

## Budget Update

### Scrutiny Committee 28 January 2015

The Provisional Local Government Finance Settlement announced on 18 December 2014 had a very limited impact on the budget proposals as submitted to Cabinet on 3 December.

We already knew a year ago the likely impact and the forecast we made of a 15.7% reduction in the Council's Settlement Funding Assessment was exactly right and the Revenue Support grant figure was only £1,000 different to our forecast.

The Government did confirm a new Council Tax Freeze Grant for 2015/16 equivalent to a 1% increase in Council tax and we had already assumed that.

The main variations to the 3 December budget report are:

Budget Change	Amount £'000	Explanation of Change
Take out preceptors council tax support	+125	This sum is to support the Revenues Section to address the changes as a result of the new method of allocating business rates from 2013/14. This removes this sum from the Council's base budget and allocates it to a reserve to support this Section.
Increase in SERCO utility costs	+42	Previously uncharged utility costs from SERCO relating to government imposed levy on businesses' utility bills to fund supply infrastructure maintenance <a href="http://auditel.co.uk/duos-tuos/">http://auditel.co.uk/duos-tuos/</a> . This applies to all businesses, and SBC pays this as part of our utility costs but SERCO have not been passing on.
Increase in MKIP costs	+11	Inflationary increase of 1% for Mid Kent Improvement Project (MKIP) services.
Increase in Council Tax base	-100	As previously we had allowed for a 1% increase in the Council tax base arising from net new properties - the actual figure is 2.5%.
Increase in New Homes Bonus	-87	Higher than forecast due to additional build.
Reduction in RSG	+1	Reduction in forecast for RSG
Increase in collection fund surplus	-146	Swale share of forecast surplus on collection fund for council tax
<b>Subtotal movements</b>	<b>-154</b>	

<b>Budget Change</b>	<b>Amount £'000</b>	<b>Explanation of Change</b>
Add requirement for balanced position per 3 December Cabinet report	96	
<b>2015/16 surplus</b>	<b>-58</b>	

The main caveat to make is around business rates where the NNDR1 return to Government will not be completed until the end of the month. In year monitoring does indicate significant growth in the business rates income. Council has previously agreed that any additional income over the level budgeted for will go into the Business Rates Volatility Reserve. The operation of the business rates system where actual income retained is not known until June for the 2014/15 financial year does argue for prudence in the budget forecasts made. So we take the full business rate growth into the budget a year in arrears.

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15 January 2015