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| Council Meeting | Agenda Item: |
|------------------------|---------------------|

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| Meeting Date | 17 February 2016 |
| Report Title | Budgets and Council Tax for 2016/17 |
| Cabinet Member | Cabinet Member for Finance, Duncan Dewar-Whalley |
| SMT Lead | Abdool Kara, Chief Executive |
| Head of Service | Nick Vickers, Head of Finance |
| Lead Officer | Philip Wilson, Chief Accountant |
| Key Decision | Yes |
| Classification | Open |
| Forward Plan | Reference number: |

| | |
|------------------------|---|
| Recommendations | 1. That Members note the Head of Finance's opinion on the robustness of the budget estimates and the adequacy of reserves. |
| | 2. That Minute Number 471/02/16 approved by the Cabinet on 3 February 2016 on the report on the Medium Term Financial Plan and the 2016/17 Revenue and Capital Budgets be approved. |
| | 3. That the resolutions contained in Appendix I be approved. |
| | 4. That in accordance with the proposals contained within SI 2014 No. 165 that a recorded vote be taken on the 2016/17 Budget and Council Tax. |

1. Purpose of Report and Executive Summary

- 1.1 At their meeting on 3 February 2016, the Cabinet recommended the 2016/17 Council Tax for Swale Borough Council, the 2016/17 Revenue Budget, the Capital Programme for 2016/17 to 2017/18 and the Medium Term Financial Plan for 2016/17 to 2018/19.
- 1.2 The purpose of this report is for the Council to approve the Council Tax Requirement, Revenue Budget, Capital Programme and Council Tax for the year 2016/17 as set out in the report to the Cabinet on 3 February 2016, subject to any amendments, and to approve the Council Tax Resolutions set out in Appendix I.
- 1.3 This report reflects the latest information available for the preceptors at the time of writing this report (5 February). Should there be any changes to these, members will be informed.

2. Background

- 2.1 As part of the 2016/17 budget setting process, the Cabinet first received a report on the budget proposals for 2016/17 and an update on the Medium Term Financial Plan on 2 December 2015. The draft budget was then considered by the Cabinet at its meeting on 3 February 2016.

3. Proposal

- 3.1 In accordance with section 25 of the Local Government Act 2003 the Council's Section 151 Officer is required to report formally to the Council on the robustness of the estimates and the adequacy of the reserves. It should be noted that Section 26 of the Act gives the Secretary of State power to set a minimum level of reserves for which an authority must provide in setting its budget. The Section 151 Officer (the Head of Finance), in accordance with Local Government Act 2003, hereby has confirmed his opinion that the 2016/17 budget submitted is robust and that the reserves are reasonable given an assessment of risks. Appendices I and VIII of the Budget report to the Cabinet on 3 February 2016 set out the background to this opinion.
- 3.2 The Council has to provide the Government with a forecast for the business rates to be collected for the forthcoming financial year (NNDR1), which has a statutory deadline of 31 January. The return for 2016/17 forecast a higher figure for business rates than in the original Budget Report to Cabinet and the additional amount has been provisionally allocated to the Business Rate Volatility Reserve. This does not affect the Council Tax requirement reported to Cabinet.
- 3.3 The Town and Parish Council Precepts for 2016/17 are detailed in Appendix I and total £1,038,628. The increase in the average Band D Council Tax for parished areas is 8.49% and results in an average Band D Council Tax for parishes of £38.46 for 2016/17 (£23.63 including those areas of the borough which are unparished).
- 3.4 As well as its own Council Tax, Swale Borough Council collects on behalf of the other 'precepting authorities', i.e. Kent County Council, the Kent & Medway Fire & Rescue Authority and the Kent Police and Crime Commissioner.
- 3.5 At the time of writing this report, Kent and Medway Fire & Rescue Service were due to meet on 12 February 2016. This report is based upon a precept of £3,165,064, which results in a Band D Council Tax of £72.00 (1.91% increase).
- 3.6 The Police and Crime Panel met on 2 February to consider the budget proposals from the Kent Police and Crime Commissioner. The decision was for a precept of £6,688,395, which results in a Band D Council Tax of £152.15 (3.40% increase).
- 3.7 At the time of writing the report, Kent County Council were due to meet on 11 February 2016 and set their precept at £49,829,974 resulting in a Band

D Council Tax of £1,133.55 (3.99% increase including Social Care precept).

3.8 Appendix II provides more detail on the calculation of the Council Tax requirement and a summary of the calculation of Band D Council Tax.

3.9 Appendix III is the Budget report submitted to Cabinet on 3 February 2016.

4. Alternative Options

4.1 The options are detailed in the Budget report to the Cabinet on 3 February 2016.

5. Consultation Undertaken or Proposed

5.1 Details on the consultation on the budget are in the Budget report to the Cabinet on 3 February 2016.

6. Implications

| Issue | Implications |
|-------------------------------------|---|
| Corporate Plan | As detailed in the Budget report to the Cabinet on 3 February 2016. |
| Financial, Resource and Property | As detailed in the Budget report to the Cabinet on 3 February 2016. |
| Legal and Statutory | As detailed in the Budget report to the Cabinet on 3 February 2016. |
| Crime and Disorder | As detailed in the Budget report to the Cabinet on 3 February 2016. |
| Sustainability | As detailed in the Budget report to the Cabinet on 3 February 2016. |
| Health and Wellbeing | As detailed in the Budget report to the Cabinet on 3 February 2016. |
| Risk Management and Health & Safety | As detailed in the Budget report to the Cabinet on 3 February 2016. |
| Equality and Diversity | As detailed in the Budget report to the Cabinet on 3 February 2016. |

7. Appendices

7.1 The following documents are to be published with this report and form part of the report:

- Appendix I: Council Tax Resolutions
- Appendix II:
 - (i) Council Tax Requirement 2016/17
 - (ii) Calculation of Band D Council Tax 2016/17
- Appendix III: Budget Report to Cabinet 3 February 2016

8. Background Papers

8.1 As detailed in the Budget report to the Cabinet on 3 February 2016.

Council is recommended to resolve as follows:

1. That it be noted that at its meeting on 27 January 2016 (Minute 456/01/16) the Council calculated:
 - 1.1 the Council Tax Base 2016/17 for the whole Council area as 43,959.22 (item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended) (the 'Act') and,
 - 1.2 for dwellings in those parts of its area to which a Parish Precept relates as set out below:

| Parish / Town Council | Tax Base |
|-----------------------------------|------------------|
| Bapchild | 457.47 |
| Bobbing | 825.54 |
| Borden | 1,065.30 |
| Boughton-Under-Blean | 676.32 |
| Bredgar | 287.14 |
| Doddington | 216.82 |
| Dunkirk | 482.81 |
| Eastchurch | 701.88 |
| Eastling | 144.39 |
| Faversham Town Council | 6,083.95 |
| Graveney & Goodnestone | 181.07 |
| Hartlip | 361.24 |
| Hernhill | 283.33 |
| Iwade | 1,298.32 |
| Leysdown | 1,147.26 |
| Lower Halstow | 452.21 |
| Luddenham | 44.24 |
| Lynsted | 453.71 |
| Milstead | 85.08 |
| Minster | 5,083.32 |
| Newington | 870.50 |
| Newnham | 151.01 |
| Norton & Buckland | 184.36 |
| Oare | 165.96 |
| Ospringe | 276.57 |
| Queenborough Town Council | 767.69 |
| Rodmersham | 237.79 |
| Selling | 342.96 |
| Sheldwich, Leaveland & Badlesmere | 350.13 |
| Stalisfield | 97.02 |
| Teynham | 861.67 |
| Throwley | 136.82 |
| Tonge | 141.52 |
| Tunstall | 701.51 |
| Upchurch | 912.01 |
| Warden | 473.20 |
| Total Parished Areas | 27,002.12 |

2. That, as a preliminary step, the calculation of the Council Tax requirement for the Council's own purposes for 2016/17 (excluding parish precepts) is £7,030,398, as detailed in the report to Cabinet on 3 February 2016.
3. That the following amounts be calculated for the year 2016/17 in accordance with Sections 30 to 36 of the Act:
 - 3.1 £95,965,816 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
 - 3.2 £87,896,790 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
 - 3.3 £8,069,026 being the amount by which the aggregate at 3.1 above exceeds the aggregate at 3.2 above, calculated by the Council in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act.)
 - 3.4 £183.56 being the amount at 3.3 above (Item R), all divided by item 1.1 above, calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
 - 3.5 £1,038,628 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act.
 - 3.6 £159.93 being the amount at 3.4 above, less the result given by dividing the amount at 3.5 above by 1.1 above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.

3.7 Part of the Council's area

| Parish / Town Council | £ p |
|-----------------------------------|------------|
| Bapchild | 182.88 |
| Bobbing | 179.75 |
| Borden | 206.40 |
| Boughton-Under-Blean | 226.23 |
| Bredgar | 193.01 |
| Doddington | 195.90 |
| Dunkirk | 184.35 |
| Eastchurch | 202.67 |
| Eastling | 182.27 |
| Faversham Town Council | 212.99 |
| Graveney & Goodnestone | 190.30 |
| Hartlip | 179.31 |
| Hernhill | 188.17 |
| Iwade | 195.36 |
| Leysdown | 182.59 |
| Lower Halstow | 224.61 |
| Luddenham | 159.93 |
| Lynsted | 197.51 |
| Milstead | 218.70 |
| Minster | 186.82 |
| Newington | 210.48 |
| Newnham | 195.39 |
| Norton & Buckland | 191.24 |
| Oare | 211.56 |
| Ospringe | 185.24 |
| Queenborough Town Council | 218.84 |
| Rodmersham | 191.47 |
| Selling | 183.85 |
| Sheldwich, Leaveland & Badlesmere | 184.49 |
| Stalisfield | 186.73 |
| Teynham | 212.71 |
| Throwley | 183.07 |
| Tonge | 174.06 |
| Tunstall | 184.16 |
| Upchurch | 188.78 |
| Warden | 191.63 |

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

3.8

| | Band -A | Band A | Band B | Band C | Band D | Band E | Band F | Band G | Band H |
|---------------------------------------|---------|--------|--------|--------|--------|--------|--------|--------|--------|
| | £ p | £ p | £ p | £ p | £ p | £ p | £ p | £ p | £ p |
| Bapchild | 101.60 | 121.92 | 142.24 | 162.56 | 182.88 | 223.52 | 264.16 | 304.80 | 365.76 |
| Bobbing | 99.86 | 119.83 | 139.81 | 159.78 | 179.75 | 219.69 | 259.64 | 299.58 | 359.50 |
| Borden | 114.67 | 137.60 | 160.53 | 183.47 | 206.40 | 252.27 | 298.13 | 344.00 | 412.80 |
| Boughton-Under-Blean | 125.68 | 150.82 | 175.96 | 201.09 | 226.23 | 276.50 | 326.78 | 377.05 | 452.46 |
| Bredgar | 107.23 | 128.67 | 150.12 | 171.56 | 193.01 | 235.90 | 278.79 | 321.68 | 386.02 |
| Doddington | 108.83 | 130.60 | 152.37 | 174.13 | 195.90 | 239.43 | 282.97 | 326.50 | 391.80 |
| Dunkirk | 102.42 | 122.90 | 143.38 | 163.87 | 184.35 | 225.32 | 266.28 | 307.25 | 368.70 |
| Eastchurch | 112.59 | 135.11 | 157.63 | 180.15 | 202.67 | 247.71 | 292.75 | 337.78 | 405.34 |
| Eastling | 101.26 | 121.51 | 141.77 | 162.02 | 182.27 | 222.77 | 263.28 | 303.78 | 364.54 |
| Faversham Town Council | 118.33 | 141.99 | 165.66 | 189.32 | 212.99 | 260.32 | 307.65 | 354.98 | 425.98 |
| Graveney & Goodnestone | 105.72 | 126.87 | 148.01 | 169.16 | 190.30 | 232.59 | 274.88 | 317.17 | 380.60 |
| Hartlip | 99.62 | 119.54 | 139.46 | 159.39 | 179.31 | 219.16 | 259.00 | 298.85 | 358.62 |
| Hernhill | 104.54 | 125.45 | 146.35 | 167.26 | 188.17 | 229.99 | 271.80 | 313.62 | 376.34 |
| Iwade | 108.53 | 130.24 | 151.95 | 173.65 | 195.36 | 238.77 | 282.19 | 325.60 | 390.72 |
| Leysdown | 101.44 | 121.73 | 142.01 | 162.30 | 182.59 | 223.17 | 263.74 | 304.32 | 365.18 |
| Lower Halstow | 124.78 | 149.74 | 174.70 | 199.65 | 224.61 | 274.52 | 324.44 | 374.35 | 449.22 |
| Luddenham | 88.85 | 106.62 | 124.39 | 142.16 | 159.93 | 195.47 | 231.01 | 266.55 | 319.86 |
| Lynsted | 109.73 | 131.67 | 153.62 | 175.56 | 197.51 | 241.40 | 285.29 | 329.18 | 395.02 |
| Milstead | 121.50 | 145.80 | 170.10 | 194.40 | 218.70 | 267.30 | 315.90 | 364.50 | 437.40 |
| Minster | 103.79 | 124.55 | 145.30 | 166.06 | 186.82 | 228.34 | 269.85 | 311.37 | 373.64 |
| Newington | 116.93 | 140.32 | 163.71 | 187.09 | 210.48 | 257.25 | 304.03 | 350.80 | 420.96 |
| Newnham | 108.55 | 130.26 | 151.97 | 173.68 | 195.39 | 238.81 | 282.23 | 325.65 | 390.78 |
| Norton & Buckland | 106.24 | 127.49 | 148.74 | 169.99 | 191.24 | 233.74 | 276.24 | 318.73 | 382.48 |
| Oare | 117.53 | 141.04 | 164.55 | 188.05 | 211.56 | 258.57 | 305.59 | 352.60 | 423.12 |
| Ospringe | 102.91 | 123.49 | 144.08 | 164.66 | 185.24 | 226.40 | 267.57 | 308.73 | 370.48 |
| Queenborough Town Council | 121.58 | 145.89 | 170.21 | 194.52 | 218.84 | 267.47 | 316.10 | 364.73 | 437.68 |
| Rodmersham | 106.37 | 127.65 | 148.92 | 170.20 | 191.47 | 234.02 | 276.57 | 319.12 | 382.94 |
| Selling | 102.14 | 122.57 | 142.99 | 163.42 | 183.85 | 224.71 | 265.56 | 306.42 | 367.70 |
| Sheldwich, Leaveland & Badlesmere | 102.49 | 122.99 | 143.49 | 163.99 | 184.49 | 225.49 | 266.49 | 307.48 | 368.98 |
| Stalisfield | 103.74 | 124.49 | 145.23 | 165.98 | 186.73 | 228.23 | 269.72 | 311.22 | 373.46 |
| Teynham | 118.17 | 141.81 | 165.44 | 189.08 | 212.71 | 259.98 | 307.25 | 354.52 | 425.42 |
| Throwley | 101.71 | 122.05 | 142.39 | 162.73 | 183.07 | 223.75 | 264.43 | 305.12 | 366.14 |
| Tonge | 96.70 | 116.04 | 135.38 | 154.72 | 174.06 | 212.74 | 251.42 | 290.10 | 348.12 |
| Tunstall | 102.31 | 122.77 | 143.24 | 163.70 | 184.16 | 225.08 | 266.01 | 306.93 | 368.32 |
| Upchurch | 104.88 | 125.85 | 146.83 | 167.80 | 188.78 | 230.73 | 272.68 | 314.63 | 377.56 |
| Warden | 106.46 | 127.75 | 149.05 | 170.34 | 191.63 | 234.21 | 276.80 | 319.38 | 383.26 |
| All other parts of the Council's area | 88.85 | 106.62 | 124.39 | 142.16 | 159.93 | 195.47 | 231.01 | 266.55 | 319.86 |

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

4. That it be noted that, for the year 2016/17, Kent County Council, the Kent Police and Crime Commissioner, and the Kent and Medway Towns Fire & Rescue Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwelling shown below:

| |
|------------------------|
| Valuation Bands |
|------------------------|

SWALE BOROUGH COUNCIL

| -A | A | B | C | D | E | F | G | H |
|--------|---------|---------|---------|---------|---------|---------|---------|---------|
| £88.85 | £106.62 | £124.39 | £142.16 | £159.93 | £195.47 | £231.01 | £266.55 | £319.86 |

KENT COUNTY COUNCIL

| -A | A | B | C | D | E | F | G | H |
|---------|---------|---------|-----------|-----------|-----------|-----------|-----------|-----------|
| £629.75 | £755.70 | £881.65 | £1,007.60 | £1,133.55 | £1,385.45 | £1,637.35 | £1,889.25 | £2,267.10 |

THE KENT POLICE AND CRIME COMMISSIONER

| -A | A | B | C | D | E | F | G | H |
|--------|---------|---------|---------|---------|---------|---------|---------|---------|
| £84.53 | £101.43 | £118.34 | £135.24 | £152.15 | £185.96 | £219.77 | £253.58 | £304.30 |

KENT AND MEDWAY TOWNS FIRE & RESCUE AUTHORITY

| -A | A | B | C | D | E | F | G | H |
|--------|--------|--------|--------|--------|--------|---------|---------|---------|
| £40.00 | £48.00 | £56.00 | £64.00 | £72.00 | £88.00 | £104.00 | £120.00 | £144.00 |

5. That, having calculated the aggregate in each case of the amounts at 3.8 and 4 above, the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2016/17 for each of the categories of dwellings shown below:

| | Band -A | Band A | Band B | Band C | Band D | Band E | Band F | Band G | Band H |
|---------------------------------------|---------|----------|----------|----------|----------|----------|----------|----------|----------|
| | £ p | £ p | £ p | £ p | £ p | £ p | £ p | £ p | £ p |
| Bapchild | 855.88 | 1,027.05 | 1,198.23 | 1,369.40 | 1,540.58 | 1,882.93 | 2,225.28 | 2,567.63 | 3,081.16 |
| Bobbing | 854.14 | 1,024.96 | 1,195.80 | 1,366.62 | 1,537.45 | 1,879.10 | 2,220.76 | 2,562.41 | 3,074.90 |
| Borden | 868.95 | 1,042.73 | 1,216.52 | 1,390.31 | 1,564.10 | 1,911.68 | 2,259.25 | 2,606.83 | 3,128.20 |
| Boughton-Under-Blean | 879.96 | 1,055.95 | 1,231.95 | 1,407.93 | 1,583.93 | 1,935.91 | 2,287.90 | 2,639.88 | 3,167.86 |
| Bredgar | 861.51 | 1,033.80 | 1,206.11 | 1,378.40 | 1,550.71 | 1,895.31 | 2,239.91 | 2,584.51 | 3,101.42 |
| Doddington | 863.11 | 1,035.73 | 1,208.36 | 1,380.97 | 1,553.60 | 1,898.84 | 2,244.09 | 2,589.33 | 3,107.20 |
| Dunkirk | 856.70 | 1,028.03 | 1,199.37 | 1,370.71 | 1,542.05 | 1,884.73 | 2,227.40 | 2,570.08 | 3,084.10 |
| Eastchurch | 866.87 | 1,040.24 | 1,213.62 | 1,386.99 | 1,560.37 | 1,907.12 | 2,253.87 | 2,600.61 | 3,120.74 |
| Eastling | 855.54 | 1,026.64 | 1,197.76 | 1,368.86 | 1,539.97 | 1,882.18 | 2,224.40 | 2,566.61 | 3,079.94 |
| Faversham Town Council | 872.61 | 1,047.12 | 1,221.65 | 1,396.16 | 1,570.69 | 1,919.73 | 2,268.77 | 2,617.81 | 3,141.38 |
| Graveney & Goodnestone | 860.00 | 1,032.00 | 1,204.00 | 1,376.00 | 1,548.00 | 1,892.00 | 2,236.00 | 2,580.00 | 3,096.00 |
| Hartlip | 853.90 | 1,024.67 | 1,195.45 | 1,366.23 | 1,537.01 | 1,878.57 | 2,220.12 | 2,561.68 | 3,074.02 |
| Hernhill | 858.82 | 1,030.58 | 1,202.34 | 1,374.10 | 1,545.87 | 1,889.40 | 2,232.92 | 2,576.45 | 3,091.74 |
| Iwade | 862.81 | 1,035.37 | 1,207.94 | 1,380.49 | 1,553.06 | 1,898.18 | 2,243.31 | 2,588.43 | 3,106.12 |
| Leysdown | 855.72 | 1,026.86 | 1,198.00 | 1,369.14 | 1,540.29 | 1,882.58 | 2,224.86 | 2,567.15 | 3,080.58 |
| Lower Halstow | 879.06 | 1,054.87 | 1,230.69 | 1,406.49 | 1,582.31 | 1,933.93 | 2,285.56 | 2,637.18 | 3,164.62 |
| Luddenham | 843.13 | 1,011.75 | 1,180.38 | 1,349.00 | 1,517.63 | 1,854.88 | 2,192.13 | 2,529.38 | 3,035.26 |
| Lynsted | 864.01 | 1,036.80 | 1,209.61 | 1,382.40 | 1,555.21 | 1,900.81 | 2,246.41 | 2,592.01 | 3,110.42 |
| Milstead | 875.78 | 1,050.93 | 1,226.09 | 1,401.24 | 1,576.40 | 1,926.71 | 2,277.02 | 2,627.33 | 3,152.80 |
| Minster | 858.07 | 1,029.68 | 1,201.29 | 1,372.90 | 1,544.52 | 1,887.75 | 2,230.97 | 2,574.20 | 3,089.04 |
| Newington | 871.21 | 1,045.45 | 1,219.70 | 1,393.93 | 1,568.18 | 1,916.66 | 2,265.15 | 2,613.63 | 3,136.36 |
| Newnham | 862.83 | 1,035.39 | 1,207.96 | 1,380.52 | 1,553.09 | 1,898.22 | 2,243.35 | 2,588.48 | 3,106.18 |
| Norton & Buckland | 860.52 | 1,032.62 | 1,204.73 | 1,376.83 | 1,548.94 | 1,893.15 | 2,237.36 | 2,581.56 | 3,097.88 |
| Oare | 871.81 | 1,046.17 | 1,220.54 | 1,394.89 | 1,569.26 | 1,917.98 | 2,266.71 | 2,615.43 | 3,138.52 |
| Ospringe | 857.19 | 1,028.62 | 1,200.07 | 1,371.50 | 1,542.94 | 1,885.81 | 2,228.69 | 2,571.56 | 3,085.88 |
| Queenborough Town Council | 875.86 | 1,051.02 | 1,226.20 | 1,401.36 | 1,576.54 | 1,926.88 | 2,277.22 | 2,627.56 | 3,153.08 |
| Rodmersham | 860.65 | 1,032.78 | 1,204.91 | 1,377.04 | 1,549.17 | 1,893.43 | 2,237.69 | 2,581.95 | 3,098.34 |
| Selling | 856.42 | 1,027.70 | 1,198.98 | 1,370.26 | 1,541.55 | 1,884.12 | 2,226.68 | 2,569.25 | 3,083.10 |
| Sheldwich, Leaveland & Badlesmere | 856.77 | 1,028.12 | 1,199.48 | 1,370.83 | 1,542.19 | 1,884.90 | 2,227.61 | 2,570.31 | 3,084.38 |
| Stalisfield | 858.02 | 1,029.62 | 1,201.22 | 1,372.82 | 1,544.43 | 1,887.64 | 2,230.84 | 2,574.05 | 3,088.86 |
| Teynham | 872.45 | 1,046.94 | 1,221.43 | 1,395.92 | 1,570.41 | 1,919.39 | 2,268.37 | 2,617.35 | 3,140.82 |
| Throwley | 855.99 | 1,027.18 | 1,198.38 | 1,369.57 | 1,540.77 | 1,883.16 | 2,225.55 | 2,567.95 | 3,081.54 |
| Tonge | 850.98 | 1,021.17 | 1,191.37 | 1,361.56 | 1,531.76 | 1,872.15 | 2,212.54 | 2,552.93 | 3,063.52 |
| Tunstall | 856.59 | 1,027.90 | 1,199.23 | 1,370.54 | 1,541.86 | 1,884.49 | 2,227.13 | 2,569.76 | 3,083.72 |
| Upchurch | 859.16 | 1,030.98 | 1,202.82 | 1,374.64 | 1,546.48 | 1,890.14 | 2,233.80 | 2,577.46 | 3,092.96 |
| Warden | 860.74 | 1,032.88 | 1,205.04 | 1,377.18 | 1,549.33 | 1,893.62 | 2,237.92 | 2,582.21 | 3,098.66 |
| All other parts of the Council's area | 843.13 | 1,011.75 | 1,180.38 | 1,349.00 | 1,517.63 | 1,854.88 | 2,192.13 | 2,529.38 | 3,035.26 |

6. That it be determined the Council's relevant basic amount of Council Tax for 2016/17 is not excessive in accordance with principles approved under Section 52ZC of the Local Government Finance Act 1992. The principles for the 2016/17 financial year are set out in Annex A of the Referendums Relating to Council Tax Increases (Principles) (England) Report 2016/17. As the billing authority, the Council has not been notified by a major precepting authority that its relevant basic amount of Council Tax for 2016/17 is excessive and therefore the billing authority is not required to hold a referendum in accordance with Section 52ZK of the Local Government Finance Act 1992.
7. That the revenue and capital estimates for 2016/17 in the budget book be approved.

Council Tax 2016/17

Our Council Tax requirement is:

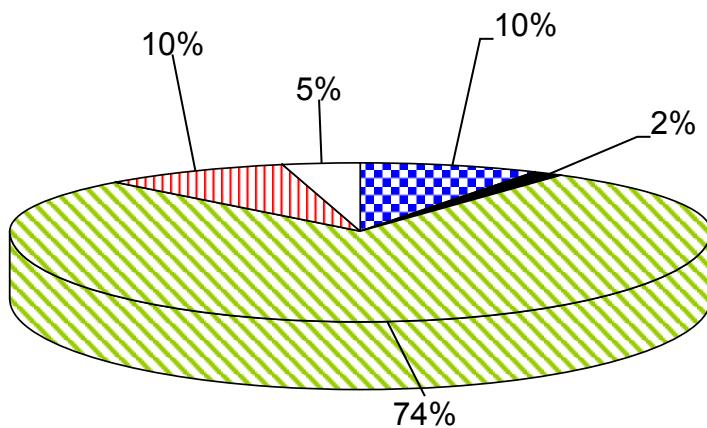
| | 2015/16 | 2016/17 |
|---------------------------------|-------------------|-------------------|
| | £ | £ |
| Swale Budget Requirement | 15,015,290 | 14,890,268 |
| Less Revenue Support Grant | (2,929,550) | (1,954,950) |
| Less Business Rates | (5,053,440) | (5,643,950) |
| Less Collection Fund surplus | (176,180) | (260,970) |
| Council Tax Requirement | 6,856,120 | 7,030,398 |
| | | |
| Band D Council Tax | £159.93 | £159.93 |
| | | |
| Tax Base | 42,869.49 | 43,959.22 |

As well as our own Council Tax, we collect on behalf of the other 'precepting authorities', i.e. Kent County Council (3.99% increase), the Kent and Medway Towns Fire & Rescue Authority (1.91% increase) and the Kent Police and Crime Commissioner (3.40% increase). For a Band D property this equates to an overall increase of 3.40% compared to the increase of 1.77% in 2015/16. Where applicable there will be an additional sum collected on behalf of the Parish Councils which have chosen to levy a local precept (see Appendix I).

| 2015/16 | | | 2016/17 | |
|-------------------|--------------------|---|-------------------|--------------------|
| Precept | Band D Council Tax | Authority | Precept | Band D Council Tax |
| £ | £ | | £ | £ |
| 46,727,315 | 1,089.99 | Kent County Council | 49,829,974 | 1,133.55 |
| 6,308,245 | 147.15 | Kent Police and Crime Commissioner | 6,688,395 | 152.15 |
| 3,028,729 | 70.65 | Kent and Medway Towns Fire & Rescue Authority | 3,165,064 | 72.00 |
| 6,856,118 | 159.93 | Swale Borough Council | 7,030,398 | 159.93 |
| 62,920,407 | 1,467.72 | BASIC COUNCIL TAX | 66,713,831 | 1,517.63 |
| 917,305 | 21.40 | Parish Council Precepts* | 1,038,628 | 23.63 |
| 63,837,712 | 1,489.12 | Council Tax inc. Parish | 67,752,459 | 1,541.26 |

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

Allocation of Council Tax:



- Swale Borough Council
£159.93 (10%)
- Parish Council Precepts
£23.63 (1%)
- Kent County Council
£1,133.55 (74%)
- Kent Police & Crime Commissioner
£152.15 (10%)
- Kent & Medway Towns Fire Authority
£72.00 (5%)

| | |
|-------------------------|--|
| Cabinet | Agenda Item: |
| 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 28 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 28 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 reapportionment | 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 | 49,500 | 46.47 | 2.11% |
| 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 | 8,000 | 28.24 | -1.40% |
| Iwade | 33.69 | 1,298.32 | 46,000 | 35.43 | 5.16% |
| Leysdown | 22.06 | 1,147.26 | 26,000 | 22.66 | 2.72% |
| Lower Halstow | 56.60 | 452.21 | 29,250 | 64.68 | 14.28% |
| Luddenham | 0 | 44.24 | 0 | 0 | 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 | 767.69 | 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 | 15,000 | 31.70 | -7.96% |
| | | | | | |
| TOTAL | | | 1,038,628 | | |

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 in-year expenditure will only be reflected 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 | 0 | 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 | 0 | 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 |
| <u>FUNDING ANALYSIS</u> | | | | | |
| 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.

Minimum Revenue Provision Statement 2016/17

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.

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.