

Cabinet	
Meeting Date	3 February 2016
Report Title	Medium Term Financial Plan and 2016/17 Revenue and Capital Budgets
Portfolio Holder	Cllr Duncan Dewar-Whalley, Cabinet Member for Finance
SMT Lead	Abdool Kara, Chief Executive
Head of Service	Nick Vickers, Head of Finance
Lead Officer	Phil Wilson, Chief Accountant
Recommendations	1. To approve the 2016/17 revenue and capital budgets.
	2. To approve the proposed council tax at band D for 2016/17 of £159.93 (zero increase).
	3. To note the Medium Term Financial Plan funding position.
	4. To approve the capital budget.
	5. To note the additional amount of council tax for parish precepts.
	6. To approve the Minimum Revenue Provision (MRP) Statement as set out in appendix IX.
	7. To consider recommendations of the Scrutiny Committee.

1 Purpose of Report and Executive Summary

- 1.1 This report sets out the Council's Medium Term Financial Plan (MTFP) and the revenue and capital budget proposals for 2016/17.
- 1.2 The Cabinet received a budget report on the 2 December and this report will update for the impact of the Provisional Local Authority Grant Settlement announced on 17 December.
- 1.3 The 2 December Cabinet report provided the basis for Scrutiny Committee's examination of the budget proposals on 26 January.
- 1.4 This report if agreed by Cabinet will then go forward to Council on 17 February.

2 Background

Autumn Budget Statement

- 2.1 The Chancellor's Comprehensive Spending Review (CSR) announcements on 25 November reinforced that the UK economy is in increasingly good shape, with Office

of Budget Responsibility forecasts showing a £27bn improvement in the level of public finances.

- 2.2 For local government the headline numbers look to be very challenging, with the Department of Communities and Local Government (DCLG) seeing a 56% reduction in funding over the period to 2019/20. However, that does not mean a corresponding level of reduction for local authorities because of the increasing proportion of local government spending financed from council tax and business rates. Nonetheless, as an unprotected service, local government will see further significant reductions in funding levels.
- 2.3 The announcements did cover three fundamental issues for the Council's finances in the medium term:
- (1) A commitment to fully localise business rates by the end of this Parliament. At one level, this announcement has to be welcomed as it will give local authorities greater control over their own finances and also this Council is fully committed to growing the borough's business base and this should have direct financial benefits for the Council. However, a corollary of the full localisation of business rates is that there will no longer be any Revenue Support Grant (RSG) to the Council. As an area of high need, the RSG should include some needs related element. The needs element will now somehow have to be built into the business rates system. Additional responsibilities will be passed down to local government, as the quantum of localised business rates will exceed RSG.
 - (2) The Chancellor made frequent references to changes in funding and responsibilities between the different tiers of local government and it is likely that this will become a major issue within the county of Kent.
 - (3) The Government announced it will consult on significant changes to the New Homes Bonus regime, with a reduction in the length of payments from six to four years, and a reduction in the overall quantum of funding available. New Homes Bonus has become a major funding stream for the Council with much of it being used to support base expenditure. The impact of this will be considered more fully below.

Provisional Local Government Finance Settlement 2016/17

- 2.4 On 17 December, the Provisional Local Government Finance Settlement was announced. The proposals are open for consultation until 15 January. Whilst the Settlement is for 2016/17 it does include indicative figures for future years. The Settlement makes significant changes in methodology and this leads to significant redistributive effects but there was no consultation on these changes.
- 2.5 The MTFP was assuming 30% reductions per annum for the next three years in RSG and the Settlement was in line with this for 2016/17 and then significantly worse for 2017/18 and 2018/19.

	Forecast £	Actual £	Difference £
2016/17	2,011,000	1,955,000	-56,000
2017/18	1,368,000	1,107,000	-261,000
2018/19	918,000	576,000	-342,000

- 2.6 The position on New Homes Bonus (NHB) is unchanged for 2016/17 and on the numbers in the Settlement the allocation for 2016/17 is as forecast at £3,482,000 of which we will take £2,860,000 into the base. The indicative allocations are £3,500,000 for 2017/18, £2,199,000 for 2018/19 and £2,110,000 for 2019/20. There is a full consultation process on the future of NHB now launched by DCLG and so the reliability of the forecasts beyond 2016/17 are questionable.
- 2.7 Of the NHB allocation, £250,000 will continue to be top sliced to pump prime the Regeneration Fund, £50,000 will be used to top up the Communities Fund, £50,000 to provide a further year's support to Swale Community Leisure and the remaining balance will be put into the Regeneration Fund.
- 2.8 The Settlement does leave a great many unanswered questions but some of the key issues are set out below:
- (1) In the RSG calculations, Government have for the first time built in assumptions about increases in council tax (at around the level of the Consumer Price index) and some challenging assumptions on the growth of the council taxbase. As an area with a relatively low council taxbase, this disadvantages the Council.
 - (2) The forecast council tax income forms part of a new definition of spending – Core Spending Power which also includes RSG, business rates (at baseline) and NHB. No council tax freeze scheme for 2016/17 has been offered and all former freeze grants are assumed to be funded from the RSG and business rates
 - (3) Greater flexibility on increasing council tax (by up to £5) for authorities in the lower quartile for band D which does not include Swale. There is a general desire from district councils to see this applied to all district councils.
 - (4) Government has made an ill-defined offer that “any council that wishes to take it up a four-year funding settlement to 2019/20” can do so as long as they have an “efficiency plan”. It is not clear at this stage what this efficiency plan will consist of or what happens to those authorities who do not sign up. However the Government will provide further details as part of the Final Settlement. We understand that the only funding stream which would not be guaranteed is the much diminished RSG.
 - (5) Reserves are noted as being one possible part of an “efficiency plan” suggesting the Government might be looking for a voluntary drawdown of reserves as the price for greater certainty.
 - (6) The Secretary of State has said that NHB would be a permanent feature of the local government finance system.
 - (7) A consultation on the changes to the new business rate retention system will be issued in the summer 2016, but it is intended that there will be engagement with authorities in the months running up to the consultation. There will also be a revaluation of business rates as at 1 April 2017.
- 2.9 DCLG have confirmed agreement to a business rate pool for 2016/17 consisting of KCC and ten district/ borough councils – Sevenoaks remains outside, Dartford comes in and Dover leaves.

3 Proposal

Medium Term Financial Plan

- 3.1 Local Government Finance is in a period of massive change. Funding reductions due to deficit reduction coupled with the full localisation of business rates means that councils not only have to deal with finding large additional savings but have potentially unprecedented volatility in their funding due to business rates. Managing this situation needs agility and flexibility of thinking.
- 3.2 The Medium Term Financial Plan (MTFP) is a best forecast of the financial position over the next three years to aid the Council in meeting its objectives as set out in the Corporate Plan. The MTFP is underpinned by the following principles:
- achieving a balanced budget position with the base budget requirement being met from core income;
 - reserves being used to fund one-off cost pressures; and
 - a prudent forecast for business rates.
- 3.3 The updated MTFP is attached in appendix I. Any variations to the 2 December budget report are explained in this report.

Balanced Budget Proposals

- 3.4 There are no changes to the appendix submitted to Cabinet on 2 December covering Growth Items, Unavoidable Cost Pressures, Service Savings, Loss of Income and Committed Price Increases (appendix II) apart from two new items which have been added to Additional Income as a result of the Council approval of the Review of Fees and Charges Report on 16 December 2015.
- 3.5 The 2 December report identified a gap of £286,000 for 2016/17. The changes to this position encompassed in this report are:

2016/17 funding gap as per Cabinet report 2 December		£286,000
Add		
Reduction in RSG	£56,000	
Council tax freeze grant funded in future from RSG and business rates	£80,000	£422,000
Less		
Higher council tax base	£71,000	
Business rate adjustment	£23,000	
Council tax collection fund surplus increase	£38,000	
Additional fees and charges	£120,000	
Contribution from reserves funded from 2015/16 underspend	£170,000	£422,000
Net Position		£0

Council Tax

- 3.6 The Council will be recommended to adopt no change in the level of Council Tax for 2016/17.

- 3.7 The Collection Fund and Council Tax base is set out in appendix III.
- 3.8 The Council Tax base was agreed by Council on 27 January.
- 3.9 The calculation of the Budget Requirement and Council Tax Requirement is shown in appendix IV.
- 3.10 Parish precepts are shown in appendix V.

Reserves

- 3.11 The principle of the management of reserves moving forward should be:
- maintain a prudent level of reserves to allow the Council to deal with unexpected one-off events; and
 - fund one-off items of expenditure against the Council's highest priorities, as determined by Members.
- 3.12 When the Authority is considering its budget requirement it is the Chief Finance Officers' duty to report on the adequacy of reserves (under section 25 of the Local Government Act 2003). These have been reviewed in line with latest guidance from the Chartered Institute of Public Finance and Accountancy.
- 3.13 Currently, the Council has sought to maintain a minimum of £1.5m as its General Fund balance, and it is concluded that through this period of uncertainty that this level should be continued. In addition, the Council holds a number of earmarked reserves held for specific purposes. The remaining (unallocated) General Reserve is available in future years to support one-off items rather than funding on-going revenue budget requirements. The Authority's reserves will be detailed in the report to Cabinet. It is the Head of Finance's view that the balances and reserves held by the Council are at a reasonable level.
- 3.14 The Section 151 Officer (Head of Finance), in accordance with Local Government Act 2003, hereby has confirmed his opinion that the 2016/17 budget submitted is robust and the reserves are reasonable given an assessment of risks (see appendix VI).

Capital Strategy

- 3.15 The Council's priorities for the use of available capital funds will be:
- projects which support the Council's corporate priorities;
 - earmarked receipts related to specific projects e.g. Section 106 monies;
 - minimum fulfilment of legal duties;
 - essential life and death maintenance work e.g. health & safety; and
 - essential remedial expenditure on the Council's IT systems.
- 3.16 The Council should on balance remain free from external borrowing and not undertake borrowing to fund capital expenditure. The Council on 30 July 2014 agreed that borrowing would be allowed as part of the regeneration of Sittingbourne Town Centre.

3.17 The Capital Programme is attached in appendix VII.

4 Alternative Proposals

4.1 The proposals made reflect the views of Cabinet on the best way to meet the Council's objectives.

5 Consultation Undertaken or Proposed

5.1 The budget proposals reported to Cabinet on 2 December plus updates for developments since then were reported to Scrutiny Committee on 26 January.

5.2 Direct communication with local business and voluntary groups.

6 Implications

6.1 The implications are set out in the table below:

Issue	Implications
Corporate Plan	The budget proposals for 2016/17 supports the Corporate Plans objectives.
Financial, Resource and Property	This report sets out the approach to the 2016/17 budget and the medium term financial plan.
Legal and Statutory	The approach set out reflects the legal requirement for the Council to agree a balanced budget.
Crime and Disorder	Any potential impact will be addressed by service managers in their budget proposals.
Sustainability	The sustainability implications of budget decisions will be fully investigated by service managers in drawing up their detailed proposals.
Health and Wellbeing	No issues identified.
Risk Management and Health and Safety	A risk register for the budget is attached in appendix VIII. Risks will be reviewed as part of the strategic risk update. Specific health & safety risks will be addressed by service managers in their budget proposals.
Equality and Diversity	None of the proposed savings impact on the quality of service delivery and therefore no specific equality impact assessments are required.

7 Appendices

7.1 The following documents are published with this report:

- Appendix I Medium Term Financial Plan
- Appendix II Budget Proposals
- Appendix III Council Tax Base and Collection Fund
- Appendix IV Calculation of Council Tax and Budget Requirement
- Appendix V Parish Precepts
- Appendix VI Reserves
- Appendix VII Capital Programme and Funding
- Appendix VIII Risk Issues
- Appendix IX Minimum Revenue Provision Statement 2016/17

8 Background Papers

- 2 December 2015 Cabinet Budget Report

Medium Term Financial Plan

	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Base budget	17,609	17,609	17,609	17,609
Growth items	0	469	459	451
Unavoidable cost pressures	0	759	691	697
Loss of income	0	35	35	35
Additional income	0	(595)	(549)	(585)
Committed price increases	0	66	93	136
<u>Salary Related:</u>				
Increments	0	57	79	101
Pay award	0	109	240	371
Contribution to/(from) reserves	317	459	317	317
Revenue Support Grant	(2,929)	(1,955)	(1,107)	(576)
Business Rates	(5,040)	(5,644)	(5,843)	(6,011)
Council Tax	(6,856)	(7,030)	(7,101)	(7,172)
Council Tax Freeze Grant funded from RSG	(79)	(79)	(79)	(79)
Council Tax Freeze Grant funded separately	(80)	0	0	0
New Homes Bonus	(2,824)	(3,482)	(3,500)	(2,199)
Collection Fund Surplus - Council Tax	(176)	(261)	0	0
Savings Required	(58)	517	1,344	3,095
Service savings	0	(517)	(378)	(384)
Requirement for balanced position	0	0	(966)	(2,711)
Committed savings	0	(517)	(1,344)	(3,095)
Contribution (to) from General Fund	(58)	0	0	0

Budget Proposals

Growth items			
No.	Description	Cabinet Member / Head of Service	2016/17 over 2015/16 £
	Chief Executive		
1	Swale Borough Council share of the cost of a MKIP Director and support	Cllr A. Bowles / A. Kara	60,000
	Commissioning & Customer Contact		
2	Parking – funding communication links for car park machines	Cllr D. Simmons / D. Thomas	8,500
3	Parking - repairs and renewals to car parks and equipment	Cllr D. Simmons / D. Thomas	7,500
4	Leisure Development Officer	Cllr M. Whiting / D. Thomas	34,240
	Director of Corporate Services		
5	Licensing salaries change to establishment to provide a fit for purpose service following review of processes and resources	Cllr K. Pugh / M. Radford	60,000
	Economic & Community Services		
6	Increase the Safeguarding Officer post to full time	Cllr K. Pugh / E. Wiggins	20,000
	Environmental Health		
7	Reallocation of MKIP resources for Food Safety service	Cllr D. Simmons / M. Radford	28,000
	Mid Kent Legal Services (MKLS)		
8	Gross cost increase in Mid Kent Legal Services pooled budget for additional staff. See also Additional Income.	Cllr D. Dewar-Whalley / J. Scarborough	176,770
	Property Services		
9	For the provision of software to support lone workers.	Cllr D. Dewar-Whalley / A. Adams	8,000
	Resident Services		
10	Two Council Tax Posts – to be funded from the Council Tax Support reserve	Cllr D. Dewar-Whalley / A. Christou	65,640
	Total Growth Items		468,650

Budget Proposals

Unavoidable Cost Pressures			
No.	Description	Cabinet Member / Head of Service	2016/17 over 2015/16 £
	Commissioning & Customer Contact		
1	Business rates for Faversham District office	Cllr D. Dewar-Whalley / D. Thomas	1,700
2	Rent and service charges for Faversham District office - new charges to apply from 2016/17	Cllr D. Dewar-Whalley / D. Thomas	6,700
3	Closed churchyards increased maintenance	Cllr D. Simmons / D. Thomas	18,000
4	Parking shared service reappportionment	Cllr D. Simmons / D. Thomas	15,000
5	Beach Huts - unachievable income	Cllr D. Simmons / D. Thomas	20,000
6	The effect on grounds maintenance and leisure contract budgets of the introduction of the minimum living wage	Cllr D. Simmons / D. Thomas	46,000
7	Increase in cemeteries' rates	Cllr D. Simmons / D. Thomas	1,500
8	Cost of Barton's Point cesspit emptying	Cllr D. Simmons / D. Thomas	2,000
9	Increased cost of metered water at seafront	Cllr D. Simmons / D. Thomas	2,000
	Democratic Services		
10	Individual Electoral Registration additional staff resources	Cllr A. Bowles / M. Radford	22,000
	Finance		
11	Increased merchant service charge of credit and debit cards for Council Tax collection	Cllr D. Dewar-Whalley / N. Vickers	40,000
12	Increase in precept from Lower Medway Internal Drainage Board 2.2%	Cllr D. Dewar-Whalley / N. Vickers	3,850
13	Insurance increase from annual renewal. The projection reflects a 4.4% increase	Cllr D. Dewar-Whalley / N. Vickers	17,760
14	From 2016/17 KCC has announced it will be ending the grant to district councils relating to the number of second homes in their area	Cllr D. Dewar-Whalley / N. Vickers	46,000

Budget Proposals

Unavoidable Cost Pressures			
No.	Description	Cabinet Member / Head of Service	2016/17 over 2015/16 £
	Mid Kent Improvement Partnership (MKIP)		
15	Unachieved saving from 2015/16. Extension of HR shared service to TWBC is no longer a possibility	Cllr T. Wilcox / D. Smart	19,690
16	National Insurance cost increase	Cllr T. Wilcox / D. Smart	182,000
	Planning		
17	Increased Local Plan costs - to be funded from reserves	Cllr G. Lewin / J. Freeman	60,000
	Property Services		
18	Increase in business rates for Swale House	Cllr D. Dewar- Whalley / A. Adams	6,000
19	Business rates for miscellaneous properties due to the necessary delay between vacating them and transferring them to Spirit of Sittingbourne	Cllr D. Dewar- Whalley / A. Adams	4,660
	Resident Services		
20	Reduction in Housing Benefits Admin subsidy. This pressure will be offset by Housing Benefits salary savings. The remaining grant pressure will then be met from the housing benefits reserve	Cllr D. Dewar- Whalley / A. Christou	244,000
	Total Unavoidable Cost Pressures		758,860

Budget Proposals

Loss of Income			
No.	Description	Cabinet Member / Head of Service	2016/17 over 2015/16 £
	Commissioning & Customer Contact		
1	Tipping Away payment - Kent County Council rechargeable works	Cllr D. Simmons / D. Thomas	10,500
2	The scheme whereby SBC receive a payment from Amicus for arranging local clear ups has now ended	Cllr D. Simmons / D. Thomas	10,000
	Property Services		
3	Net loss of rental income from miscellaneous properties due to properties to be transferred for town centre regeneration	Cllr D. Dewar- Whalley / A. Adams	12,600
4	Anticipated reduction in income from external printing	Cllr D. Dewar- Whalley / A. Adams	2,000
	Total Loss of Income		35,100

Budget Proposals

Service Savings			
No.	Description	Cabinet Member / Head of Service	2016/17 over 2015/16 £
	Commissioning & Customer Contact		
1	Hygiene services revised contract	Cllr D. Simmons / D. Thomas	(11,000)
2	Teynham public convenience electricity costs	Cllr D. Simmons / D. Thomas	(840)
3	Marine Parade public convenience electricity costs - facility closed	Cllr D. Simmons / D. Thomas	(1,470)
4	Litter bins - reduced replacement programme	Cllr D. Simmons / D. Thomas	(10,000)
5	Waste contract - fewer variation orders required as result of new contracts and more effective monitoring	Cllr D. Simmons / D. Thomas	(45,000)
6	Waste contract - reduction in base figure for negative indexation 2015/16	Cllr D. Simmons / D. Thomas	(61,670)
7	Street Cleaning contract - reduction in base figure for negative indexation 2015/16	Cllr D. Simmons / D. Thomas	(20,900)
8	Swale Community Leisure Executive Officer Post – end of grant	Cllr D. Simmons / D. Thomas	(50,000)
	Director of Corporate Services		
9	Reduction in external audit fee	Cllr D. Dewar- Whalley / M. Radford	(18,810)
	Economic & Community Services		
10	Savings from asset transfer for Kemsley Hall - Grant to Kemsley Trust	Cllr M. Whiting / E. Wiggins	(6,010)
	Finance		
11	Savings on interest element of leases	Cllr D. Dewar- Whalley / N. Vickers	(6,070)
	Resident Services		
12	Channel Shift/ behaviour change to Housing Benefits Customer process. Offsets an unavoidable cost pressure.	Cllr D. Dewar- Whalley / A. Christou	(244,000)
13	Use of Council owned housing reducing temporary accommodation costs.	Cllr J. Wright/ A. Christou	(10,000)

Budget Proposals

Service Savings			
No.	Description	Cabinet Member / Head of Service	2016/17 over 2015/16 £
	Planning		
14	Miscellaneous savings from unused fees & services budgets	Cllr G. Lewin / J. Freeman	(4,800)
15	Reduction in advertising budget	Cllr G. Lewin / J. Freeman	(4,000)
16	South Thames Gateway Building Control Partnership savings	Cllr G. Lewin / J. Freeman	(3,500)
	Mid Kent Improvement Partnership (MKIP) Services		
17	Essential car users allowance reduction in cost	Cllr T. Wilcox / D. Smart	(18,990)
	Total Service Savings		(517,060)

Budget Proposals

Additional Income			
No.	Description	Cabinet Member / Head of Service	2016/17 over 2015/16 £
	Commissioning & Customer Contact		
1	Replacement of KCC enabling payment with supporting payments, following new waste contract	Cllr D. Simmons / D. Thomas	(53,900)
2	Bulky waste collections - increase in demand for service	Cllr D. Simmons / D. Thomas	(5,000)
3	Bulky waste collections – increase in fees	Cllr D. Simmons / D. Thomas	(20,000)
4	Wheeled bins sales to developers - increase in demand in line with new property builds	Cllr D. Simmons / D. Thomas	(5,000)
5	Garden waste collections - increased subscription levels	Cllr D. Simmons / D. Thomas	(106,500)
6	Litter picking works on the A249	Cllr D. Simmons / D. Thomas	(25,000)
7	Parking – increase in car parking charges	Cllr D. Simmons / D. Thomas	(100,000)
	Finance		
8	Increase in investment income	Cllr D. Dewar- Whalley / N. Vickers	(15,000)
	Mid Kent Legal Services (MKLS)		
9	Additional income from heightened budgeted income from s.106 legal drafting fees	Cllr D. Dewar- Whalley / J. Scarborough	(9,000)
10	Additional income from Maidstone and Tunbridge Wells councils for their share of increase of MKLS Growth item	Cllr D. Dewar- Whalley / J. Scarborough	(155,260)
	Planning		
11	Increased planning fee income	Cllr G. Lewin/ J. Freeman	(30,000)

Budget Proposals

Additional Income			
No.	Description	Cabinet Member / Head of Service	2016/17 over 2015/16 £
	Resident Services		
12	Utilities charge for households in bed and breakfast accommodation	Cllr J. Wright/ A. Christou	(5,000)
13	Two Council Tax Posts funded from the preceptors	Cllr D. Dewar-Whalley / A. Christou	(65,640)
	Total Additional Income		(595,300)

Council Tax Base and Collection Fund

Tax Base

The tax base for 2016/17 is 43,959.22.

Collection Fund

As the Billing Authority, Swale Borough Council had to make an estimate of the surplus or deficit on the Collection Fund in January 2016, notifying Kent County Council, the Police and Crime Commissioner for Kent and the Kent & Medway Towns Fire & Rescue Authority of their proportions. The declared deficit of £1,226,000 is shared as follows:

	(Surplus)/ Deficit £'000
Kent County Council	(1,266)
The Police and Crime Commissioner for Kent	(212)
Kent & Medway Towns Fire & Rescue Authority	(68)
Swale Borough Council	1,087
Central Government	1,685
Total	1,226

These amounts are not added to precepts or budgets, but must be taken into account by each Authority when setting their Basic Council Tax. The net deficit for Swale Borough Council is therefore £1,087,000 including a £1,348,000 deficit for business rates and a £261,000 surplus for council tax. Only the council tax surplus is shown in the budget projections for the calculation of the 2016/17 Council Tax as the business rates deficit will be met by the business rates volatility reserve.

Other Preceptors

Kent County Council, the Kent & Medway Fire Authority and the Kent Police and Crime Commissioner will set their own precepting for all valuation bands. These tax levels will form part of the overall Council Tax to be set by full Council on 17 February 2016.

Parish Council Precepts

Parish Council precept demands have been submitted during January 2016 as and when the Parish Councils met to set their precepts. These will be expressed as an additional precept.

Calculation of Council Tax and Budget Requirement

	2016/17 £'000
2016/17 Swale Operating Expenditure Budget Before Savings and Growth Items	17,609
Growth items	469
Unavoidable cost pressures	759
Loss of income	35
Additional income	(595)
Committed price increases	66
Pay increments	57
Pay award	109
Contribution to/ (from) reserves	459
Service savings	(517)
<hr/> Sub total	<hr/> 18,451
Council Tax Freeze Grant funded from RSG	(79)
New Homes Bonus	(3,482)
<hr/> Swale Budget Requirement (to be agreed)	<hr/> 14,890
Revenue Support Grant	(1,955)
Business Rates	(5,644)
Collection Fund Surplus	(261)
<hr/> Council Tax Requirement (to be agreed)	<hr/> 7,030
Council Tax Income (assuming £159.93 for Band D)	(7,030)

Parish Precepts

Parish/Town Council	Additional Council Tax for Band D 2015/16 £	Tax Base 2016/17	Parish Precept (rounded) 2016/17 £	Additional Council Tax for Band D 2016/17 £	Parish Precept 2016/17 % Change
Bapchild	22.17	457.47	10,500	22.95	3.52%
Bobbing	19.82	825.54	16,361	19.82	0%
Borden	45.51	1,065.30	To be advised		
Boughton-under-Blean	68.01	676.32	44,840	66.30	-2.51%
Bredgar	33.31	287.14	9,500	33.08	-0.69%
Doddington	36.19	216.82	7,800	35.97	-0.61%
Dunkirk	24.88	482.81	11,792	24.42	-1.85%
Eastchurch	45.08	701.88	30,000	42.74	-5.19%
Eastling	21.32	144.39	3,225	22.34	4.78%
Faversham Town Council	43.15	6,083.95	322,814	53.06	22.97%
Goodnestone & Graveney	35.19	181.07	5,500	30.37	-13.70%
Hartlip	19.41	361.24	7,000	19.38	-0.15%
Hernhill	28.64	283.33	To be advised		
Iwade	33.69	1,298.32	46,000	35.43	5.16%
Leysdown	22.06	1,147.26	To be advised		
Lower Halstow	56.60	452.21	29,250	64.68	14.28%
Luddenham	0	44.24	0		
Lynsted	38.23	453.71	17,049	37.58	-1.70%
Milstead	44.23	85.08	5,000	58.77	32.87%
Minster	22.77	5,083.32	136,714	26.89	18.09%
Newington	49.01	870.50	44,000	50.55	3.14%
Newnham	21.73	151.01	5,355	35.46	63.18%
Norton & Buckland	31.27	184.36	5,773	31.31	0.13%
Oare	52.60	165.96	8,568	51.63	-1.84%
Ospringe	23.75	276.57	7,000	25.31	6.57%
Queenborough Town Council	58.91	767.59	45,225	58.91	0%
Rodmersham	31.80	237.79	7,500	31.54	-0.82%
Selling	27.02	342.96	8,205	23.92	-11.47%
Sheldwich, Leaveland & Badlesmere	24.98	350.13	8,600	24.56	-1.68%
Stalisfield	28.62	97.02	2,600	26.80	-6.36%
Teynham	53.07	861.67	45,480	52.78	-0.55%
Throwley	22.67	136.82	3,166	23.14	2.07%
Tonge	16.22	141.52	2,000	14.13	-12.89%
Tunstall	22.45	701.51	17,000	24.23	7.93%
Upchurch	28.57	912.01	26,311	28.85	0.98%
Warden	34.44	473.20	To be advised		
TOTAL					

Reserves

Description	Balance as at 31/03/15 (after approved rollovers) £'000	Forecast Contributions to / from Reserves 2015/16 £'000	Balance as at 31/03/16 £'000	Forecast Contributions to / from Reserves 2016/17 £'000	Balance as at 31/03/17 £'000
General Reserve	(3,087)		(3,087)	170	(2,917)
Performance Fund	(747)		(747)		(747)
Transformation Fund	(293)		(293)		(293)
Regeneration Fund	(311)	(250)	(561)	(522)	(1,083)
Swale Local Loan Fund	(250)		(250)		(250)
Building Maintenance Fund	(738)		(738)		(738)
Housing Reserves	(181)		(181)		(181)
Repairs and Renewals Funds	(277)	(78)	(355)	(78)	(433)
Local Development Framework Fund	(234)		(234)		(234)
Stay Put Grants Reserve	(158)		(158)		(158)
Revenues Main Reserve	(387)		(387)		(387)
Business Rates Volatility Reserve	(1,233)	(1,018)	(2,251)	1,348	(903)
Development Control Reserve	(208)		(208)		(208)
Preceptors Council Tax Support Reserve	(125)	(125)	(250)	(59)	(309)
Homeless Property in Sheerness	(250)		(250)		(250)
Commuted Sums	(259)		(259)		(259)
Other Reserves	(1,661)	11	(1,650)	(29)	(1,679)
Total Earmarked Reserves	(10,399)	(1,460)	(11,859)	830	(11,029)
Usable Capital Receipts Reserve	(911)	164	(747)	605	(142)
Capital Grants Unapplied Account	(269)		(269)		(269)
General Fund	(3,438)	(58)	(3,496)		(3,496)

Note: This shows the Base position, but all in-year changes will be reflected in closedown and in the Council's financial accounts.

Capital Programme and Funding

	Funding SBC / Partnership	2015/16 Original Budget £	2015/16 Revised Budget £	2016/17 Original Budget £	2017/18 Original Budget £	Budget Later Years £
<u>ECONOMY & COMMUNITIES - E.WIGGINS</u>						
CCTV - Repairs & Renewals Reserve	SBC	15,000	15,000	15,000	15,000	15,000
The Mill Project, Sittingbourne Skate Park - Capital Receipts	SBC	0	0	200,000	0	0
Faversham Creek Basin Regeneration Project (swing bridge) - Capital Receipts	SBC	0	0	200,000	0	0
Faversham Pools refurbishment - Capital Receipts	SBC	0	0	150,000	0	0
The Meads Community Centre- Regeneration Fund	SBC	0	31,000	0	0	0
The Meads Community Centre- S106	P	0	417,330	0	0	0
The Meads Community Centre- KCC Grant	P	0	50,000	0	0	0
Easthall Farm Community Centre - S106	P	0	50,000	964,000	0	0
Kemsley Community Facilities - S106	P	0	4,870	0	0	0
TOTAL ECONOMY & COMMUNITIES		15,000	568,200	1,529,000	15,000	15,000
<u>COMMISSIONING & CUSTOMER CONTACT - D.THOMAS</u>						
Cemeteries - future burial provision in the borough - Capital Receipts	SBC	0	22,040	0	0	0
Milton Creek Footpath & Viewing platform - Capital Receipts	SBC	0	16,190	0	0	0
Tree Works in 3 Cemeteries - Capital Receipts	SBC	30,000	37,690	0	0	0
Customer Service Centre telephony system – Capital Receipts	SBC	0	65,000	0	0	0
Thistle Hill Community Woodland - Trim Trail - S106	P	0	35,000	0	0	0
New Play Area - Iwade Schemes - S106	P	0	92,200	0	0	0
Faversham Recreation Ground Improvements- S106	P	0	2,610	0	0	0
Car park machines - Reserves	SBC	0	0	15,000	0	0
Oare Village Hall - S106	P	9,000	9,000	0	0	0
Oare Gunpowder Works - S106	P	9,000	9,000	0	0	0
TOTAL COMMISSIONING & CUSTOMER CONTACT		48,000	288,730	15,000	0	0

Capital Programme and Funding

	Funding SBC / Partnership	2015/16 Original Budget £	2015/16 Revised Budget £	2016/17 Original Budget £	2017/18 Original Budget £	Budget Later Years £
<u>HOUSING - A. CHRISTOU</u>						
Disabled Facilities Grants - External Grant	P	1,040,000	1,032,060	1,140,000	0	0
Temporary Accommodation provision - Reserves	SBC	0	200,000	0	0	0
TOTAL HOUSING		1,040,000	1,232,060	1,140,000	0	0
<u>PLANNING - J. FREEMAN</u>						
Wylie Court – Reserves	SBC		119,680	0	0	0
TOTAL PLANNING		0	119,680	0	0	0
<u>FINANCE - N. VICKERS</u>						
Cash Receipting System - Replacement - Capital Receipts	SBC		22,760	0	0	0
TOTAL FINANCE		0	22,760	0	0	0
<u>ENVIRONMENTAL HEALTH - T. BEATTIE</u>						
Replacement of Air Quality Stations - Capital Receipts	SBC	0	0	55,000	35,000	0
TOTAL ENVIRONMENTAL HEALTH		0	0	55,000	35,000	0
TOTAL CAPITAL PROGRAMME	SBC	45,000	529,360	635,000	50,000	15,000
TOTAL CAPITAL PROGRAMME	P	1,058,000	1,702,070	2,104,000	0	0
TOTAL CAPITAL PROGRAMME		1,103,000	2,231,430	2,739,000	50,000	15,000

Capital Programme and Funding

	2015/16 Original Budget £	2015/16 Revised Budget £	2016/17 Original Budget £	2017/18 Original Budget £	Budget Later Years £
TOTAL CAPITAL EXPENDITURE	1,103,000	2,231,430	2,739,000	50,000	15,000
FUNDING ANALYSIS					
PARTNERSHIP FUNDING	1,058,000	1,702,070	2,104,000	0	0
REVENUE CONTRIBUTIONS:-					
(a) Repairs & Renewals Reserves					
- CCTV	15,000	15,000	15,000	15,000	15,000
(b) General Reserve					
- Temporary Accommodation Provision	0	200,000	0	0	0
- Wylie Court	0	119,680	0	0	0
- Car Park Machines	0	0	15,000	0	0
	0	319,680	15,000	0	0
(c) Regeneration Fund					
- The Meads Community Centre	0	31,000	0	0	0
TOTAL REVENUE CONTRIBUTIONS	15,000	365,680	30,000	15,000	15,000

Capital Programme and Funding

	2015/16 Original Budget £	2015/16 Revised Budget £	2016/17 Original Budget £	2017/18 Original Budget £	Budget Later Years £
CAPITAL RECEIPTS:-					
- Tree Works in three Cemeteries	30,000	37,690	0	0	0
- The Mill project, Sittingbourne Skate Park	0	0	200,000	0	0
- Faversham Creek Basin Regeneration Project (swing bridge)	0	0	200,000	0	0
- Customer Service Centre telephony system	0	65,000	0	0	0
- Faversham Pools Refurbishment	0	0	150,000	0	0
- Milton Creek Footpath and Viewing Platform	0	16,190	0	0	0
- Cemeteries - future burial provision	0	22,040	0	0	0
- Replacement of Cash Receipting System	0	22,760	0	0	0
- Replacement of Air Quality Stations	0	0	55,000	35,000	0
				0	0
TOTAL CAPITAL RECEIPTS	30,000	163,680	605,000	35,000	0
TOTAL FUNDS UTILISED	1,103,000	2,231,430	2,739,000	50,000	15,000

Risk Issues

Budget Risk Issues

(High =3, Medium = 2, Low = 1).

Issue	Likelihood / Impact	Management
Localisation of Business Rates, Business rates Appeals	L – High I – High = 9	Detailed consideration, modelling of impact.
New Homes Bonus	L – High I – High = 9	Consultation response, future budgeting
Sittingbourne Town Centre	L – Medium I – High = 6	Project Management, professional advice.
Council Tax Support	L – Medium I – Medium = 4	Scheme review and implementation
Recession adds to demand for services e.g. housing	L – Medium I – Medium = 4	Flexible across budgets, use of reserves, effective in year budget monitoring.
Judicial review of a major decision.	L – Low I – High =3	Good governance, member & officer training.
Delivery of 2016/17 savings	L – Low I – High = 3	Robust challenge to savings assumptions, close monitoring of delivery.
Delivery of savings on major contracts	L – Low I – High = 3	Contract monitoring, future arrangements for major contracts.
Loss of key staff	L – Medium I – Medium = 2	Succession planning, staff development & training.
Low investment income	L – High I – Low = 3	Security of deposits overriding criteria.
Fraud	L – Medium I – Low = 2	Internal controls, Internal Audit

Minimum Revenue Provision Statement 2016/17

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

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

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

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

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

The four MRP options available are:

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

Note: This does not preclude other prudent methods.

MRP in 2016/17: Options 1 and 2 may be used only for supported expenditure (i.e. financing costs deemed to be supported through Revenue Support Grant from Central Government). Methods of making prudent provision for self-financed expenditure include Options 3 and 4 (which may also be used for supported expenditure if the Council chooses).

The MRP Statement will be submitted to Council before the start of the 2016/17 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Council at that time.

Council on 18 February 2015 resolved that for the 2015/16 financial year, the Council's policy for the calculation of Minimum Revenue Provision would be the regulatory method for supported borrowing and the asset life (equal instalment) method for Prudential borrowing.

The policy will be reviewed on an annual basis.

Minimum Revenue Provision Statement 2016/17

For 2016/17 it is recommended that:

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