

Cabinet	Agenda Item: 6
Meeting Date	15 March 2017
Report Title	Financial Management Report – April – December 2016
Cabinet Member	Cllr Duncan Dewar-Whalley, Cabinet Member for Finance & Performance
SMT Lead	Nick Vickers, Chief Financial Officer
Head of Service	Nick Vickers, Chief Financial Officer
Lead Officer	Phil Wilson, Financial Services Manager
Key Decision	Yes
Classification	Open
Forward Plan	Reference number:
Recommendations	<ol style="list-style-type: none"> 1. To note the net revenue underspend on services of £716,590 (including £785,000 additional income), a proposed rollover of specific grants of £67,620 leaving a projected net underspend of £648,970 for 2016/17. 2. To note the capital expenditure of £1,581,600 to end of December 2016. 3. To note the projected capital underspend of £502,000. 4. To earmark capital receipts of £100,000 for Minster Churchyard wall as detailed in paragraph 3.13. 5. To approve the funding for three capital schemes as detailed in paragraph 3.13.

1. Purpose of Report and Executive Summary

1.1 This report shows the revenue and capital projected outturn activity for 2016/17 as at the end of December 2016. The report is based on service activity up to the end of December 2016 and is collated from monitoring returns from budget managers.

1.2 The headline figures are:

- Total forecast revenue underspend of £716,590;
- £67,620 rollover of specific grants;
- Capital expenditure of £1,581,600;

- Projected capital expenditure variance £502,000 as a result of deferred projects.

2. Background

- 2.1 The Council operates a monthly budget monitoring process at Head of Service level, which reports each month to 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 As at the end of December 2016 the total forecast revenue underspend is £716,590. The last reported variance to Cabinet in December 2016 (to end of period 6 - September) was an underspend of £617,700. This represents a movement of £98,890.
- 3.2 There are a number of service movements within the projected revenue outturn, and the most significant of these are summarised below in Table 1.

Table 1: Service Movements

Service/Contract	Reason for Variance	Working Budget £'000	Projected Variance (period 6) £'000	Projected Variance (period 9) £'000
Additional Income – Fees & Charges set by SBC:				
Parking	Additional income from parking fees and season tickets	(1,675)	(257)	(257)
	Offset by net overpayments (reduced income)	(60)	-	41
	Parking Permits	(97)	(20)	(20)
Recycling & Waste Management & Street Cleansing	Additional income from garden waste collections (brown bins)	(368)	(20)	(33)
	Bulky Waste Collection	(57)	-	(20)
Cemeteries	Additional income	(115)	-	(4)
Sea Front	Memorials	(1)	(5)	(5)
Sea Front	Beach huts	(8)	(6)	(14)

Service/Contract	Reason for Variance	Working Budget £'000	Projected Variance (period 6) £'000	Projected Variance (period 9) £'000
Highways	Street Naming & Numbering additional income	(15)	(37)	(27)
Legal	Additional income from S106 fees	(29)	(28)	(65)
Other		(67)	(3)	(11)
Other Income:				
Corporate Items	Additional external investment interest income	(93)	(134)	(104)
Parking	PCN's	(251)	(20)	(20)
Planning	Fees – Additional planning income	(672)	(105)	(254)
Community Safety	Community Budgets – Complex Needs – Grant	-	-	(36)
Environment	Fixed Penalty Notices – net	(3)	-	(20)
Policy	Sustainable Sheppey – additional grant	-	-	(16)
Recycling & Waste Management & Street Cleansing	Special collections and sale of litter bins	(25)	(10)	(15)
Loss Income - Fees & Charges set by SBC:				
Planning	Pre-application advice	(60)	25	30
Land Charges	Loss of income	(221)	-	30
Recycling & Waste Management & Street Cleansing	Sale of residential wheeled bins	(21)	-	5
Planning	S106 Monitoring Fees	(65)	25	30
Total Net Income			(595)	(785)
Procurement/Shared Service Savings:				
Refuse Collection/Street Cleansing	Street Cleansing Contract	884	(53)	(46)
	Refuse & Recycling Contract	2,401	(50)	(58)
Leisure & Sport	Net contract savings	226	(9)	(9)
Parking	Debt recovery service	-	-	-
Planning/land charges MKS	Reduced MKS costs	251	(22)	(30)

Service/Contract	Reason for Variance	Working Budget £'000	Projected Variance (period 6) £'000	Projected Variance (period 9) £'000
Legal	Additional costs to SBC – MKLS	(1,040)	28	65
HR Shared Service	Secondment income	254	-	(20)
Audit Shared Service	Additional shared service costs	157	1	1
Benefits	Fraud Prevention savings	93	(50)	(50)
Public Conveniences	Net contract savings	250	(7)	(4)
Other		-	-	(8)
Total Procurement/Shared Service Savings			(162)	(159)
Additional Costs:				
Homelessness	Net Bed and Breakfast budget	111	176	173
Parking	Grounds maintenance	12	30	38
	Road Lining	2	-	15
	Park & Ride	-	-	15
Property	Rates	-	-	26
Commissioning & Contracts	Purchase of wheeled bins	62	40	40
	Clean Kent overspend Highways	5	10	10
Corporate	Sittingbourne Master Plan – Legal Costs	-	10	30
HR	Lump Sum Regular User	-	-	12
Planning	Court Costs	-	82	82
	Consultants Costs re defending appeals	-	-	35
Legal	External Legal Fees	35	36	66
Total Additional Costs			384	542
Underspends:				
Salaries	Net Employee Costs (variance represents 1.1% of budget)	12,830	(144)	(108)
Markets	Savings on rates	25	-	(17)
Learning & Skills	Adjustment to business support contract and KCC grant roll forward	79	-	(37)

Service/Contract	Reason for Variance	Working Budget £'000	Projected Variance (period 6) £'000	Projected Variance (period 9) £'000
Parking	Resurfacing	10	-	(10)
Highways	General Improvement Areas	(16)	-	(14)
Council Tax Collection	Court Costs	24	(9)	(9)
Homelessness	Homelessness Prevention Service	74	(30)	(40)
Homelessness	Homeless Hostel	-	(35)	(35)
Corporate Items	Bad Debts Provision	-	(30)	(30)
Total Underspends			(248)	(300)
Other Net Overspends/Underspends			3	(15)
Total Variance			(618)	(717)
Movement				(99)

3.3 Table 2 below shows the outturn position by service. The line-by-line variations are explained in Table 3.

Table 2: Underspend by Service

	Service Manager	Working Budget £	Projected Outturn 2016/17 £	Projected Variance £
Chief Executive	M. Radford	265,810	243,100	(22,710)
Policy	D. Clifford	213,860	189,610	(24,250)
Economy & Communities	C. Hudson	2,104,880	1,939,640	(165,240)
Communications	S. Toal	274,170	261,170	(13,000)
Resident Services	A. Christou	1,643,600	1,591,150	(52,450)
Planning	J. Freeman	1,056,940	1,115,980	59,040
Commissioning & Customer Contact	D. Thomas	5,725,260	5,285,510	(439,750)
Director of Corporate Services & Director of Regeneration	E. Wiggins	400,240	405,570	5,330
Information Technology	C. Woodward	1,090,540	1,082,940	(7,600)
Audit	R. Clarke	156,990	157,840	850
Environmental Health	T. Beattie	515,790	513,770	(2,020)
Finance	N. Vickers	1,405,140	1,400,580	(4,560)
Human Resources	D. Smart	371,150	363,080	(8,070)
Legal	E. Culligan	395,640	462,030	66,390
Democratic Services	K. Bescoby	931,640	923,880	(7,760)
Property	A. Adams	801,000	788,920	(12,080)
Variances to be met from underspend		0	30,000	30,000
Corporate Items		1,188,350	1,069,640	(118,710)
SERVICE EXPENDITURE		18,541,000	17,824,410	(716,590)
Rollover Specific Grants (Appendix A)		0	67,620	67,620
NET REVENUE SERVICE EXPENDITURE		18,541,000	17,892,030	(648,970)
Financed by:				
Revenue Support Grant		(2,086,000)	(2,086,000)	0
Business Rates		(5,682,000)	(5,682,000)	0
New Homes Bonus		(3,482,000)	(3,482,000)	0
Collection Fund Surplus		(261,000)	(261,000)	0
Council Tax Requirement		(7,030,000)	(7,030,000)	0
CONTRIBUTION TO GENERAL FUND - PERIOD 9		0	(648,970)	(648,970)
CONTRIBUTION TO GENERAL FUND - PERIOD 6		0	(617,700)	(617,700)

Table 3: Main Variations by Service

Projected Net (Under)/Overspend / Income Shortfall as at end of December 2016		
Service – Cabinet Member (Head of Service)	£'000	Explanation
CHIEF EXECUTIVE – Cllr A. Bowles (Mark Radford)		
Chief Executive & Corporate Costs	(23)	£3k underspend on corporate costs. £20k salary savings.
Policy	(24)	£8k net staff costs savings. £16k Sustainable Sheppey additional grant received.
TOTAL	(47)	
ECONOMY AND COMMUNITIES – Cllrs A. Horton, D. Simmons, M. Cosgrove, A. Bowles, D. Dewar-Whalley and K. Pugh (Charlotte Hudson)		
Environmental	(20)	The new Environmental Initiatives were expected to be cost neutral as they are funded directly from ring-fenced Fixed Penalty Notice payments however may return excess income of £20k. (Will request to roll into 2017/18.)
Closed Circuit Television	5	£3k Loss of income on third party CCTV contracts. £2k loss of partner contribution. (Note: use of Reserves will fund £15k other expenditure in year.)
Community Halls and Centres	(3)	£10k saving on Alexander Centre, additional funding not required. £4k overspend - funding required for additional spend on The Meads Community Centre. £3k overspend on utilities and rates re continued use of Quinton Hall.
Local Engagement Forum Grants	–	Note: use of Reserves will fund £1k expenditure in year.
Community Safety	(56)	£15k Net salary costs savings (officer acting up) (will request to roll £4k into 2017/18 for Community Cohesion projects.) £36k Complex Needs ring-fenced grant underspend. (Will request to roll into 2017/18 – to support local delivery of the Troubled Families grant through the Behaviour Support Contract and work to reduce those Not in Education, Employment or Training (NEET). £5k Community Safety Partnership ring-fenced grant underspend. (Will request to roll into 2017/18.)

Projected Net (Under)/Overspend / Income Shortfall as at end of December 2016		
Service – Cabinet Member (Head of Service)	£'000	Explanation
Community Services	–	Note: use of Reserves will fund £3k expenditure in year.
Economy & Community Services	(10)	Salary costs savings (officer acting up).
Youth	(4)	Expenditure not incurred on projects. (Will request to roll into 2017/18.)
Learning, Business & Skills	(36)	<p>£20k savings from reduced take-up of business support service, change in future provision of business support service and more cautious approach to marketing apprenticeships. The promotion of apprenticeships has, this year, been primarily through direct discussion and engagement with employers and schools, with more limited media marketing. This is a consequence of uncertainty about the national approach to apprenticeship funding, which changes in April 2017, which will have significant impacts for employers. The most recent guidance was released on the 23 January. These details will inform how the marketing of apprenticeships to employers in particular should be framed to encourage take-up.</p> <p>£7k KCC ring-fenced grant underspend. (Will request to roll into 2017/18.)</p> <p>£3k 'Pop Up Shop' ring-fenced grant underspend. (Will request to roll into 2017/18.)</p> <p>£6k additional income as contribution for apprentices.</p>
Regeneration	(8)	<p>£4k underspend Coastal Communities Fund ring-fenced grant.</p> <p>£4k underspend High Street Innovation Fund ring-fenced grant. (Will request to roll both into 2017/18.)</p>
Arts Events & Activities	(9)	<p>£5k underspend on WWI remembrance and commemoration.</p> <p>£4k underspend on WWI projects (anticipate more activity in 2017 and 2018). (Will request to roll into 2017/18.)</p>
Markets	(17)	<p>Savings on rates (currently being reviewed by Ratings Officer).</p> <p>Anticipated additional specialist markets on Saturday may generate additional income.</p>

Projected Net (Under)/Overspend / Income Shortfall as at end of December 2016		
Service – Cabinet Member (Head of Service)	£'000	Explanation
Sports Development	(7)	Underspend. (Will request to roll into 2017/18 for Satellite Club funding.)
TOTAL	(165)	(£59,050 will be requested to roll over into 2017/18 of unspent ring-fenced grants – refer to Appendix II).
COMMUNICATIONS, PRINTING, ADVERTISING & PROMOTION – Cllr A. Bowles (Sara Toal)		
Communications	(13)	Savings arising primarily from long-term sick leave and staff vacancy.
TOTAL	(13)	
RESIDENT SERVICES – Cllr K. Pugh and Cllr D. Dewar-Whalley (Amber Christou)		
Housing Development and Strategy	4	£4k net staff costs underspend.
Private Sector Housing	(6)	£3k fines additional income. £1k mileage underspend. £2k net other savings and income.
Housing Options	119	£173k costs over budget on the Bed & Breakfast budget due to increased demand. £40k reduced expenditure on Homelessness Prevention services due to lack of available rented housing. £35k underspend for homeless hostel budget. £2k reduced income government homelessness grant. £5k net overspend miscellaneous costs and income. (Note: use of Reserves will fund £22k other expenditure in year.)

Projected Net (Under)/Overspend / Income Shortfall as at end of December 2016		
Service – Cabinet Member (Head of Service)	£'000	Explanation
Housing Benefit and Council Tax Collection	(143)	<p>£90k projected staff costs net saving/additional income (including £32k re maternity leave, £33k officer acting up and £20k vacant hours). (At the end of year it will be requested that of these savings £88k are rolled into the Council Tax / Housing Benefits Reserve.)</p> <p>£50k projected underspend on the Fraud Partnership shared service.</p> <p>£28k additional fees & services costs.</p> <p>£15k additional income DWP Universal Credit. (At the end of year it will be requested that this is rolled into the Council Tax / Housing Benefits Reserve 0475/.)</p> <p>£9k court costs savings.</p> <p>£6k net underspend re travel costs.</p> <p>£2k overspend for grants.</p> <p>£3k net other additional savings.</p> <p>(Note: use of Reserves will fund £6k other expenditure in year.)</p>
Council Tax Benefit	(12)	£12k recovery of Council Tax Benefit overpaid.
Stay Put Scheme	(14)	<p>Net savings and additional income including £20k Disabled Facilities Grant fee income.</p> <p>(Note: use of Reserves will fund £5k other expenditure in year.)</p>
TOTAL	(52)	
PLANNING – Cllr G. Lewin (James Freeman)		
Building Control	(3)	Saving on Building Control shared service.
Development Control	(61)	<p>£257k additional planning fee income</p> <p>£77k additional expenditure on court costs as a result of planning appeals</p> <p>£50k additional expenditure on consultancy, advice and assessment costs related to appeals</p> <p>£6k overspend for enforcement salaries</p> <p>£3k additional miscellaneous expenditure</p> <p>£30k loss of income – pre-application planning advice</p> <p>£30k loss of income – S106 developers fees</p>

Projected Net (Under)/Overspend / Income Shortfall as at end of December 2016		
Service – Cabinet Member (Head of Service)	£'000	Explanation
Development Services	110	£20k additional spend on Development salaries. £90k additional spend on agency and contract staff as a result of high level of planning applications etc.
Local Land Charges	30	£30k loss of local land charges income due to changes in Government regulations.
Local Planning & Conservation	7	£7k additional consultancy costs to handle increased workload.
Mid Kent Planning Service (MKPS)	(24)	£24k underspend on MKPS.
TOTAL	59	
COMMISSIONING & CUSTOMER CONTACT – Cllr D. Simmons and Cllr A. Horton (Dave Thomas)		
Commissioning & Customer Contact, Client & Amenity Services and Customer Service Centre	(59)	£53k net staff costs savings (including £28k officer acting up elsewhere and £18k staff absence/vacant post). £3k mileage costs savings. £3k net savings miscellaneous other costs.
Cemeteries and Closed Churchyards	(4)	£4k additional net internment income. (Note: use of Reserves will fund £18k other expenditure in year.)
Parking Management	(196)	£250k additional net pay & display fees, offset by £38k additional grounds maintenance costs being carried out to maintain public safety. £20k additional income Penalty Charge Notices. £20k additional income parking permits. £15k associated costs re 'park & ride' schemes. £10k season tickets additional income. £40k reduced income from parking overpayments due to changes in parking fees. £11k additional miscellaneous overspends

Projected Net (Under)/Overspend / Income Shortfall as at end of December 2016		
Service – Cabinet Member (Head of Service)	£'000	Explanation
Seafront and Harbour & Quays	(13)	£14k additional beach huts income. £4k additional memorials (benches etc.) income. £3k reduced casual mooring fees income. £5k additional income property rent. £3k overspend non-contract grounds maintenance. £4k net overspend other miscellaneous costs.
Leisure, Sports, Open Spaces, Parks, Countryside and Allotments	(9)	£11k recharged energy costs additional income re Central House. £2k Serco credit sale agreement saving (repayments lower than budgeted). £2k net reduced income for fees, charges and rent. £2k net other miscellaneous costs. (Note: use of rollover from 15/16 will fund additional expenditure on Consultancy advice, non-contract Grounds Maintenance, play equipment maintenance and equipment purchase.)
Cleansing	(2)	Net staff costs savings.
Recycling & Waste Minimisation	(34)	Net Garden Waste bins and recycled scrap metal additional income.
Refuse Collection / Street Cleansing/ Public Conveniences	(83)	£107k net estimated contract costs and contract variation savings due to lower indexation increases than forecast. £40k extra expenditure on provision of wheeled bins. £5k wheeled bins lower sales income. £24k net special collections, litter bins and bulky waste additional income. £10k spend on Kent Resource Partnership project budget contribution. £4k Public Conveniences rates savings. £3k miscellaneous other net savings.
Highways SBC	(41)	£27k street naming and numbering additional income. £14k underspend, including £9k ring-fenced grant, re Leysdown Rose Tinted scheme, spending not achievable. (Will request to roll into 2017/18.)

Projected Net (Under)/Overspend / Income Shortfall as at end of December 2016		
Service – Cabinet Member (Head of Service)	£'000	Explanation
Grounds Maintenance	1	Reduced recovery of costs.
TOTAL	(440)	(£8,570 will be requested to roll over into 2017/18 of unspent ring-fenced grants – refer to Appendix II).
DIRECTOR OF CORPORATE SERVICES – Cllr D. Dewar-Whalley (Mark Radford)		
Corporate Costs	0	Nil variance.
Licensing	0	Nil variance.
TOTAL	0	
EMERGENCY PLANNING – Cllr A. Bowles (Della Fackrell)		
Emergency Planning	3	Minor variance.
TOTAL	3	
DIRECTOR OF REGENERATION – Cllr M. Cosgrove (Emma Wiggins)		
Strategic Director	2	Minor variance.
TOTAL	2	
IT SERVICES – Cllr D. Dewar-Whalley (Chris Woodward)		
IT MKS	(12)	Variance on the GIS service
IT Client side	4	Minor overspend
TOTAL	(8)	
ENVIRONMENTAL HEALTH – Cllr. D. Simmons (Tracey Beattie)		
Environmental Health MKS	(2)	£3k Additional income expected from food safety training and increase in tattooing registrations. £7k Additional cost due to increased cost from Port of London for sampling and monitoring and additional mileage expenses. £6k other net savings.
TOTAL	(2)	
INTERNAL AUDIT – Cllr D. Dewar-Whalley (Rich Clarke)		
Audit Services	1	Small increase in the recharge for the MKS Audit service due to new pay scales at Maidstone Borough Council.
TOTAL	1	
FINANCE – Cllr D. Dewar-Whalley (Nick Vickers)		
Financial Services	(4)	Minor variances.
TOTAL	(4)	

Projected Net (Under)/Overspend / Income Shortfall as at end of December 2016		
Service – Cabinet Member (Head of Service)	£'000	Explanation
HUMAN RESOURCES – Cllr D. Dewar-Whalley (Dena Smart)		
Human Resources	(8)	£11k under achievement of 16/17 savings resulting from the policy shift on Essential Car User allowance. £19k reimbursement of secondment has resulted in lower shared service costs.
Organisational Development	-	Nil variance.
TOTAL	(8)	
LEGAL – Cllr D. Dewar-Whalley (Estelle Culligan)		
Legal MKLS	65	As a result of increased usage of MKLS services by Swale BC.
External legal fees	66	There are complex planning inquiry/appeal costs relating to Seager Road, Pond Farm and New Rides Farm. Higher numbers of non-payment of littering fixed penalty notices going to court results in higher levels of barrister costs. It is expected that the majority of such costs will be recovered after due process.
S106 Income	(65)	Additional income from S106 income and other fees.
TOTAL	66	
DEMOCRATIC SERVICES – Cllr A. Bowles (Katherine Bescoby)		
Democratic Process	(7)	Saving re staff costs and members training.
Other Democratic Costs	(1)	£5k saving re registration canvassing fees £3k savings re Poll Clerks/Counter Clerks/Presiding Officer fees £2k savings on postage £8k additional electoral registration costs £4k overspend on agency costs £3k saving on other miscellaneous costs
TOTAL	(8)	
PROPERTY SERVICES – Cllr D. Dewar-Whalley (Anne Adams)		
Property Services	(5)	Miscellaneous underspends
Administrative Buildings	(10)	£2k additional expenditure for pool car £12k underspend on miscellaneous

Projected Net (Under)/Overspend / Income Shortfall as at end of December 2016		
Service – Cabinet Member (Head of Service)	£'000	Explanation
Property Management	13	£18k additional rental income £26k net overspend on rates mainly due to empty rates charges for delayed demolition of depot £5k overspend on miscellaneous
Health & Safety	(10)	£8k underspend on fees & services £2k underspend on miscellaneous
TOTAL	(12)	
VARIANCES TO BE MET FROM UNDERSPEND		
Sittingbourne Town Centre Development	30	Additional Legal Fees re Sittingbourne Town Centre Project. As in previous years, it is requested that this be funded from the anticipated final total underspend.
TOTAL	30	
NON-SERVICE BUDGETS		
Corporate Items	(119)	£104k external interest additional income. £7k additional costs re: Lower Medway Internal Drainage Board. £20k corporate provision for bad debts – net underspend due to additional income from the recovery of overpaid Housing Benefit, partially offset by an increase in the provision for bad debt. £2k net additional savings.
	(717)	TOTAL BEFORE ROLLOVER REQUESTS
	68	Ring-Fenced Grant Rollover Requests (to be approved by Cabinet as part of the 2016/17 Statement of Accounts) – refer to Appendix I.
	(649)	NET EXPENDITURE (Projected Variance) AFTER PROPOSED ROLLOVER OF GRANTS

Business Rates

3.4 The headline figures for total Business Rates income are:

- 2015/16 NNDR3 (outturn) £45,081,000
- 2016/17 Budget £46,422,000
- 2016/17 NNDR1 (January 2016 forecast) £47,542,000
- 2016/17 Forecast £49,222,000
- 2017/18 NNDR1 (January 2017 forecast) £48,064,000 (Rateable values have increased whilst the multiplier applied to these rates has reduced,

but this has resulted in a lower tariff that the Council has to pay the Government which compensates for the lower income shown here).

- 3.5 All business rates are paid into the Collection Fund and the Council retains about 10% of total business rates and 40% of any growth over the 1 April 2013 base position. The Council has agreed that any surplus goes into the Business Rates Volatility Reserve. The reserve currently stands at £2.6m and any surplus business rates for 2016/17 will be put to this reserve in order to be able to address any future volatility of income. In 2015/16 there was an increase in the provision for business rate appeals which resulted in a deficit on the Collection Fund of which the Council's share is £1.3m. This is being paid in 2016/17 from the Business Rates Volatility Reserve and therefore does not impact on this budget.
- 3.6 The Council has set aside £8.1m for business rate appeals. This indicates how business rate income can vary greatly as a result of a decision made on business rate appeals.
- 3.7 There will be a revaluation of business rates as at 1 April 2017.
- 3.8 Swale is a member of a business rate pool for 2016/17 consisting of KCC and ten district / borough councils (Sevenoaks and Dover have decided not to join).

Improvement and Regeneration Funds

- 3.9 Table 5 below details the outturn position on a number of reserve funds.

Table 5: Improvement and Regeneration Funds (actual spend)

Funds:	Balance as at 1 April 2016 £	Transfers from reserve (Expenditure) in year £	Transfers to reserve (Income) in year £	Balance as at 31 March 2017 £	Balance unallocated as at 31 March 2017 £
Performance	536,417	(210,734)	300,000	625,683	460,530
Pension & Redundancy	212,142	0	33,000	245,142	245,142
Regeneration	362,649	(118,431)	522,000	766,218	355,302
Communities	71,913	(2,275)	50,000	119,638	85,820
Local Loan Fund	250,000	(50,000)	0	200,000	200,000
TOTAL	1,433,121	(381,440)	905,000	1,956,681	1,346,794

- 3.10 Appendix II details the allocations from the above funds during 2016/17.

Capital Expenditure

- 1.11 This section of the report details actual capital expenditure and highlights any variations between the revised 2016/17 capital budget and the projected outturn.
- 1.12 Requests are made to fund the following capital projects:

- Minster Churchyard Wall - £100,000 – maintenance of the wall is a Council responsibility. We are pursuing with our insurers, Zurich Municipal, whether there is a valid insurance claim. To ensure that the work can proceed in the event of the claim not being successful up to £100,000 of capital receipts should be earmarked for the project.
- Kemsley Community Facilities - £7,000 – funded from S106 receipts;
- Borden Playstool Playground Equipment - £13,100 – funded from S106 receipts.
- Bridge deck replacement at Barton’s Point Coastal Park – additional sum of £6,700 required on top of original £14,000 allocation due to emergency structural issue being identified as part of replacement works - to be funded from the General Reserve.

1.13 Actual expenditure to end of December 2016 is £1,581,608. This represents 33.8% of the revised budget. Further details are set out in Appendix III.

1.14 The 2016/17 capital programme expenditure of £1,581,608 is funded as set out in Table 6.

Table 6: Capital Programme Funding

	2016/17 Revised Budget £	2016/17 Actual to end of December 2016 £
Partnership funding (including S106 Grants)	3,467,685	1,269,973
Earmarked Reserves	505,125	125,499
Long Term Debtors / Third Party Loans	0	36,136
Capital Receipts	705,730	150,000
Total Funded	4,678,540	1,581,608

1.15 Projected capital variance is £501,985. Details of the significant variations are set out in table 7 below.

Table 7: Capital programme – Main Projected Variances

Variance	Specific Issues
Managed Underspends	<p>Disabled Facilities Grants £100k: Budget expected to be fully committed but once approved applicants have 12 months to complete work.</p> <p>Replacement of Air Quality Stations £20k – budget unlikely to be fully spent in 2016/17 due to rationalising the continuous monitoring equipment and £20k will be rolled over to 2017/18.</p>
Deferred Projects	<p>The Mill Project, Sittingbourne Skate Park £200k – Cabinet in February approved the appointment of a contractor for the project. The Council is not anticipating spending any of the capital funds in this financial year.</p> <p>Faversham Creek Bridge Project £200k - the conditions set by Cabinet in order to release these funds have currently not been met. The budget will therefore not be spent in this financial year.</p>

Payment of Creditors

1.16 The payment of creditors to end of December 2016 is 99% paid in 30 days against the target of 97%.

Debtors

1.17 Tables 8, 9 and 10 below analyse the sundry debt outstanding.

1.18 Of the £3m debt raised in 2016/17 to date, 83.1% has been collected.

Table 8: Debt outstanding by due date (not including Rent Deposit Scheme)

	December 2016 (Period 9) £'000	December 2015 (Period 9) £'000	September 2016 (Period 6) £'000
Not Due	273	447	141
1-2 Months	150	165	63
2-6 Months	42	38	45
6-12 Months	28	32	16
1-2 Years	19	9	17
2-3 Years	5	4	6
3-4 Years	3	8	4
4-5 Years	8	18	8
5-6 Tears	8	17	14
6+ Years	30	16	24
Total	566	754	338
Total Due	293	307	197
% Total Due	52%	41%	58%

Table 9: Debt outstanding by due date (including Rent Deposit Scheme)

	December 2016 (Period 9) £'000	December 2015 (Period 9) £'000	September 2016 (Period 6) £'000
Not Due	274	448	141
1 – 2 Months	150	165	69
2 – 6 Months	50	50	51
6 – 12 Months	38	43	22
1 – 2 Years	40	29	39
2 – 3 Years	23	27	27
3 – 4 Years	24	13	23
4 – 5 Years	8	31	12
5 – 6 Years	15	169	30
6 + Years	63	16	84
Total	685	991	498
Total Due	411	543	357
% Total Due	60%	55%	72%

Table 10: Debt outstanding (including Rent Deposit Scheme) by Head of Service

	December 2016 (Period 9) £'000	December 2015 (Period 9) £'000	September 2016 (Period 6) £'000
Rent Deposit Scheme	119	237	160
Commissioning & Customer Contact	22	43	48
Property	186	168	191
Residents Services	62	59	46
Legal MKLS	3	333	1
Economy & Communities	15	12	12
Planning	7	1	14
Communications	1	3	0
Environmental Health	1	1	1
Policy	0	2	11
Finance	105	0	0
Other	164	132	14
Total	685	991	498

1.19 The debt over six years old relates to charges on property, i.e. where the debt cannot be collected until the property concerned is sold.

2 Alternative Options

2.1 None identified – this report is largely for information.

3 Consultation Undertaken or Proposed

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

4 Implications

Issue	Implications
Corporate Plan	Good financial management is key to achieving our Corporate Plan priority of being “A council to be proud of”
Financial, Resource and Property	As detailed in the report
Legal and Statutory	None identified at this stage
Crime and Disorder	None identified at this stage
Sustainability	None identified at this stage
Health & Wellbeing	None identified at this stage
Risk Management and Health and Safety	None identified at this stage
Equality and Diversity	None identified at this stage

5 Appendices

- 5.1 The following documents are published with this report and form part of the report:
- Appendix I: Revenue Rollovers – Specific Grants;
 - Appendix II: Improvement & Regeneration Fund allocations as at the end of December 2016;
 - Appendix III: Capital Programme – Projected outturn as at end of December 2016.

6 Background Papers

- 6.1 The Budget 2016/17 and Medium Term Financial Strategy 2016/17 to 2018/19

[Link to Budget Report](#)

Revenue Rollovers – Specific Grants

The following grants were received during 2016/17 or before and are ring-fenced but are likely to remain unspent as at the end of 2016/17. A request for a rollover will be submitted at year-end.

Head of Service	Description	Projected Rollover Request £
Charlotte Hudson	Pop-Up Shop – Amicus Grant	3,000
Charlotte Hudson	High Street Innovation – Grant	4,000
Charlotte Hudson	Business & Skills – KCC Grant	7,400
Charlotte Hudson	Coastal Communities Fund Grant	3,830
Charlotte Hudson	Community Safety Partnership Grant	4,500
Charlotte Hudson	Troubled Families – Grant	36,320
Total Economy & Communities		59,050
Dave Thomas	Leysdown Rose Tinted Scheme – signage and lighting ongoing maintenance – originally Arts Council grant received in 2013/14	8,570
Total Commissioning & Customer Contact		8,570
TOTAL		67,620

Improvement & Regeneration Fund allocations as at the end of December 2016 (committed)

	Amount £
Performance Fund	
Community Safety Operational Pot	5,000
Transformation Project	120,000
Data Quality Project	25,000
Transitional Review into Future Delivery of Disabled Facility Grants	4,000
Consultancy support for renegotiation of Grounds Maintenance contract	20,000
Smarter Digital Services	20,000
Additional hours to support Cabinet and Deputy Cabinet Members	1,600
Website Development	5,000
Digital Service Development - GovDelivery implementation	3,320
Website re-design	49,000
Pilot project for website self service	10,260
Local Area Perception Survey	12,000
Leisure Centre Conditions Surveys, Swallows Leisure Centre & Faversham Pools	9,192
CCTV Recording System Upgrade	24,895
Additional Hours to Support Cabinet and Deputy Cabinet Members	3,326
Joint Kent Chiefs Digital Project	10,000
Total Approved as at December 2016	322,593
Regeneration Fund	
Sheerness Strategic Regeneration Framework	15,000
Faversham Place review and workshop	5,000
Compulsory purchase order, legal Advice	10,000
Conservation and design support service	85,000
Queenborough Harbour Trust Stage II	15,000
Sheerness Dockyard Preservation Trust	70,000
Economic Development Support Officer	42,157
Regeneration officer (Town Centres)	50,492
Total Approved as at December 2016	292,649
Communities Fund	
Communities fund for the 2017 Swale Awards	4,400
The Salt Giveaway 2016/17	1,350
Murston Old Church Heritage Lottery Fund	3,000
Total Approved as at December 2016	8,750

Capital Programme 2016/17

	Funding SBC / Partnership SBC/ P	2016/17 Original Budget £	Other Adjustments £	2016/17 Working Budget £	2016/17 Actual to End of December 2016 £	2016/17 Projected Variance £
SUMMARY						
<u>PARTNERSHIP FUNDING SCHEMES</u>						
Economy & Communities	P	964,000	6,795	970,795	162,125	4,866
Commissioning & Customer Contact	P	0	645,820	645,820	13,149	13,149
Resident Services	P	1,140,000	711,070	1,851,070	1,094,699	(100,000)
TOTAL PARTNERSHIP FUNDING SCHEMES	P	2,104,000	1,363,685	3,467,685	1,269,973	(81,985)
<u>SWALE BOROUGH COUNCIL FUNDING SCHEMES</u>						
Commissioning & Customer Contact	SBC	15,000	377,230	392,230	114,339	0
Corporate Services	SBC	0	17,000	17,000	8,500	0
Environmental Health	SBC	55,000	0	55,000	0	(20,000)
Economy & Communities	SBC	415,000	11,065	426,065	2,660	(400,000)
Resident Services	SBC	0	92,060	92,060	36,136	0
Finance	SBC	0	2,500	2,500	0	0
Property Services	SBC	150,000	76,000	226,000	150,000	0
TOTAL SBC FUNDING SCHEMES	SBC	635,000	575,855	1,210,855	311,635	(420,000)
TOTAL CAPITAL PROGRAMME		2,739,000	1,939,540	4,678,540	1,581,608	(501,985)

Capital Programme 2016/17

	Funding SBC / Partnership SBC/ P	2016/17 Original Budget £	Other Adjustments £	2016/17 Working Budget £	2016/17 Actual to End of December 2016 £	2016/17 Projected Variance £
<u>ECONOMY & COMMUNITIES - E.WIGGINS</u>						
CCTV - Repairs & Renewals Reserve	SBC	15,000	0	15,000	0	0
<i>Easthall Farm Community Centre - S106</i>	<i>P</i>	<i>964,000</i>	<i>0</i>	<i>964,000</i>	<i>150,464</i>	<i>0</i>
The Mill Project, Sittingbourne Skate Park - Capital Receipts	SBC	200,000	0	200,000	0	(200,000)
Faversham Creek Basin Regeneration Project (swing bridge) - Capital Receipts	SBC	200,000	0	200,000	0	(200,000)
<i>Kemsley Community Facilities (S106)</i>	<i>P</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>4,866</i>	<i>4,866</i>
<i>The Meads Community Centre- S106</i>	<i>P</i>	<i>0</i>	<i>6,795</i>	<i>6,795</i>	<i>6,795</i>	<i>0</i>
The Meads Community Centre- Regeneration Fund	SBC	0	11,065	11,065	2,660	0
TOTAL ECONOMY & COMMUNITIES		1,379,000	17,860	1,396,860	164,785	(395,134)
<u>COMMISSIONING & CUSTOMER CONTACT - D.THOMAS</u>						
Cemeteries - future burial provision in the borough - Capital Receipts	SBC	0	22,040	22,040	0	0
<i>Thistle Hill Community Woodland - Trim Trail - S106</i>	<i>P</i>	<i>0</i>	<i>35,000</i>	<i>35,000</i>	<i>0</i>	<i>0</i>
<i>New Play Area - Iwade Schemes - S106</i>	<i>P</i>	<i>0</i>	<i>92,200</i>	<i>92,200</i>	<i>0</i>	<i>0</i>
Milton Creek Footpath & Viewing platform - Capital Receipts	SBC	0	16,190	16,190	0	0
<i>Borden Playstool Playground Equipment (S106)</i>	<i>P</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>13,149</i>	<i>13,149</i>
<i>Oare Gunpowder Works - S106</i>	<i>P</i>	<i>0</i>	<i>9,000</i>	<i>9,000</i>	<i>0</i>	<i>0</i>
Newington Car Park Wall	SBC	0	125,000	125,000	114,339	0
Car Park Machines - Reserves	SBC	15,000	30,000	45,000	0	0
Car Park Information Boards	SBC	0	40,000	40,000	0	0
<i>Resurfacing Promenade, The Leas</i>	<i>P</i>	<i>0</i>	<i>306,000</i>	<i>306,000</i>	<i>0</i>	<i>0</i>
Beach Huts, Leysdown – Capital Receipts	SBC	0	60,000	60,000	0	0
Modular Toilet Kiosks	SBC	0	30,000	30,000	0	0

Capital Programme 2016/17

	Funding SBC / Partnership SBC/ P	2016/17 Original Budget £	Other Adjustments £	2016/17 Working Budget £	2016/17 Actual to End of December 2016 £	2016/17 Projected Variance £
Milton Creek Country Park Access Road	SBC	0	40,000	40,000	0	0
Bridge Deck Replacement at Barton's Point Coastal Park	SBC	0	14,000	14,000	0	0
<i>New Play Area – Thistle Hill – S106</i>	<i>P</i>	<i>0</i>	<i>203,620</i>	<i>203,620</i>	<i>0</i>	<i>0</i>
TOTAL COMMISSIONING & CUSTOMER CONTACT		15,000	1,023,050	1,038,050	127,488	13,149
<u>CORPORATE SERVICES – M. RADFORD</u>						
Uniform Licencing Implementation	SBC	0	17,000	17,000	8,500	0
TOTAL CORPORATE SERVICES		0	17,000	17,000	8,500	0
<u>ENVIRONMENTAL HEALTH - T. BEATTIE</u>						
Replacement of Air Quality Stations - Capital Receipts	SBC	55,000	0	55,000	0	(20,000)
TOTAL ENVIRONMENTAL HEALTH		55,000	0	55,000	0	(20,000)
<u>RESIDENT SERVICES - A. CHRISTOU</u>						
<i>DFG Mandatory Grants (CLG)</i>	<i>P</i>	<i>1,140,000</i>	<i>711,070</i>	<i>1,851,070</i>	<i>1,084,375</i>	<i>(100,000)</i>
DFG Mandatory Grants (CLG)	SBC	0	92,060	92,060	0	0
<i>HRG - Housing Repair Grants Over 60</i>	<i>P</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>10,324</i>	<i>0</i>
RHB2 - Decent Home Loans Owner Occupier	SBC	0	0	0	36,136	0
TOTAL RESIDENT SERVICES		1,140,000	803,130	1,943,130	1,130,835	(100,000)
<u>FINANCE - N. VICKERS</u>						
Cash Receipting System - Replacement - Capital Receipts	SBC	0	2,500	2,500	0	0
TOTAL FINANCE AND PERFORMANCE PORTFOLIO		0	2,500	2,500	0	0

Capital Programme 2016/17

	Funding SBC / Partnership SBC/ P	2016/17 Original Budget £	Other Adjustments £	2016/17 Working Budget £	2016/17 Actual to End of December 2016 £	2016/17 Projected Variance £
PROPERTY SERVICES – A. ADAMS						
Faversham Pools Refurbishment - Capital Receipts	SBC	150,000	0	150,000	150,000	0
Strengthening of Exercise Studio Floor, Sheppey Leisure Centre	SBC	0	35,000	35,000	0	0
Bell Road Cemetery Bell Tower Rebuild	SBC	0	41,000	41,000	0	0
TOTAL PROPERTY SERVICES		150,000	76,000	226,000	150,000	0