

Cabinet	Agenda Item: 5
Meeting Date	16 December 2020
Report Title	Financial Management Report – Second Quarter 2020/21
Cabinet Member	Cllr Roger Truelove, Leader and Cabinet Member for Finance
SMT Lead	Nick Vickers, Chief Financial Officer
Head of Service	Nick Vickers, Chief Financial Officer
Lead Officer	Phil Wilson, Financial Services Manager and Caroline Frampton, Principal Accountant
Key Decision	Yes
Classification	Open
Forward Plan	Reference number: 8
Recommendations	<ol style="list-style-type: none"> 1. To note the total projected revenue overspend of £3,319,000 (£2,555,000 as at end of June 2020). 2. To agree to the settlement on litigation as set out in paragraph 3.16. 3. To agree to the use of reserve funds as set out in paragraph 3.15. 4. To approve the payments with regard to the loss of income claims for the leisure contract as set out in paragraph 3.18. 5. To note the projected capital overspend of £2,279,256 and expenditure of £5,676,723 as detailed in paragraph 3.23 and Table 10 Appendix I. 6. To note the additional Government funding received by the Council in response to the coronavirus. 7. To approve the capital variances and their funding as detailed in paragraph 3.21 and Table 10 Appendix I refers.

1. Purpose of Report and Executive Summary

1.1 This report sets out the revenue and capital projected outturn position for 2020/21 as at the end of September 2020. The report is based on service activity up to the end of September 2020 and is collated from monitoring returns from budget managers.

1.2 The headline figures are:

- projected total revenue overspend of £3,319,000 (£2,555,000 as at end of June 2020) - Table 2;
- the projected impact of the Coronavirus pandemic is £3.5m (£2,832,000 as at end of June 2020);
- projected capital overspend of £2,279,256 – Table 10 appendix I.

2. Background

- 2.1 The Council operates a budget monitoring process at Head of Service level, with regular reports to the Leader and Cabinet Member for Finance and the Strategic Management Team.
- 2.2 Financial monitoring reports are presented to Cabinet on a quarterly basis, as well as to Scrutiny Committee.

3. Proposals

Revenue Outturn

- 3.1 The last monitoring report to Cabinet was on 23 September covering April to June and the net revenue service expenditure was a forecast overspend of £2,555,000 and the equivalent outturn figure shown in Table 2 is a forecast overspend of £3,319,000, which represents a movement of £764,000 on a budget of £19.381 million. Table 1 below details the significant movements.

Table 1 – Net Revenue Service Expenditure - Movement from April to June Forecast to April to September Forecast

Movement from 1st Quarter to 2nd Quarter	£'000	Notes
1st Quarter Monitoring Report to Cabinet	2,555	
Homelessness – increase in numbers / Rough Sleeper Initiative	192	Includes £133k Rough Sleeper costs re Covid – may be possible to claim some of this back
Leisure Centre	170	Total estimated cost £570k re loss of income claim from Swale Community Leisure (SCL) Trust
Car Park Pay & Display – increased loss of income	156	
Faversham Pool Grant	75	One off grant
Interest Earnings & Cost of Borrowing – reduced income	70	Fall in interest rates and lower cash balances
Recovery of Council Tax costs	67	
Community Leisure Trust Grant	50	One off grant
Shared Service Costs	41	(HR, ICT and Planning)
Maidstone Council Parking Partnership – increased costs	38	Reflected in 21/22 budget proposals
Waste Contract Savings – reduced savings	35	
Car Park increased loss of income	30	
Bourne Place loss of income	18	
Mid Kent Services (MKS) Debt Recovery – based on further advice from Maidstone Borough Council (MBC)	(65)	Courts opening has been delayed and MBC anticipate to break-even.
Property Services – underspends	(41)	Vacant post (£20k) and reduced expenditure offset by reduced printing income (£6k)

Movement from 1st Quarter to 2nd Quarter	£'000	Notes
Sittingbourne Regeneration – revenue costs including staffing	(20)	Staffing costs that cannot be capitalised
Recovery of Council Tax Benefit Overpayments	(10)	
Net other movements (less than £10k)	(42)	
Sub Total – Movement	764	
2nd Quarter Monitoring Report to Cabinet	3,319	

Table 2 - Projected Variance by Service

Service	Service Manager	Working Budget £	Projected Outturn £	Projected Variance £
Chief Executive		330,270	202,270	(128,000)
Policy, Communications & Customer Services	D. Clifford	1,201,940	1,148,940	(53,000)
Democratic Services	D. Clifford	168,380	143,380	(25,000)
Electoral Services	D. Clifford	848,450	810,450	(38,000)
Director of Regeneration	E. Wiggins	198,110	198,110	0
Housing, Economy & Community Planning	C. Hudson	3,545,670	4,267,670	722,000
Commissioning, Environment & Leisure	J. Freeman	826,390	1,305,390	479,000
Commissioning, Environment & Leisure	M. Cassell	6,032,080	7,856,080	1,824,000
Finance	N. Vickers	0	(28,000)	(28,000)
Revenues & Benefits	Z. Kent	4,770	183,770	179,000
Property	A. Adams	1,928,250	1,887,250	(41,000)
Licensing & Resilience	D. Fackrell	60,780	43,780	(17,000)
Environmental Health	T. Beattie	567,190	580,190	13,000
Information Technology	C. Woodward	1,305,530	1,325,530	20,000
Internal Audit	R. Clarke	178,260	178,260	0
Human Resources	B. Sandher	446,410	452,410	6,000
Legal	P. Narebor	523,860	502,860	(21,000)
Sittingbourne Regeneration	N. Vickers	0	62,000	62,000
STC - Cinema/Hotel/Restaurants	N. Vickers	(574,290)	(372,290)	202,000
STC - Retail Park	N. Vickers	(471,400)	(471,400)	0
Contributions from Reserves for services shown above	N. Vickers	0	(8,000)	(8,000)
Corporate Items	N. Vickers	2,260,390	2,431,390	171,000
NET REVENUE SERVICE EXPENDITURE		19,381,040	22,700,040	3,319,000
Financed by:				
Revenue Support Grant		(115,000)	(115,000)	0
Business Rates		(9,000,000)	(9,000,000)	0
New Homes Bonus		(1,633,000)	(1,633,000)	0
Council Tax Requirement		(8,648,040)	(8,648,040)	0
TOTAL FINANCING		(19,396,040)	(19,396,040)	0
NET EXPENDITURE		(15,000)	3,304,000	3,319,000

Note: 2020/21 budget had a surplus of £15,000.

Forecast Budget Variance

- 3.2 Table 2 shows a variance of £3,304,000 which, with the £15,000 contribution to Reserves, gives a net overspend of £3,319,000.
- 3.3 The revenue overspend of £3,319,000 includes a number of contributions to/from reserves, which have been made in order to comply with statute and previous Cabinet decisions, which total £8,000 and they are detailed below:

Table 3 – Contributions to Reserves

Service	Description	£'000
Local Plan	The overspend as a result of legislative changes in August 2020 will be met from the ring-fenced local plan reserve.	(75)
Revenues and Benefits	The net saving will be transferred to the Revenues and Benefits reserve.	141
Parking Management	The 2020/21 deficit relating to on-street parking will be transferred to the surplus on the on-street parking reserve under Section 55 of the Road Traffic Act 1984.	(39)
Environmental Response Team	Section 96 of the Clean Neighbourhoods and Environment Act of 2005 advised that income must be spent on “qualifying functions”. The 2020/21 deficit will be transferred to the surplus on the reserve.	(35)
Total		(8)

- 3.4 The forecast variance is for 2020/21 only. However, the impact of the coronavirus also affects forecast income from business rates and council tax. The Council is a billing authority which collects these taxes and then distributes them to other preceptors through the Collection Fund. Any surplus or deficit on the Collection Fund in 2020/21 will be allocated to preceptors in future years. Therefore, in order to show the full impact of the effect of the coronavirus on the Council’s finances, these forecast deficits are shown in Table 4 below and the explanations for them are detailed in the next section of the report.

Table 4 – Forecast Variance

	Forecast Variance £'000
Forecast over/(under)spend 2020/21 (Table 2)	3,319
Forecast future impact of under-recovery of Business Rate income	250
Forecast future impact of under-recovery of Council Tax income	321
Total Forecast Overspend	3,890

3.5 The additional funding received by the Council, updated for funding allocated since the period end, is shown in the table below:

Table 5 – Government funding

Funding	Amount £	Allocation basis
Tranche 1	75,560	March £1.6bn of which £1.46bn for Social care
Tranche 2	1,501,441	April £1.6bn with 35% allocation to districts
Tranche 3	317,585	July £500m with a Relative Needs Formula reflecting deprivation
Tranche 4	1,027,204	October £919m with a Relative Needs Formula reflecting deprivation
Sales, Fees and Charges	716,000	75% of defined losses on some Sales, Fees and Charges - initial submission made
Sub-total	3,637,790	
New Burdens Grant Revenues & Benefits	170,000	Banded allocation based upon number of hereditaments
Covid Enforcement	90,000	£30m allocation nationally
Contain Outbreak Funding	100,000	Via Kent County Council (KCC)
Total	3,997,790	

3.6 At this stage, the forecast overspend is matched by an unprecedented level of additional Government funding. The cost forecasts are very sensitive to the impact of the new lockdown. These will be assessed in the January budget monitoring. We also await clarity of the level of support from Government for additional leisure costs. We are still awaiting information on how the additional £100m allocated nationally will be allocated.

Business Rates

3.7 The Council collects business rates and distributes them to preceptors including the Government, Kent County Council (KCC), the Fire Authority and the Council and this is accounted for in the Collection Fund. The original forecast for 2020/21 was that the Council would collect £53m in total in 2020/21. Later the Government announced new reliefs on business rates for retail, local newspapers and nurseries which would reduce the income from business rates by £14m, but this will be offset by Government grants.

3.8 The Council budgeted that its share of the total business rates collected for 2020/21 would be £8.75m plus £250k contribution from business rates reserves. There is a complicated system of levies and tariffs, and any deficit on the Collection Fund for 2020/21 will be allocated to each preceptor as a cost in future years. However, for the purposes of this report, the forecast Council share of the deficit for 2020/21 of £250,000 is reported here, even though it will be a cost in future years. Council policy is to pay for business rate collection fund deficits from reserves.

- 3.9 The Business Rates Collection Fund has set aside £10m for appeals, of which the Council's share is £4m.

Council Tax

- 3.10 The Council collects council tax and distributes it to preceptors including the KCC, the Fire Authority, the Police Authority, Parish and Town Councils and the Council and this is accounted for in the Collection Fund. The original forecast for 2020/21 was that the Council would collect £89m in total.
- 3.11 Any surplus or deficit on the Council Tax Collection Fund for 2020/21 will be allocated in future years. However, for the purposes of this report, the forecast for 2020/21 is a deficit on the Council Tax Collection Fund of £2.8m of which the Council's share is £321k.
- 3.12 The reasons for this reduction in income are:
- Increase in the single person discount due to the increase in the number of deaths resulting in a single person living in a property;
 - Reduction in the number of new properties being completed and then being liable for Council Tax; and,
 - Reduction in the recovery of overpayment of council tax support due to customers not moving into work since March.

Collection Fund

- 3.13 Any deficits from council tax and business rates arising in 2020/21 would normally be transferred from the collection fund in the following year (2021/22). The Government has proposed that these deficits will now be spread equally over three years (2021/22 to 2023/24) "to ease immediate pressures on budgets". The full terms of the arrangements are still not entirely clear.

Improvement and Regeneration Funds

3.14 Table 6 below details the movements on a number of reserve funds up to the end of September 2020. Further details regarding the funds committed in 2020/21 are detailed in Appendix I Table 9.

Table 6: Improvement and Regeneration Funds

	Balance as at 1 April 2020	Proposed Topping Up of Funds 2020/21	Fund Committed as at 1 April 2020	Funds committed after 1 April 2020 (Appendix I Table 9) 2020/21	Balance Unallocated
Funds:	£'000	£'000	£'000	£'000	£'000
Special Projects	964	1,000	(553)	(972)	439
Performance	432	0	(233)	(29)	170
Communities	556	0	(173)	(15)	368
Pension & Redundancy	94	100	0	(103)	91
Regeneration	152	0	(152)	0	0
Local Loan Fund	175	0	0	0	175
TOTAL	2,373	1,100	(1,111)	(1,119)	1,243

3.15 The budget report to this meeting emphasises that the completely unprecedented circumstances that we are living in puts a huge onus on the Council to respond to the needs of our residents. The Leader and Cabinet Member for Finance has had a series of bilateral meetings with cabinet members to see what additional support can be provided. It is therefore proposed that:

- Business Volatility fund continues to support Project Fund on a £1 million per annum basis;
- £800,000 allocated to Town Centres from Business Pool;
- £1.7m North Kent Housing and Economic Growth Fund to Local Housing Company, for set up costs and future investment, including possible investment in Sheppey;
- £1.1m Malro capital receipt to Sheerness Improvement Fund at £250,000 and balance to other Sheppey capital investments; and
- £2.1m Business Pool money to be divided into “Improvement and Resilience Fund” of £1m. The balance to be retained for potential top ups and for new initiatives or pressures.

Litigation Settlement

3.16 The Council has legal responsibility for maintenance of closed churchyards. A business has a long-standing claim against the Council for the impact on their property from the failure to maintain the adjacent churchyard. Litigation has been going on since 2012. There was an agreement with the then owner in 2015 and we are now in a position to settle with the new owner. By agreeing to pay £86,950 inclusive of VAT we are no longer obliged, by the terms of the 2015 agreement, to carry out and pay for the reinstatement works ourselves with the potential for cost overruns and time delays as well as further claims should the reinstatement itself prove to be defective. Liability for all aspects of the reinstatement scheme is assumed by the current owner. The liability of the Council funded from the Property Reserve are:

- We cap the claim for diminution in the value of the land at £20,000;
- We cap any further liability for delay costs at £22,000;
- We cap our liability for legal costs at no more than £5,000 plus VAT; and,
- The settlement is inclusive of interest.

3.17 Legal officers have been involved throughout the process and the Head of Legal Services supports the settlement of the claim.

Leisure Contract

3.18 Over the last year the Council has been involved in protracted negotiations with Swale Community Leisure (SCL) and Serco over a range of issues where they are making claims for loss of income due to the actions of the Council. These are reported below as we reach a point of settlement. In an open report the details of these negotiations cannot be shared fully. The Head of Commissioning, Environmental & Leisure has been advised by Legal Services throughout the negotiations. The negotiations related to three claims:

- Loss of income claim 1 - this claim is for the extended closure of the pool hall due to additional roof works from the refurbishment of the Swallows. This claim will be settled at £249,000 dependent upon the outcome of loss of income claim 2. Serco already hold a sum of £28,750 towards this total and the Council already holds reserves of £110,770 for this. This leaves £109,480 to be approved.
- Loss of income 2 - this claim is storm damage to Swallows Leisure Centre roof. The income losses incurred by SCL/Serco are being covered by their insurance but the Council has to pay for the £50,000 insurance excess on the Serco insurance policy.

- Loss of income 3 - this related to losses incurred because of the Covid 19 pandemic which led to a Government enforced closure of the Swallows and Sheppey Leisure Centres on 20 March. Swale Community Leisure and Serco hold that, contractually, the Council is responsible for loss of income. There has been an ongoing dialogue with all parties and a Sport England funded consultant. It has to be said that this work has not yet produced a mutually acceptable solution. The position is compounded by the Government providing no financial support to date for the additional costs which councils are incurring with their outsourced leisure providers. It was announced in October that £100m of funding has been provided for the Department for Culture, Media and Sport to meet additional costs and we await further details on the criteria. For this report Cabinet is asked to agree a payment of £165,000 for the period April-July 2020.

Capital Expenditure

3.19 This section of the report details actual capital expenditure to end of September 2020 and highlights any projected variations between the revised 2020/21 capital budget and the projected outturn.

3.20 The revised budget includes the following approvals: -

- capital rollovers from 2019/20 of £5,263,936;
- roof replacement for the Swallows Leisure Centre of £743,000 approved by the July Cabinet;
- Replacement of Bartons Point footbridge - Cabinet in July approved the capital contract at an additional cost of £22,000 to be met from capital receipts;
- Car park improvements / Enhancements – Electric Charging Points – Rose Street Car Park - funded from car park reserve £29,900;
- Car park improvements / Enhancements – Electric Charging Points – Swale House Car Park – funded from Special Projects Fund £32,000;
- The Community Fund approved a grant of £10,000 for the Leaky Lucy Minibus Replacement;
- The Community Fund approved a grant of £100,000 for Murston Church;
- Adjustment to the funding of the Modular Toilet Kiosk – Minster Leas – £80,000 of the project was originally to be funded from capital receipts but this has been replaced with funding from the Special Projects Fund;
- £380,000 of capital receipts funding has been replaced with Special Project Funding (public toilets).

3.21 The following projects require approval for funding in 2020/21: -

- Bartons Point Coastal Park – replacement footbridge - due to detailed investigations of the foundations, foundation costs are expected to be in the region of £40k more than the award price. There are also additional hiring costs depending on when the works can be completed of £5k. To be funded from capital receipts;
- Sittingbourne Town Centre (STC) – as the leisure development completes there will be a reconciliation of total spend against budget. There are additional costs associated with the Light cinema and bowling developments;
- Queenborough & Rushenden Klondyke Land Improvement £6m in total – this is fully funded via external grant from Homes England;
- Ospringe Brickworks Site, Western Link £21,440 – this is fully funded from S106 receipts;
- Swallows Leisure Centre – additional funding from revenue £51,200;
- Faversham Recreation Ground – to reflect actual expenditure and allocation from Lottery Fund.

3.22 Actual expenditure to end of September 2020 was £5,676,000. This represents 53% of the revised budget. Further details are set out in Table 10 of appendix I.

3.23 Table 7 below summarises the projected capital overspend of £2,279,000.

Table 7: Capital Programme Expenditure

	2020/21 Revised Budget	2020/21 Actual to Date	2020/21 Projected Variance
	£'000	£'000	£'000
Housing, Economy & Community Services	7,496	5,329	2,277
Commissioning, Environment & Leisure	2,946	266	32
Finance	12	11	0
Property	200	2	0
Planning	6	0	(6)
Information Technology	116	68	(24)
Total Capital Programme	10,776	5,676	2,279
Total funded by the Council	6,077	5,045	2,348
Total Partnership funded	4,699	631	(69)
% Spent to date compared to Revised Budget		53%	

Payment of Creditors

3.24 For April to September 2020, 99% of invoices from suppliers were paid within 30 days of receipt of invoice, against the target of 97%.

Sundry Debtors

3.25 Tables 11.1 and 11.2 in appendix I analyse the sundry debt outstanding.

4. Alternative Options

4.1 None identified – this report is largely for information.

5. Consultation Undertaken or Proposed

5.1 Heads of Service and Strategic Management Team have been consulted in preparing this report.

6. Implications

Issue	Implications
Corporate Plan	Good financial management is key to supporting the Corporate Plan objectives.
Financial, Resource and Property	As detailed in the report
Legal and Statutory	The outturn report is not a statutory requirement, but it is a requirement of the Council's Financial Regulations.
Crime and Disorder	None identified at this stage.
Environmental Sustainability	The report identifies a wide range of expenditure headings which support the Council's Climate and Emergency Action Plan.
Health & Wellbeing	None identified at this stage.
Risk Management and Health and Safety	The Council's overall financial position is a key risk in the Council's Corporate Risk Register.
Equality and Diversity	None identified at this stage.
Privacy and Data Protection	None identified at this stage.

7. Appendices

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

- Appendix I: Finance Report 2020/21

8. Background Papers

[Cabinet Medium Term Financial Plan and Budget 2020/21](#)

Table 8 – Significant Variances

Service – Cabinet Member (Head of Service)	£'000
CHIEF EXECUTIVE – Cllr R Truelove	
Other Variances:	
Salary underspend	(133)
Recruitment costs	25
Special Projects & Swale Stars	(14)
Other net savings	(6)
TOTAL	(128)
POLICY, DEMOCRATIC SERVICES, COMMUNICATIONS AND CUSTOMER SERVICES – Cllr R Truelove (David Clifford)	
Policy, Communications & Customer Services:	
Other Variances:	
Salary underspend – Policy	(11)
Salary underspend – Customer Service Centre	(34)
Other variances	(8)
Democratic Services:	
Other Variances:	
Salary underspend – Mayoral	(17)
Mayor & Ceremonial – other	(8)
Electoral Services:	
Other Variances:	
Net underspend on Electoral Registration	(38)
TOTAL	(116)
HOUSING, ECONOMY AND COMMUNITY SERVICES – Cllr B Martin, Cllr T Valentine, Cllr R Palmer, Cllr M Bonney, Cllr A Harrison (Charlotte Hudson)	
Economy & Community Services:	
Coronavirus Related Variances:	
Salary overspend – Economy & Communities budget savings requirement delayed due to restructure being paused due to coronavirus.	38
Income under-recovery – Markets' rents not received. Markets did not trade during quarter one and will be in recovery stage for the remainder of the year. Trading commenced in July.	9
Sub-total	47
Housing:	
Coronavirus Related Variances:	
Temporary accommodation overspend – additional pressure on service during coronavirus.	656
Rough Sleeper Initiative – Government "everyone in" during coronavirus cost £50k. It is assumed that this will be fully reimbursed by the Government.	0

Table 8 – Significant Variances

Service – Cabinet Member (Head of Service)	£'000
Other Variances:	
Salary overspend – Housing Private Sector vacancy allowance will not be achieved and new staff recruitment may involve post regrading.	8
Stay-Put scheme grants – net variations	11
Sub-total	675
TOTAL	722
PLANNING - Cllr M Baldock (James Freeman)	
Coronavirus Related Variances:	
Planning fees income – shortfall as a result of economic uncertainty which has caused the decline in the housing market and a significant drop in planning applications and major applications to the Council.	250
Local Land Charges income – shortfall as a result of economic uncertainty which has caused the decline in the housing market and a significant drop in the income from land searches fees to the Council.	60
Building Control – the South Thames Gateway (STG) Building Control Partnership is not a separate entity and the forecast loss in fees and charges is being reported within Medway’s submission to Ministry of Housing, Communities and Local Government (MHCLG) and included as part of their compensation claim to the Government. The remaining deficit is being met from partnership reserves for 2020/21 only.	0
Other Variances:	
Development Control / Services – salaries underspend	0
Planning Shared Service – overspend	15
Legal fees / Planning consultation advice	60
Local Plan overspend as a result of legislative changes in August 2020	75
Conservation, Design and Heritage staff - overspend	19
TOTAL	479
<i>Note: Not included in the above are the potential costs for the major planning appeal for Barton Hill Drive estimated at £203k including the £170k costs of a court claim against the Council which is subject to a High Court challenge.</i>	
COMMISSIONING, ENVIRONMENT AND LEISURE – Cllr A Harrison, Cllr T Valentine (Martyn Cassell)	
Coronavirus Related Variances:	
Car Parks pay and display – income shortfall	825
Parking Penalty Charge Notices (PCN's) – income shortfall	50
Multi-Storey Car Park – income shortfall	80
Parking season tickets – income shortfall	22
Environmental Response – Fixed Penalty Notices – net loss of income – deficit is transferred to the ring-fenced Environmental Initiatives account.	35
Parking Enforcement – deficit relating to on-street parking is transferred to the ring-fenced street parking account under Section 55 of the Road Traffic Act 1984.	39

Table 8 – Significant Variances

Service – Cabinet Member (Head of Service)	£'000
Leisure & Sports Centres – additional expenditure. Additional costs re contract variation.	570
Street Cleansing and Refuse Collection – significant additional COVID-19 costs to be factored in for additional cleansing in town centres and contract pressures during peak of pandemic.	125
Swale Community Leisure Trust Ltd – additional grant	50
Faversham Pool - additional grant	75
Community Halls – loss of bookings income	5
Parking Management – reduced cash security costs	(20)
Other Variances:	
Leisure & Sports Centres – additional expenditure – consultancy costs and concessionary use.	5
Garden Waste collections – additional income.	(150)
Wheeled Bins purchase – additional expenditure. Increase in garden waste subscriptions.	115
Wheeled Bins sales – reduced income – including income from new developments requesting waste receptacles (anticipated to be slightly below last year's levels).	10
Street Cleansing and Refuse Collection – contract costs savings. Indexation anticipated to be lower than expected but yet to be finalised. Annual uplift figures not yet been agreed.	(145)
Public Conveniences – cost savings on premises expenses.	0
Parks, Sports and other 'open air' facilities – net additional expenditure on Sports Facilities premises expenses.	13
Seafront and Flood Prevention net additional contract and contractor costs.	15
Multi-Storey Car Park additional private contractor costs and security costs increased due to longer opening hours.	30
Multi-Storey Car Park additional other costs, including £12k electricity.	18
Parking Management – additional licence costs	19
Parking Partnership – additional costs with Maidstone Borough Council.	38
TOTAL	1,824
FINANCE – Cllr R Truelove (Nick Vickers)	
Other Variances:	
Salary Underspend – vacant post and agency staff savings.	(28)
TOTAL	(28)
REVENUES & BENEFITS – Cllr R Truelove (Nick Vickers)	
Coronavirus Related Variances:	
Reduced income – recovery of council tax court costs due to the courts being shut for April to September.	250
Reduced income – recovery of overpayments of housing benefits due to reduction in recovery action.	172

Table 8 – Significant Variances

Service – Cabinet Member (Head of Service)	£'000
Reduced income – Mid Kent debt recovery.	15
Other Variances:	
Department of Works and Pensions (DWP) net additional housing benefit subsidy grant.	(107)
DWP additional housing benefit grants.	(111)
DWP housing benefit admin subsidy grant increase.	(30)
Recovery of Council Tax Benefit Overpayments.	(10)
TOTAL	179
PROPERTY SERVICES – Cllr M Bonney (Anne Adams)	
Coronavirus Related Variances:	
External Printing reduced income.	6
Other Variances:	
Property salary underspend due to vacant post	(20)
Premises expenditure	(32)
Admin Buildings – rent – additional costs.	5
TOTAL	(41)
LICENSING & RESILIENCE PLANNING – Cllr R Palmer (Della Fackrell)	
Other Variances:	
Licensing salary underspend due to vacant post	(7)
Hackney Carriage additional income forecast	(15)
Gambling Licence fees additional income forecast	(4)
Emergency response overtime (Eastchurch Cliff fall)	9
General Licence Fees reduced income forecast	0
TOTAL	(17)
ENVIRONMENTAL HEALTH – Cllr T Valentine (Tracey Beattie)	
Other Variances:	
Shared Service costs	13
TOTAL	13
INFORMATION TECHNOLOGY – Cllr R Truelove (Chris Woodward)	
Other Variances:	
Shared Service costs	20
TOTAL	20
INTERNAL AUDIT – Cllr R Truelove (Rich Clarke)	
Other Variances:	
Nil variance	0
TOTAL	0

Table 8 – Significant Variances

Service – Cabinet Member (Head of Service)	£'000
HUMAN RESOURCES – Cllr R Truelove (Bal Sandher)	
Other Variances:	
Shared Service costs	6
TOTAL	6
LEGAL – Cllr R Truelove (Patricia Narebor)	
Other Variances:	
Legal shared service – underspend	(25)
S106 additional income	(25)
External legal fees	29
TOTAL	(21)
SITTINGBOURNE REGENERATION	
Other Variances:	
Salary costs	12
Fees & services – anticipated consultancy and legal costs	50
TOTAL	62
CINEMA/HOTEL/RESTAURANTS	
Coronavirus Related Variances:	
Loss of rental income	202
TOTAL	202
CONTRIBUTIONS TO/FROM (-) RESERVES FROM SERVICES SHOWN ABOVE	
Local Plan	(75)
Revenue Services	141
On-street Parking	(39)
Environmental Response Team	(35)
TOTAL	(8)
CORPORATE ITEMS	
Coronavirus Related Variances:	
Coronavirus Communities overspend – grants issued.	28
Coronavirus Communities overspend – salary costs.	26
Coronavirus Communities overspend – PPE equipment for staff.	14
Coronavirus Communities overspend – other costs.	38
Opening High Street Safely Project overspend – private contractors.	0
Other Variances:	
Staff costs including pension costs reflecting the recent three-year revaluation which are higher than the estimated contributions provided as part of that revaluation, offset by net corporate staff savings.	26
Salary underspend – secretarial support	(31)
Net interest earnings.	59

Table 8 – Significant Variances

APPENDIX I

Service – Cabinet Member (Head of Service)	£'000
Insurance – additional properties and increase in cost of public liability cover.	26
Other savings.	(15)
TOTAL	171
NET EXPENDITURE (Overspend)	3,319

The forecast salary variances identified above are collated in the table below and total £155k underspend on the total salary/ agency budget of £13.6m.

Service	£'000
Salary underspend - Chief Executive	(133)
Salary underspend – Policy	(11)
Salary underspend – Customer Service Centre	(34)
Salary underspend – Mayoral	(17)
Salary underspend – secretarial support - Regeneration	(31)
Salary overspend – Economy & Communities budget savings requirement delayed due to restructure being paused due to coronavirus.	38
Salary overspend – Housing Private Sector	0
Development Control / Services – salaries underspend	0
Conservation, Design and Heritage agency staff	19
Salary underspend – Finance due to vacancy and reduced agency costs.	(28)
Salary underspend – Licensing due to vacancy	(7)
Salary underspend – Property due to vacancy	(20)
Salary costs – Sittingbourne Regeneration	12
Salary costs – overtime – Eastchurch landslide	9
Coronavirus Communities overspend – salary costs.	22
Staff costs including pension costs reflecting the recent three-year revaluation which are higher than the estimated contributions provided as part of that revaluation, offset by net corporate staff savings	26
Total	(155)

Table 9 – 2020/21 Allocations from Funds

APPENDIX I

	£'000
Special Project Fund	
Members' grants	54
Area Committees - grant funding	188
Park improvements	150
Fuel poverty	48
Climate project officer	27
Social inclusion - officer and one off spend	55
Air Quality Officer	50
Clean Air Zone consultancy	50
Project Surveyor	55
Green Space Activity Coordinator	35
Biffa deep cleans	50
Play equipment	100
West Faversham Community Centre - support for expansion	25
Air Quality - additional monitoring St Paul's Street	22
Provision of heating for Faversham Strike Force Football Club	6
Thistle Hill Community Centre - solar PV installation	20
Leysdown Village Hall kitchen refurbishment	27
Oak Road bus lane bollards	10
Total Special Project Fund Approved as at 30 September 2020	972
Performance Fund	
Sittingbourne Town Centre (STC) Away Day	4
Member IT	25
Total Performance Fund Approved as at 30 September 2020	29
Communities Fund	
Old Forge Museum	8
Raybel Restoration Project	7
Total Communities Fund Approved as at 30 September 2020	15
Pension & Redundancy Fund	
Pension and Redundancy costs	103
Total Pension & Redundancy Fund Approved as at 30 September 2020	103

Table 10 – Capital Programme 2020/21

Capital Scheme	Funding SBC/ Partnership (P)	2020/21 Original Budget	2020/21 Revised Budget	2020/21 Actual to Date	2020/21 Projected Variance	Notes
		£	£	£	£	
Commissioning, Environment & Leisure - M. Cassell						
Gunpowder Works Oare, Faversham - S106	P	0	9,000	0	0	
New Play Area - Iwade Scheme	P	0	45,000	0	0	
Minster Leas Promenade Resurfacing	P	0	79,970	0	0	
Modular Toilet Kiosk - Minster Leas	SBC	0	122,931	0	0	(a)
Milton Creek Country Park Access Road	SBC	0	40,000	0	0	
Barton's Point Coastal Park – Replacement Bridge	SBC	0	113,260	9,364	45,000	(b)
Faversham Recreation Ground Improvement - S106	P	125,400	199,534	42,731	(156,803)	(c)
Faversham Recreation Ground Improvement – Reserves	SBC	0	0	118,762	122,240	(c)
Open Space Project - Minster Leas (outdoor gym equipment)	SBC	0	1,753	0	0	
Open Spaces Project - Shellness Road (refurbishment existing Play Area at Leysdown Coastal Park, Shellness Road)	SBC	0	2,250	0	0	
Car Park Improvement/Enhancement - Electric Charging Points – Swale House Car Park (Reserves)	SBC	0	32,000	0	0	(d)
Car Park Improvement/Enhancement – Electric Charging Points – Rose Street Car Park (Reserves)	SBC	0	29,900	29,870	0	(d)

Capital Scheme	Funding SBC/ Partnership (P)	2020/21 Original Budget	2020/21 Revised Budget	2020/21 Actual to Date	2020/21 Projected Variance	Notes
Footpath contribution - High Street Sittingbourne - S106	P	0	18,915	11,300	0	
Open Spaces S106 Play Equipment (Budget Only)	P	130,000	356,000	0	0	
Ospringe Brickworks Site, Western Link – S106	P	0	0	0	21,440	(e)
Leisure Centres – Budget Only	SBC	0	293,847	0	0	
Swallows Leisure Centre - Capital Works	SBC	0	0	(22,090)	0	
Sheppey Leisure Centre (Not Pool) - Capital Works	SBC	0	0	(2,310)	0	
Sheppey Swimming Pool	SBC	0	0	(4,030)	0	
Play Area Improvements - Reserves	SBC	150,000	150,000	0	0	
Play Area Improvements - Diligent Drive	SBC	0	18,000	0	0	
Public Toilets Refurbishment - Forum, Sittingbourne	SBC	0	50,000	0	0	
Public Toilets Refurbishment - Central Car Park, Faversham	SBC	0	40,000	0	0	
Modular Toilet Kiosk - Milton Creek Country Park	SBC	0	150,000	73	0	
Public Toilets and Showers - Bartons Point, Sheppey	SBC	0	100,000	0	0	
Public Toilets - The Spinney Leysdown	SBC	0	40,000	15,000	0	
Wheeled Bins	SBC	157,000	251,000	0	0	
Beach Huts	SBC	60,000	60,000	0	0	
Swallows Leisure Centre Roof – internal/external	SBC	0	743,000	67,102	(51,200)	(f)
Swallows Leisure Centre Roof – Revenue	SBC	0	0	0	51,200	(f)
Total Commissioning, Environment & Leisure		622,400	2,946,360	265,772	31,877	

Capital Scheme	Funding SBC/ Partnership (P)	2020/21 Original Budget	2020/21 Revised Budget	2020/21 Actual to Date	2020/21 Forecast Variance	Notes
		£	£	£	£	
<u>Housing, Economy & Communities Services - C. Hudson</u>						
Disabled Facilities Grants Mandatory Grants	P	2,062,800	2,062,800	396,393	0	
Disabled Facilities Grants Discretionary Grants	P	0	1,927,533	0	0	
Queenborough & Rushenden Klondyke Land	P	0	0	66,600	66,600	(g)
Housing Repair Grants Over 60	SBC	0	0	0	0	
CCTV - Repairs & Renewals	SBC	0	30,000	0	0	
CCTV Monitoring Control Centre at Multi-Story Car Park	SBC	0	0	(24,112)	0	
Decent Home Loans Owner Occupier (loans)	SBC	0	0	7,400	0	
Murston Old Church	SBC	0	100,000	100,000	0	(h)
STC Site 4, Cinema/Restaurants	SBC	0	3,131,302	4,511,432	2,211,007	(i)
STC Site 5, Multi-Storey Car Park	SBC	0	0	0	0	
STC - Other Assets	SBC	44,250	44,250	276,588	0	(i)
The Mill Project, Sittingbourne Skate Park	P	0	0	(4,860)	0	
Faversham Creek Basin Regeneration Project (swing bridge)	SBC	0	200,000	0	0	
Total Housing, Economy & Communities Services		2,107,050	7,495,885	5,329,441	2,277,607	

Table 10 – Capital Programme 2020/21

Capital Scheme	Funding SBC/ Partnership (P)	2020/21 Original Budget	2020/21 Revised Budget	2020/21 Actual to Date	2020/21 Forecast Variance	Notes
		£	£	£	£	
<u>ICT - C. Woodward</u>						
ICT infrastructure – firewall and equipment replacement	SBC	76,200	115,828	68,390	(23,828)	
Total ICT		76,200	115,828	68,390	(23,828)	
<u>Finance - N. Vickers</u>						
Finance System Upgrade	SBC	0	1,410	950	0	
Leaky Lucy Minibus Replacement	SBC	0	10,000	10,000	0	(j)
Total Finance		0	11,410	10,950	0	
<u>Property – A. Adams</u>						
Swale House Refurbishment	SBC	0	200,000	2,170	0	
Total Property Services		0	200,000	2,170	0	
<u>Planning - J. Freeman</u>						
Land Charges Shared Service - Online Submission Module	SBC	6,400	6,400	0	(6,400)	(k)
Total Planning		6,400	6,400	0	(6,400)	
Total Capital Programme Funded by the Council	SBC	493,850	6,077,131	5,164,559	2,348,019	
Total Capital Programme Funded by Partners	P	2,318,200	4,698,752	512,164	(68,763)	
Total Capital Programme		2,812,050	10,775,883	5,676,723	2,279,256	

Notes

- (a) Revised Budget includes Special Project Funding (SPF22).
- (b) Cabinet on 8 July 2020 approved additional funding of £22,000 against the original budget of £120,000 as a result of a contract award for the Bartons Point Coastal Park footbridge. This will be met from capital receipts. In addition, due to detailed investigations of the foundations, foundation costs are expected to be in the region of £40k more than the award price. There are also additional hiring costs depending on when the works can be completed of £5k.
- (c) Budget virement between allocation of funding to reflect actual expenditure.
- (d) Funded from reserves – special project funding and car parking equipment reserve.
- (e) Funded from S106 monies.
- (f) Expenditure is to be met from borrowing. Anticipated to be £743k. This is to meet the uninsured losses regarding the roof replacement at the Swallows Leisure Centre. Agreed by Cabinet 8 July 2020. In addition, £51,200 is to be funded from direct revenue funding.
- (g) Externally funded project Homes England.
- (h) Community Fund Bid (CFB54).
- (i) As the leisure development completes there will be a reconciliation of total spend against budget. There are additional costs associated with the Light cinema and bowling developments.
- (j) Community Fund Bid (CFB55) approved in 2019/20.
- (k) Project has been cancelled.

Table 11.1 – Sundry Debt Outstanding (including not due) by due date

	September 2020 £'000	September 2019 £'000
Not due (less than 1 month)	315	301
1–2 months	4	41
2–6 months	160	269
6–12 months	104	93
1–2 years	205	32
2–3 years	20	21
3–4 years	17	10
4–5 years	9	27
5–6 years	24	5
6 years +	34	33
Total	892	832
Total due (over 1 month)	577	531
% Total over 1 month	65	64

Notes:

2 – 6 months includes £71k relating to two debtors.

6 – 12 months includes £57k relating to one debtor.

1 – 2 years includes £10k relating to charges on property and £170k relating to two debtors.

2 – 3 years includes £2k relating to charges on property.

5 – 6 years includes £4k relating to charges on property.

6 years + includes £21k relating to charges on property. The balance are rent deposit debts which are being paid off via payment plans.

These tables include debts raised for all our grants receivable from Kent County Council, the NHS, etc.

Table 11.2 – Sundry Debt Outstanding (including not due) by Service

	September 2020 £'000	September 2019 £'000
Property	251	143
Commissioning, Environment & Leisure	56	43
Housing, Economy & Communities	290	278
Legal	0	0
Environmental Health	6	0
Planning	28	4
Communications	1	5
Other	260	359
Total	892	832

Notes:

'Property' includes outstanding £137,000 quarterly rent relating to one debtor.

'Housing, Economy & Communities' September 2020 includes £147k for one debtor, £98k Rent Deposit Schemes etc. and £31k charges on property.