

CABINET  
09 January 2014 at 7.00 pm

At the above stated meeting the attached documents were tabled for the following items:

8. Draft Budget 2014/15 - Verbal Update

(Pages 1 - 2)

*Adrian  
Rowbotham*

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Cabinet 09/01/14

8. Draft Budget 2014/15 - Update

1. Cabinet received the last Budget report on 5 December 2013 which contained a balanced budget at that point in time. It was stated that there remained uncertainty and a further report would be presented to this meeting subject to settlement figures being received in time.
2. The following table shows the changes since the last report to Cabinet. This shows a deficit over 10 years of £3.04m (or £304,000 per annum).

	10-year Budget
	£000
<b>Cabinet 05/12/13: (surplus)/deficit</b>	<b>(34)</b>
Changes:	
Government Support (Source: Settlement)	5,501
Government Support: revised assumptions from 16/17 <sup>1</sup>	847
New Homes Bonus: remove 40% top slice for 15/16 and 16/17 (Autumn Statement)	(1,380)
New Homes Bonus: update with latest figures (Govt)	(2,102)
Benefit Admin Grant: reduction in 14/15 (Govt)	460
Budget Stabilisation Reserve: balance updated	(400)
Interest Receipts: updated for latest forecasts and balances	148
<b>Current position: (surplus)/deficit</b>	<b>3,040</b>

3. The level of Government Support included in the settlement was significantly worse than we had previously assumed. The Revenue Support Grant element has reduced by £710,000 (24%) in 2014/15 and £722,000 (31%) in 2015/16 giving a cumulative reduction of £1.432m (47%).
4. The above Government Grant figures assume nothing is passed on to Town and Parish Councils for Council Tax Support in line with the message that has been given for the last year. No amount has been ring-fenced for this purpose.
5. The assumption to budget for Business Rates Retention at the 'Safety Net Level' remains as the uncertainty of the impact of the large number of outstanding appeals continues to be a risk.

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<sup>1</sup> Government Support has been split into Revenue Support Grant (RSG) and Business Rates Retention (BRR). Reduce RSG by 10% pa and increase BRR by 2% pa.

## Agenda Item 8

6. The Government refer to 'Spending Power' reductions in England averaging -2.9% in 14/15 and -1.8% in 15/16. The figures for SDC are -0.8% in 14/15 and -1.2% in 15/16. Note that 'Spending Power' is not only Government Grant; it also includes Council Tax and New Homes Bonus. As Government Grant is a low % of our total financing, the large reduction in Government Grant has a smaller impact on our 'Spending Power' making this a meaningless comparison.
7. The Government has once again offered a Council Tax Freeze Grant in the Settlement. If Council Tax is frozen in 2014/15 a 1% grant would be awarded and if Council Tax is frozen in 2015/16 a further 1% grant would be awarded. For the first time the Government has said that these grants would be included in each Council's grant base for ever, previously these grants have been given for a short period and then the grant has reduced resulting in a cliff edge effect.
8. The figures in the table above assume a Council Tax increase of 2% in 2014/15 and 2015/16 with a 3% increase in later years.
9. The last report mentioned that the growth and savings ideas proposed by the Advisory Committees resulted in a surplus over the 10-year budget period. Therefore, it was proposed to put the remaining balance of £70,000 per annum into the Financial Plan Reserve which would be able to fund year 11 (2024/25) of the budget. It will also provide further flexibility with the 10-year budget should it be needed before the budget is approved in February.

Cabinet 09/01/14

Budget Savings Proposals

Savings	£000	10 Year budget impact £000	From	Ongoing
1 Customer Svs - channel shift programme	-20	-160	2016/17	Yes
2 Building Control - shared working with TMBC	-50	-500	2014/15	Yes
3 Reduction in contribution to KCC for West Kent Partnership	-6	-60	2014/15	Yes
4 Bed & Breakfast	-10	-100	2014/15	Yes
5 Cost of Housing surveys	-12	-120	2014/15	Yes
6 Disabled Facilities Grants	-100	-1,000	2014/15	Yes
7 Benefit Admin Grant: fund from HB Subsidy Reserve	-46	-460	2014/15	Yes
8 Efficiencies in the Planning Service	-22	-220	2014/15	Yes
9 Financial Plan Reserve contribution	-54	-540	2014/15	Yes
<b>Savings Total</b>		<b>-3,160</b>		
<b>Growth</b>				
10 Corporate Projects - £60k for 2 yrs	60	120	2014/15	no
<b>Growth Total</b>		<b>120</b>		
<b>Budget Deficit</b>		<b>3,040</b>		
<b>Additional Savings Required</b>		<b>0</b>		

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