

Cabinet Advisory Committee 13 October 2021

Briefing Note

2022/23 Budget and Reserves

2022/23 Budget

1. A report on the 2022/23 Budget was considered by the Policy, Finance and Housing Cabinet Advisory Committee on 13 July and it was agreed that there would be the opportunity for the Committee to consider constructive ways to reduce spending.
2. In the last two years there have been very few spending reductions and in fact there has been significant growth, largely funded from one off monies. From the MTFP the current cost base is clearly not sustainable, but it is also questionable how viable services can still be provided if spending reductions are made.
3. The current Medium Term Financial Plan (MTFP) shows a gap of £3.3 million for 2022/23 which is already forecast to increase to £4.3 million in 2023/24. These figures exclude additional pressures in year e.g., covid pressures (loss of car parking income) and homelessness cost pressures.
4. Members are likely to have to take some challenging decisions to ensure the budget is balanced. To balance the 2022/23 and future budgets we feel the following options are open to us:
 - increase income;
 - spending reductions;
 - reviewing service provision for non statutory services;
 - reviewing level of service for statutory services; and,
 - careful use of reserves.
5. Given this challenging budget gap, the approach to budget setting includes the following:
 - Heads of Service to identify savings of 5% on the 2021/22 staffing budget;
 - Heads of Service to look at the reserves to determine whether the entire reserve is still required;
 - Heads of Service look at all the fees and charges and work to ensure that we increase existing fees which would provide the maximum increase in the overall income to the Council whilst meeting Council policies;

- The recharges for shared services to be “capped” at the budget for 2021/22 even after including the effect of pay awards, inflation, etc at Maidstone or T Wells councils. This will be instead of asking for a 5% saving on staff costs.
6. Appendix I shows the 2021/22 budget per service and type of expenditure. Members are asked to review the budget as detailed in appendix I and to prioritise services or areas for increasing income/ reducing spending.
 7. The budget and the fees and charges proposals for 2022/23 will be going to all three Cabinet Advisory Committees at the meetings in January 2022.

Reserves

8. As at 31 March 2021 the reserves were £25.5m. These reserves are predominantly earmarked for particular functions.
9. Reserves can be used to balance the budget but as this is the use of one-off money it still leaves an underlying issue. Nonetheless Government will expect reserves to be utilised and have been critical of the level of reserves held by Councils. Reserves will be an essential part of balancing the Swale budget.
10. The Council has taken the following action on its reserves:

Sheppey Improvement fund

11. Cabinet agreed on 16 December 2020 to allocate £250,000 of the £1.1m Malro capital receipt to a Sheerness Improvement Fund. The intention is to use this fund to support the following projects:
 - Sheerness War Memorial;
 - To connect the Sea Cadets facility, Barton’s Point Concession, Toilet and Shower Block to Mains Drainage;
 - Installation of new toilet facility in Beachfields car park.
12. Because this is funded from a capital receipt, it means that the only projects that can be paid for from this Fund are those that are capital, i.e., we have bought, or built or enhanced a building, or other asset(s).

Business Rates Funds

13. The Council has three Reserves funded from Business Rates:

Business Rates Volatility

14. This is used to manage the volatility of business rate income and to fund the Special Projects Fund by £1m a year.
15. At 1 April 2021 the balance on this Fund was £2.8m but will reduce by £1m to top up the Special Projects Fund in 2021/22.

16. There are no restrictions on the use of this fund which can be used to support the General Fund.

Kent Pool Economic Development Business Rates

17. This fund is due to the Council being a member of the Kent Business Rates Pool which enables us to keep a greater share of business rate income.
18. It is to fund economic development as agreed by the Council and KCC. Therefore, it cannot be used for general use such as supporting the General Fund.
19. In 2019/20 it funded the new Town Centres/ High Street Fund by £800k, the new Heritage Strategy Fund by £250k, the new Visitor Economy Framework Fund by £215k and the new Sheppey Lower Road Improvement Fund by £250k and in 2020/21 it funded the new Improvement and Resilience Fund by £1m.
20. Cabinet agreed on 16/12/2020 that the balance on this reserve was to be retained for potential top ups and for new initiatives or pressures.
21. At 1 April 2021 the balance on this Fund was £1.1m.

North Kent Housing & Commercial Growth Business Rates

22. In 2018/19 Kent was selected to be a “Business Rates Pilot” by the Government which meant that we could keep a greater proportion of business rate income for that year.
23. Under the Kent Pilot agreement there was an allocation of funds called the “Housing & Commercial Growth Business Rates” among “clusters” of authorities with Swale in the “North Kent” cluster, where use of this fund would be agreed among Leaders and KCC for economic and housing development. Therefore, it cannot be used for general use such as supporting the General Fund.
24. Cabinet on 16/12/2020 agreed that this fund was to be used to fund the Swale Rainbow Local Housing Company, for set up costs and future investment, including possible investment in Sheppey.
25. At 1 April 2021 the balance on this Fund was £1.7m.

All Reserves

As part of the budget preparation process for 2022/23, all Heads of Service have been asked to review their reserves. Appendix II shows details of the Council’s main reserves.

Budget 2021/22

SERVICE	STAFFING £	CONTRACTS £	OTHER COSTS £	GROSS EXPENDITURE £	GRANT INCOME £	OTHER INCOME £	NET COST £
Refuse Collection	0	2,890,710	187,500	3,078,210	0	(151,950)	2,926,260
Homelessness Temporary Accommodation	0	0	2,671,080	2,671,080	(564,580)	(723,510)	1,382,990
Ground Maintenance	0	1,338,810	0	1,338,810	0	0	1,338,810
Street Cleansing	0	1,144,850	32,440	1,177,290	(31,590)	(21,330)	1,124,370
Lower Medway Internal Drainage Board	0	0	876,000	876,000	0	0	876,000
Financial Services	749,710	0	54,150	803,860	0	(6,000)	797,860
IT Maintenance & Equipment	0	0	737,250	737,250	0	0	737,250
Democratic Process	111,230	0	546,950	658,180	0	(80)	658,100
Client & Amenity Services Staffing	630,560	0	19,020	649,580	0	0	649,580
Housing Advice/Housing Options	873,080	0	14,450	887,530	(250,750)	0	636,780
Customer Service Centre	538,420	55,280	15,540	609,240	0	(19,600)	589,640
Planning Staffing	1,808,700	0	112,710	1,921,410	0	(1,363,050)	558,360
Information Technology	0	0	514,580	514,580	0	0	514,580
Communities & Economic Staffing	473,910	0	13,660	487,570	0	0	487,570
Supply of Insurance Cover	0	0	448,440	448,440	0	0	448,440
Administrative Buildings	169,910	0	318,650	488,560	0	(43,940)	444,620
Mid Kent Legal Services	1,489,650	0	76,290	1,565,940	0	(1,129,460)	436,480
Property Services Staffing	368,800	0	73,130	441,930	0	(8,500)	433,430
Leisure & Sports Centres	0	410,280	1,470	411,750	0	0	411,750
Environmental Response Staffing	346,050	0	63,410	409,460	0	0	409,460
Elections & Electoral Registration	312,090	0	81,090	393,180	0	(1,500)	391,680
Benefit Administration	777,220	0	101,250	878,470	(530,510)	(500)	347,460
Public Conveniences	0	256,990	83,230	340,220	0	(210)	340,010
Private Sector Housing	303,360	15,500	23,660	342,520	0	(16,740)	325,780
Contracts and Procurement Staffing	278,930	0	37,280	316,210	0	0	316,210
Community Safety	253,390	0	61,060	314,450	0	(50)	314,400
Food Safety	0	0	282,480	282,480	0	(4,300)	278,180
Human Resources Shared Services	0	0	256,340	256,340	0	0	256,340
Parking Staff	101,010	0	166,000	267,010	0	(19,020)	247,990

Budget 2021/22

SERVICE	STAFFING £	CONTRACTS £	OTHER COSTS £	GROSS EXPENDITURE £	GRANT INCOME £	OTHER INCOME £	NET COST £
Buildings Maintenance	0	240,500	0	240,500			240,500
Chief Executive	229,430	0	10,310	239,740	0	0	239,740
Policy & Performance	234,380	0	3,530	237,910	0	0	237,910
Environmental Shared Services	0	0	230,330	230,330	0	0	230,330
Communications Staffing	217,300	0	8,040	225,340	0	0	225,340
Commissioning, Environment & Leisure Staffing	213,000	0	10,830	223,830	0	0	223,830
Mid Kent Planning Support	0	0	221,530	221,530	0	0	221,530
Seafront	172,550	39,200	55,770	267,520	0	(58,000)	209,520
Council Tax and Business Rates Collection	606,950	0	247,540	854,490	(190,430)	(459,000)	205,060
Local Planning & Conservation	0	0	196,990	196,990	0	(350)	196,640
Strategic Resources	400,810	0	9,760	410,570	(214,170)	0	196,400
Audit Shared Services	0	0	182,120	182,120	0	0	182,120
Tourism	143,720	0	23,720	167,440	0	0	167,440
Closed Circuit Television (CCTV)	81,710	44,390	29,320	155,420	0	0	155,420
Community Services Grants/Support	0	0	149,730	149,730	0	0	149,730
Data Protection Resource	137,760	0	920	138,680	0	0	138,680
Parks & Open Spaces	36,370	0	240,970	277,340	(124,050)	(23,780)	129,510
Housing Development Strategy and Health	123,510	0	97,400	220,910	(93,740)	0	127,170
Countryside & Country Parks	6,450	10,300	113,630	130,380	(240)	(7,550)	122,590
Dog Warden Service	86,320	0	41,350	127,670	0	(7,500)	120,170
Members Grants	0	0	112,800	112,800	0	0	112,800
Salaries Overheads	103,380	0	8,220	111,600	0	(1,170)	110,430
Community Services Grant	0	0	100,000	100,000	0	0	100,000
Resilience Planning	92,940	0	5,690	98,630	0	0	98,630
Sports Development	45,440	0	44,000	89,440	0	0	89,440
Climate Change	74,760	0	400	75,160	0	0	75,160
GIS	0	0	74,050	74,050	0	0	74,050
Building Control	0	66,220	0	66,220	0	0	66,220
Apprenticeships	35,370	0	29,230	64,600	0	0	64,600

Budget 2021/22

SERVICE	STAFFING £	CONTRACTS £	OTHER COSTS £	GROSS EXPENDITURE £	GRANT INCOME £	OTHER INCOME £	NET COST £
Corporate Costs Including External Audit Fee	0	0	63,640	63,640	0	0	63,640
External Legal Fees	0	0	49,930	49,930	0	0	49,930
Parish Councils (Footway Lighting)	0	0	39,710	39,710	0	0	39,710
Treasury Management & Bank Charges	0	0	38,920	38,920	0	0	38,920
Corporate Costs (Publications)	0	0	42,790	42,790	0	(6,000)	36,790
Learning & Skills	0	0	36,780	36,780	0	0	36,780
Administrative Buildings - Telephones	0	0	36,830	36,830	0	(1,000)	35,830
Sittingbourne Town Centre Development	0	0	28,000	28,000	0	0	28,000
Corporate Costs	0	0	23,000	23,000	0	0	23,000
Advertising	0	0	14,530	14,530	0	0	14,530
Pollution Control	0	1,820	30,170	31,990	0	(19,000)	12,990
Heritage	0	0	12,510	12,510	0	0	12,510
Arts Events & Activities	0	0	10,000	10,000	0	0	10,000
Homelessness Temp Accommodation SBC Houses	27,080	0	12,570	39,650	0	(32,980)	6,670
Electric Car	0	0	4,200	4,200	0	0	4,200
Licences	166,770	0	3,480	170,250	0	(166,640)	3,610
Youth	0	0	3,430	3,430	0	0	3,430
Allotments	0	0	3,460	3,460	0	(720)	2,740
Noise Control	0	500	2,360	2,860	0	(500)	2,360
Risk Management	0	0	2,100	2,100	0	0	2,100
Public Health	0	0	5,020	5,020	0	(3,000)	2,020
Health & Safety (Property)	0	0	2,000	2,000	0	0	2,000
Unauthorised Encampments	0	0	50	50	0	0	50
Sale of Council House Mortgages	0	0	30	30	0	0	30
Community Halls/Centres	0	0	0	0	0	(360)	(360)
Harbour & Quays	0	0	2,630	2,630	0	(3,560)	(930)
Health & Safety (MKS Environmental Services)	0	0	230	230	0	(4,500)	(4,270)
Highways	0	20,900	9,860	30,760	0	(35,500)	(4,740)

Budget 2021/22

SERVICE	STAFFING £	CONTRACTS £	OTHER COSTS £	GROSS EXPENDITURE £	GRANT INCOME £	OTHER INCOME £	NET COST £
Pest Control	0	0	0	0	0	(5,000)	(5,000)
Sports Pitches & Pavilions	0	0	19,860	19,860	0	(25,460)	(5,600)
King George V Pavilion	0	0	7,680	7,680	0	(14,000)	(6,320)
Animal Welfare	0	0	6,000	6,000	0	(16,000)	(10,000)
Environmental Anti Littering/Graffiti Response	0	3,000	97,000	100,000	0	(110,800)	(10,800)
Coast Protection	0	9,620	1,000	10,620	(23,600)	0	(12,980)
Cemeteries & Closed Churchyards	0	0	98,760	98,760	0	(120,290)	(21,530)
Markets	0	0	9,000	9,000	0	(39,520)	(30,520)
Stay Put Scheme Grants	197,980	0	196,260	394,240	(109,980)	(316,320)	(32,060)
Hackney Carriages	0	0	8,850	8,850	0	(89,300)	(80,450)
Investment Income & Interest Payable	0	0	72,900	72,900	0	(171,370)	(98,470)
Benefits	0	0	34,468,440	34,468,440	(34,228,850)	(400,000)	(160,410)
Restructure Savings	(161,840)	0	0	(161,840)	0	0	(161,840)
Local Land Charges	0	0	58,290	58,290	0	(236,000)	(177,710)
Recycling & Waste Minimisation	0	0	0	0	(297,900)	(580,000)	(877,900)
Parking Management	0	629,390	850,700	1,480,090	0	(2,885,170)	(1,405,080)
Property Management	0	0	121,670	121,670	0	(1,851,310)	(1,729,640)

Reserves 31 March 2021

Reserve	£'000	Description
Business Rates Volatility	-2,827	To assist the Council in managing the volatility of business rate income as a result of business rate localisation.
North Kent Housing & Commercial Growth Business Rates	-1,673	Under the Kent Business Rates 2018/19 Pilot there was to be an allocation of funds called the Housing & Commercial Growth Business Rates which was allocated among "clusters" of authorities for each cluster to determine the final allocation. SBC is in the "North Kent" cluster. Cabinet on 16/12/2020 agreed that this fund was to be used to fund the Local Housing Company, for set up costs and future investment, including possible investment in Sheppey. Minute 350/12/2020.
Revenue and Benefits	-1,415	Savings made in the Revenues and Benefits section, including unspent grants were transferred to this reserve. This is used to cover the shortfall in Government grant.
Preceptors Council Tax Support	-1,158	Paid by KCC, Police and Fire to reflect the costs of Council Tax support localisation.
Kent Pool Economic Development Business Rates	-1,094	This fund has been established as a result of the Council joining the Kent Business Rates Pool. It is to fund economic development as agreed by the Council and KCC. As agreed by Cabinet on 16/12/2020 the balance on this reserve is to be retained for potential top ups and for new initiatives or pressures. Minute 350/12/2020.
Special Project Fund	-1,055	The Cabinet meeting 10 July 2019 proposal to set up a Special Projects Fund was agreed. The commitment is to allocate £1m per annum from accumulated business rate reserves to the funds. The fund is being used to deliver tangible projects for the residents of the borough making the public spaces cleaner and better presented. Minute 122/07/2019.
Improvement and Resilience Fund	-1,000	The Cabinet meeting on 16 Dec 2020 agreed the transfer of £1m from the Kent Pool Economic Development Business Rates Fund to the "Improvement and Resilience Fund". Minute 350/12/2020.
Town Centres / High Streets Fund	-758	The Cabinet meeting 16 December 2020 agreed that £800k of shared business rates will be now allocated to Town Centres. Minute 350/12/2020.
Building Maintenance	-563	To meet items of backlog building maintenance as identified in the Council's medium-term maintenance plan as well as urgent or unexpected items. Each year the reserve is topped up by any underspend on the building maintenance revenue budget.
Repairs & Renewals	-455	Regular contributions are made to this fund from the General Fund for a number of services to fund the future cost of significant items of expenditure.
Communities Fund	-411	This is to support the Council's Localism Agenda.
STC Retail Park	-379	This reserve is for the accounting adjustment between the value of income received and the value included in the accounts.

Reserves 31 March 2021

Reserve	£'000	Description
Parking	-279	Any surplus from on-street parking is transferred to the ring fenced on-street parking account under Section 55 of the Road Traffic Act 1984.
Wheeled Bins	-279	To fund the new wheeled bins purchases and replacements.
Performance	-271	To improve overall performance. Officers can submit a bidding list of proposals.
Commuted Sums	-266	To fund play area and open space maintenance in future years.
Stay Put Fund	-238	To support the Council's Stay Put service which offers advice, support and help to the elderly and disabled, who are owner occupiers or private tenants and who need practical assistance to repair, adapt or improve their homes.
Heritage Strategy	-226	The Cabinet meeting 18 December 2019 agreed to the transfer of £250,000 from the Kent Pool Economic Development Reserve to the Heritage Strategy. Minute 402/12/2019.
Visitor Economic Framework	-179	The Cabinet meeting 7 Feb 2018 agreed that the Visitor Economy Framework 2018-2023 be adopted and that funding of £250,000 from the shared business rates pool with Kent County Council be used to contribute to the delivery of the framework. Minute 475/02/2018.
Financial Services	-179	To fund continuous system developments for the financial systems, and meeting the costs of the professional advice and staff development on accounting, taxation, payments, etc.
Local Loan Fund	-175	To support voluntary, community or not-for-profit organisations and town and parish councils in Swale to enable management and delivery of local services and facilities.
Refuse and Recycling	-172	To fund on-going review of additional roads from new developments to be added on to Biffa contract and services including clinical, bulky and weekly collections.
Local Development Framework	-167	Any underspend or overspend on this service on the General Fund will be transferred to this fund and used solely to fund Local Development Framework associated work.
STC Bourne Place	-165	This reserve is for the accounting adjustment between the value of income received and the value included in the accounts.
Regeneration	-152	To fund regeneration projects in the Borough. Officers can submit bids to this reserve.
Housing	-146	To fund the homelessness service in future years.
Environmental Initiatives	-126	Income from Fixed Penalty notices used to support various environmental initiatives. It is a requirement of the legislation that any money generated is used to create a cleaner and greener environment.
Electoral Registration	-101	To fund one-off costs of Local Authority elections in future years.
Coronavirus - S13A Council Tax Hardship Fund	-94	This represents the balance remaining on the S13A Council Tax Hardship Fund. According to MHCLG and CIPFA guidance, the Council must spend this in the provision of support to vulnerable households.
Insurance Funds	-83	The purpose of the reserve is to fund Insurance claims.

Reserves 31 March 2021

Reserve	£'000	Description
Disabled Facilities Grants (Revenue)	-79	This reserve is related to the Better Care Fund (BCF) incorporating Disabled Facilities Grants (DFG). Funding is from the Government and administered via KCC. The balance of the BCF to carry over as agreed by Strategic Management Team and used for new or committed work to support the DFG service.
Milton Creek Access Road	-75	Reserve will be used for new access road to Milton Country Park and increased security around the car park to stop unauthorised encampments.
HR Shared Services	-74	This reserve is funded from an underspend on the MKS HR service.
General Democratic	-67	This reserve is funded from an underspend on members' allowances.
Tree Survey and Works in Closed Churchyards	-63	Funding required to appoint consultants to undertake a tree condition survey across the Council's Green Spaces and to fund a rolling programme of tree works.
Cemeteries	-60	Used to cover the costs of purchasing an electronic burial records system as part of the transformation review recommendations and further expected costs at the new Iwade burial site.
Faversham Creek Footpath	-60	Footpath in Faversham - part of the regeneration of the Faversham Creek.
Food and Health Safety	-60	To meet Council Key Performance Indicators as well as statutory duties.
ICT Reserve	-55	This will be used to fund IT related expenditure in future years. Any surplus or deficit on ICT expenditure on software and equipment is transferred to this fund.
Licensing	-54	Any surplus or deficit from Licensing is transferred to the ring-fenced Licensing account under Local Government (Miscellaneous Provisions) Act 1982.
Pension & Redundancy	-52	To meet the cost of releasing the Pension Fund benefits to staff who have taken early retirement and to fund all other redundancy costs.
Closed Churchyards and War Memorials	-52	This reserve is to fund continuing substantial works at St Marys closed churchyard.
Sheppey Lower Road Improvements	-50	The Cabinet meeting 18 December 2019 agreed to £250k of the shared Kent Pool Economic Development Reserve being allocated to the Sheppey Lower Road improvements. Minute 402/12/2019.
CCTV Monitoring Control Centre Reserve	-50	The capital cost of the new CCTV system (£250k) was going to be funded from 5 years of £50k per year revenue savings on running costs. This funding was approved as part of the 2020/21 capital budget.
Area Committees Fund	-72	This is to fund area committees grants allocations
R&R CCTV	-45	Repair and replacement of CCTV.
Advertising and Promotion	-39	Costs of a peer review and implementing any recommendations.
CIL Implementation Reserve	-35	Community Infrastructure Levy Implementation Reserve. To be used to set up the CIL.
Channel Shift	-33	IT development of customer system
MKS Charges for Environmental Services	-33	Support staffing costs
Public Conveniences Cleaning	-32	Support physical improvements to the facilities.

Reserves 31 March 2021

Reserve	£'000	Description
Collection Fund Deficit Reserve	-6,546	This reserve is funded by Government grants to be fully used to offset the business rate collection fund deficit as a result of increased business rate reliefs announced by Government in response to the coronavirus pandemic.
Collection Fund Tax Income Guarantee (TIG)	-750	The Government announced, as part of a consultative policy paper a scheme to fund 75% of irrecoverable losses in council tax and business rates. This is known as the Tax Guarantee Scheme Grant. The methodology differs between council tax and business rates. These will be fully used to help fund the Council's share of the deficit on the collection fund for 2020/21 in future years and therefore they have been transferred to a reserve.
Smaller reserves	-488	
Total	-25,010	