,300</b>	<b>258,500</b>

## Budget Variations

No.	Head of Service	Service Description	Type of Spend/ Income	2019/20 Actual £	Original Budget 2020/21 £	MTFP Category	Explanation of Budget Change	21/22 Increase Over & Above 20/21 £	22/23 Increase Over & Above 20/21 £	23/24 Increase Over & Above 20/21 £
83	Clarke	Internal Audit	Mid Kent Services (MKS) - Audit Services	184,820	176,160	Unavoidable cost pressures	Forecast 2020/21 plus 2% indexation	13,480	17,270	21,140
<b>84</b>	<b>Clarke</b>	<b>Sub Total</b>						<b>13,480</b>	<b>17,270</b>	<b>21,140</b>
85	Narebor	Mid Kent Legal Services (MKLS)	Salary Savings	0		Service savings	Salary savings from restructure	-105,000	-129,000	-129,000
86	Narebor	Mid Kent Legal Services (MKLS)	MKLS income	-1,205,212	-1,152,120	Service savings	Income from the partner authorities will reduce as salary savings realised.	73,500	90,300	90,300
<b>87</b>	<b>Narebor</b>	<b>Sub Total</b>						<b>-31,500</b>	<b>-38,700</b>	<b>-38,700</b>
88	Sandher	Human Resources	Fees and Services	0	12,000	Service savings	The bHeard survey which is every 2 years. If survey is not carried out this year then the budget will be required for 2021/22.	0	-12,000	0
89	Sandher	Contributions from Funds	Expenditure funded from Reserves		-12,000	Contribution from Reserves	End of reserve funding for bHeard survey (20/21 Budget item 97 General Reserves)	12,000	12,000	12,000
90	Sandher	Human Resources	MKS Charges for HR Service	227,890	258,080	Service savings	Forecast 2020/21 plus 2% indexation	-15,420	-10,570	-5,620
<b>91</b>	<b>Sandher</b>	<b>Sub Total</b>						<b>-3,420</b>	<b>-10,570</b>	<b>6,380</b>
92	Woodward	ICT Development, Network & Support	MKS Charges for ICT	475,308	438,000	Unavoidable cost pressures	Forecast for 2020/21 plus 2% indexation.	56,580	66,470	76,560

## Budget Variations

No.	Head of Service	Service Description	Type of Spend/ Income	2019/20 Actual £	Original Budget 2020/21 £	MTFP Category	Explanation of Budget Change	21/22 Increase Over & Above 20/21 £	22/23 Increase Over & Above 20/21 £	23/24 Increase Over & Above 20/21 £
93	Woodward	Swale House - Telephonists	Equipment Maintenance	0	15,130	Service savings	Saved on maintenance	-5,130	-5,130	-5,130
<b>94</b>	<b>Woodward</b>	<b>Sub Total</b>						<b>51,450</b>	<b>61,340</b>	<b>71,430</b>
95	Sittingbourne Town Centre (STC)	Princes Street Retail park	Fees and Services	10,730	23,600	Service savings	Management fee	-17,870	-17,700	-17,530
96	STC	Princes Street Retail park	Service Charges - Property	9,759	0	Unavoidable cost pressures	Service charges for Princes Street Retail Park	17,870	17,870	17,870
97	STC	Bourne Place	Fees and Services	0	10,000	Unavoidable cost pressures	Management Fee and Public Realm Costs	64,100	66,300	68,600
98	STC	Bourne Place	Rents	0	-584,290	Additional income	Assume full rent from April 2021	-286,400	-592,390	-592,390
99	STC	Interest Payable	Interest Payable	210,619	188,260	Service savings	£20m in borrowing	-119,360	-134,260	-134,260
100	STC	Minimum Revenue Provision (MRP)	MRP for STC Excluding Multi Storey Car Park	348,000	461,310	Unavoidable cost pressures	MRP costs to reflect completion of STC project	216,330	216,330	216,330
<b>101</b>	<b>STC</b>	<b>Sub Total</b>						<b>-125,330</b>	<b>-443,850</b>	<b>-441,380</b>
<b>102</b>	<b>Committed Price Increases</b>							<b>191,080</b>	<b>429,580</b>	<b>753,410</b>
<b>103</b>	<b>Minor Items</b>							<b>-580</b>	<b>-3,910</b>	<b>-2,610</b>
<b>104</b>	<b>Grand Total</b>							<b>1,789,500</b>	<b>1,942,710</b>	<b>2,445,100</b>

## Capital Budget

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

## Capital Budget

	Funding SBC/ Partnership	2020/21 Original Budget	2020/21 Revised Budget	2021/22 Original Budget	2022/23 Original Budget	Budget Later Years
		£	£	£	£	£
Public Toilets - Central Car Park Faversham – Reserves	SBC	0	40,000	0	0	0
Public Toilets - Milton Creek Country Park – Reserves	SBC	0	150,000	0	0	0
Public Toilets - Barton Point – Reserves	SBC	0	100,000	0	0	0
Public Toilets - Spinney Leysdown – Reserves	SBC	0	40,000	0	0	0
Resurfacing Promenade, The Leas – External Grant	P	0	79,970	0	0	0
Swallows Leisure Centre Roof – Internal/External Borrowing	SBC	0	691,800	0	0	0
Swallows Leisure Centre Roof – Direct Revenue Funding	SBC	0	51,200	0	0	0
Wheeled Bins – Reserves	SBC	157,000	251,000	35,000	35,000	35,000
<b>Total Commissioning, Environment &amp; Leisure</b>		<b>622,400</b>	<b>2,978,237</b>	<b>185,000</b>	<b>35,000</b>	<b>35,000</b>
<b>U</b>						
<b>Housing, Economy &amp; Community Services - C. Hudson</b>						
CCTV – Reserves	SBC	0	30,000	15,000	15,000	15,000
Faversham Creek Basin Regeneration Project (Swing Bridge) – Capital Receipts	SBC	0	200,000	0	0	0
Land Regeneration/Improvement Works at Dolphin Barge Museum & Skatepark – Reserves	SBC	0	0	37,920	0	0
Land Regeneration/Improvement Works at Dolphin Barge Museum & Skatepark – Capital Receipts	SBC	0	0	14,140	0	0
Local Housing Company – Internal/External Borrowing	SBC	0	0	11,500,000	11,500,000	0
Local Housing Company – Reserves	SBC	0	0	250,000	0	0
Murston Old Church – Reserves	SBC	0	100,000	0	0	0
Sheppey Hall Improvement – Reserves	SBC	0	0	40,000	0	0
Sittingbourne Town Centre –Internal/External Borrowing	SBC	44,250	5,386,559	0	0	0
Sheppey Improvement – Capital Receipts	SBC	0	0	250,000	0	0
Sheppey Capital Investments – Capital Receipts	SBC	0	0	850,000	0	0
Thistle Hill Community Centre – Solar PV Installation – Reserves	SBC	0	0	20,000	0	0

## Capital Budget

	Funding SBC/ Partnership	2020/21 Original Budget	2020/21 Revised Budget	2021/22 Original Budget	2022/23 Original Budget	Budget Later Years
		£	£	£	£	£
Disabled Facilities Grant – External Grant	P	2,062,800	3,990,333	2,062,800	2,062,800	2,062,800
Queenborough & Rushenden Klondyke Land Improvement – External Grant	P	0	66,600	0	0	0
<b>Total Housing, Economy &amp; Community Services</b>		<b>2,107,050</b>	<b>9,773,492</b>	<b>15,039,860</b>	<b>13,577,800</b>	<b>2,077,800</b>
<b>Finance - N. Vickers</b>						
Finance System Upgrade – Reserves	SBC	0	1,410	0	0	0
Leaky Lucy Minibus Replacement – Reserves	SBC	0	10,000	0	0	0
<b>Total Finance</b>		<b>0</b>	<b>11,410</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>ICT - C. Woodward</b>						
ICT Infrastructure & Equipment Replacement - Reserves	SBC	76,200	92,000	299,300	0	0
<b>Total ICT</b>		<b>76,200</b>	<b>92,000</b>	<b>299,300</b>	<b>0</b>	<b>0</b>
<b>Planning – J. Freeman</b>						
Land Charges – Online Submission Module – Capital Receipts	SBC	6,400	0	0	0	0
<b>Total Planning</b>		<b>6,400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Property – A. Adams</b>						
Swale House Refurbishment – Feasibility Studies	SBC	0	200,000	0	0	0
Swale House Refurbishment	SBC	0	0	3,000,000	0	0
<b>Total Property</b>		<b>0</b>	<b>200,000</b>	<b>3,000,000</b>	<b>0</b>	<b>0</b>
Total Capital Programme Funded by SBC	SBC	493,850	8,425,150	16,361,360	11,550,000	50,000
Total Capital Programme Funded by Partners	P	2,318,200	4,629,989	2,162,800	2,062,800	2,062,800
<b>Total Capital Programme</b>		<b>2,812,050</b>	<b>13,055,139</b>	<b>18,524,160</b>	<b>13,612,800</b>	<b>2,112,800</b>