

<b>Cabinet</b>		<b>Agenda Item: 7</b>
<b>Meeting Date</b>	7 March 2018	
<b>Report Title</b>	Financial Management Report – April – December 2017	
<b>Cabinet Member</b>	Cllr Duncan Dewar-Whalley, Cabinet Member for Finance & Performance	
<b>SMT Lead</b>	Nick Vickers, Chief Financial Officer	
<b>Head of Service</b>	Nick Vickers, Chief Financial Officer	
<b>Lead Officer</b>	Phil Wilson, Financial Services Manager	
<b>Key Decision</b>	Yes	
<b>Classification</b>	Open	
<b>Forward Plan</b>	Reference number:	
<b>Recommendations</b>	<ol style="list-style-type: none"> <li>1. To note the projected revenue underspend on services of £781,000 (including £1,197,000 additional income (Table 1 refers)).</li>   <li>2. To note the capital expenditure of £8,619,200 to end of December 2017 (Paragraph 3.15 and Appendix II refers).</li> </ol>	

## 1. Purpose of Report and Executive Summary

- 1.1 This report shows the revenue and capital projected outturn activity for 2017/18 as at the end of December 2017. The report is based on service activity up to the end of December 2017 and is collated from monitoring returns from budget managers.
- 1.2 The headline figures are:
- Total forecast revenue underspend of £781,000;
  - Capital expenditure of £8,619,200.
- 1.3 Once again the Council is offsetting a number of significant cost pressures through higher than budgeted income. This reinforces that the Council has to maintain a vigorous approach to its financial management.

## **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 the total forecast revenue underspend is £781,000. The last reported variance to Cabinet in December 2017 (to end of period 6 – September) was an underspend of £465,000. This represents a movement of £316,000.
- 3.2 Table 1 details the significant service movements by type of variance.
- 3.3 Table 2 shows the outturn position by service.
- 3.4 Table 3 details the outturn position by directorate.
- 3.5 Table 4 details the line-by-line service variations.
- 3.6 The figures in the following tables are as follows - a minus figure “(x)” represents additional income or reduced expenditure and a positive figure “x” represents reduced income or additional expenditure.

**Table 1: Service Movements**

Service/Contract	Reason for Variance	Working Budget	Projected Variance (period 6)	Projected Variance (period 9)
		£'000	£'000	£'000
<b>Additional Income</b>				
Homelessness	Homelessness Prevention Grant underspend	(18)	-	(21)
	New Burdens Grant underspend	-	-	(84)
Parking Management	Additional income from pay & display fees	(1,715)	(253)	(250)
	Additional income from parking permits and PCNs – on street parking	(107)	(40)	(43)
	Additional income from season ticket income	(59)	(15)	(15)
Beach Huts	Additional income	(8)	(14)	(10)
Recycling & Waste Minimisation	Additional income from garden waste collections (brown bins)	(385)	(71)	(73)
Planning	Fees – additional planning income (See note * below)	(729)	(223)	(221)
Environmental Initiatives	Fixed penalty notices (FPNs) (offset by additional costs)	(6)	(46)	(68)
Housing – Stay Put Scheme	Disabled facilities grant fees	(61)	(50)	(40)
Housing Private Sector	Additional fees and charges	-	-	(26)
Property Management	Rental income	(321)	(60)	(61)
Refuse & Street Cleansing	Special collections & refuse sales	(46)	(16)	(30)
	Bulky waste collections	(77)	(12)	(5)
Community Safety	Community budgets – complex needs	-	(15)	0
Leisure, Sports, Open Spaces, Parks, Countryside and Allotments	Central House utility costs recharge	-	(11)	(11)
Democratic Services	Additional grant	-	(10)	(22)
External Legal Fees	Additional S106 fee income	(29)	-	(35)
Corporate Items	Recovery of overpayment of Housing Benefits	-	-	(130)
	External Interest	(111)	(7)	(22)
<b>Loss of Income:</b>				
Land Charges	Loss of income	(220)	36	27

Service/Contract	Reason for Variance	Working Budget	Projected Variance (period 6)	Projected Variance (period 9)
		£'000	£'000	£'000
<b>Other:</b>				
Net Income	Net additional income	-	(48)	(57)
<b>Total Net Income</b>		<b>-</b>	<b>(855)</b>	<b>(1,197)</b>
<b>Procurement/Shared Service Savings/Costs:</b>				
Public Convenience	Public conveniences cleaning contract	259	(45)	(44)
Grounds Maintenance	Contract costs – agreed recalculation of historic fuel and disposal costs. Total revision charge £61k, offset by £48k savings this year.	1,275	(50)	-
Sheerness Gateway	Contract savings	54	(30)	(34)
Leisure Services	Swale Community/SERCO Leisure	687	(30)	(9)
Street Cleansing	Contract savings	902	-	(16)
Planning	Building Control	78	(6)	(6)
Planning	Additional costs shared service	192	18	18
Refuse & Recycling	Contract costs on waste contract	2,448	-	18
Audit Shared Service	Additional costs shared service	157	12	12
Land Charges	Additional costs shared service	44	7	7
Legal Shared Service	Additional costs shared service (offset by additional external income)	-	-	18
IT Shared Service	Additional costs shared service	406	3	3
Environmental Health Shared Service	Additional savings shared service	416	5	(7)
Enforcement Service – Council Tax	Additional profit share shared service	(50)	-	(65)
HR Shared Service	Savings on shared service with Maidstone – refund from 16/17	254	(30)	(30)
<b>Total Procurement/Shared Service Savings/Costs</b>			<b>(146)</b>	<b>(135)</b>
<b>Additional Costs:</b>				
Homelessness	Net Bed and Breakfast	296	161	244
	Homelessness Houses	-	-	17
Planning	Additional legal and planning specialists for planning appeals	-	100	100
	Planning Enforcement Team – additional agency costs (*)	-	14	14
	Planning Development Management – additional staffing costs (*)	696	101	105

Service/Contract	Reason for Variance	Working Budget	Projected Variance (period 6)	Projected Variance (period 9)
		£'000	£'000	£'000
	Planning Development Management – additional agency costs (*)  (*) All offset by additional planning income shown above in 'Other Income'	41	76	76
Legal	External Legal Costs	35	85	82
Refuse Collection	Purchase of wheeled bins	62	70	50
Environmental Initiatives	FPN – additional costs (see offsetting income above)	-	46	67
Property	Swale House – water rates	5	15	16
Corporate	Supply of insurance	357	26	26
Sittingbourne Town Centre Regeneration	Cancellation of invoice raised in 2016/17	-	-	82
Parking	Car Parks – rates/water rates	206	19	11
	Cash security & licences	-	23	39
	Park & ride	-	34	34
<b>Total Additional Costs</b>			<b>770</b>	<b>963</b>
<b>Underspends:</b>				
Salaries	Net employee costs (incl. agency) (excluding (*) shown above in planning and excludes Legal MKLS (included in net MKLS))	12,546	(176)	(285)
Community Halls and Centres	Alexander Centre grant	49	(49)	(49)
HR	Corporate training	101	(20)	0
Markets	Savings on rates	25	(18)	(17)
Arts Events & Activities	Remembrance & Commemoration	29	0	(16)
Corporate Items	Savings on finance lease	69	(13)	(13)
Chief Executive	Savings on corporate projects	14	(12)	(11)
Democratic Services	Members allowances	415	(17)	(27)
<b>Total Underspends</b>			<b>(305)</b>	<b>(418)</b>
<b>Total Variance</b>			<b>(536)</b>	<b>(787)</b>
<b>Other Net Overspends</b>			71	6
<b>Total Variance</b>			<b>(465)</b>	<b>(781)</b>

**Table 2: Projected Variance by Service**

		Working Budget £	Projected Outturn £	Projected Variance £
Chief Executive	M. Radford	354,950	339,950	(15,000)
Policy	D. Clifford	218,310	209,310	(9,000)
Economy & Communities	C. Hudson	2,497,200	2,306,200	(191,000)
Communications	S. Toal	265,350	276,350	11,000
Resident Services	A. Christou	1,071,260	1,089,260	18,000
Planning	J. Freeman	957,680	1,071,680	114,000
Commissioning & Customer Contact	M. Cassell	5,610,040	5,123,040	(487,000)
Director of Corporate Services/ Director of Regeneration/ Emergency Planning	E. Wiggins	428,270	294,270	(134,000)
Information Technology	C. Woodward	1,131,860	1,134,860	3,000
Audit	R. Clarke	159,380	171,380	12,000
Environmental Health	T. Beattie	528,420	521,420	(7,000)
Finance	N. Vickers	785,980	785,980	0
Human Resources	B. Sandher	381,000	351,000	(30,000)
Legal	P. Narebor	403,390	468,390	65,000
Democratic Services	K. Bescoby	970,260	927,260	(43,000)
Property	A. Adams	599,700	554,700	(45,000)
Contribution from General Fund		(116,000)	(116,000)	0
Corporate Items		2,103,950	2,060,950	(43,000)
<b>NET REVENUE SERVICE EXPENDITURE</b>		<b>18,351,000</b>	<b>17,570,000</b>	<b>(781,000)</b>
<b>Financed by:</b>				
Revenue Support Grant		(1,238,000)	(1,238,000)	0
Business Rates		(6,506,000)	(6,506,000)	0
New Homes Bonus		(2,743,000)	(2,743,000)	0
Contribution from Business Rates Reserves		(255,000)	(255,000)	0
Collection Fund Surplus		(140,000)	(140,000)	0
Council Tax Requirement		(7,469,000)	(7,469,000)	0
<b>TOTAL FINANCING</b>		<b>(18,351,000)</b>	<b>(18,351,000)</b>	<b>0</b>
<b>NET EXPENDITURE</b>		<b>0</b>	<b>(781,000)</b>	<b>(781,000)</b>

**Table 3: Projected Variance by Directorate**

		Working Budget £	Projected Outturn £	Projected Variance £
Chief Executive		354,950	339,950	(15,000)
Mid Kent Services		2,604,050	2,647,050	43,000
Commissioning & Customer Contact		5,610,040	5,123,040	(487,000)
Policy & Performance		218,310	209,310	(9,000)
Corporate Services		2,567,490	2,345,490	(222,000)
Regeneration		5,008,210	4,960,210	(48,000)
Corporate Items		1,987,950	1,944,950	(43,000)
<b>NET REVENUE SERVICE EXPENDITURE</b>		<b>18,351,000</b>	<b>17,570,000</b>	<b>(781,000)</b>

**Table 4: Main Variations by Service**

<b>Projected Net (Under)/Overspend / Income Shortfall as at end of December 2017</b>		
<b>Service – Cabinet Member (Head of Service)</b>	<b>£'000</b>	<b>Explanation</b>
<b>CHIEF EXECUTIVE – Cllr A. Bowles (Mark Radford)</b>		
Chief Executive & Corporate Costs	(57)	£46k Underspend – net staff costs. £11k Underspend – special project costs.
Transformation Project	42	£42k Additional costs – net staff costs due to extension of Project Team. This is offset by underspends in Revenues and Customer Service Centre.
<b>TOTAL</b>	<b>(15)</b>	
<b>POLICY – Cllr A. Bowles (David Clifford)</b>		
Policy	(9)	£9k Underspend – net staff costs.
<b>TOTAL</b>	<b>(9)</b>	
<b>ECONOMY AND COMMUNITIES – Cllrs - All (Charlotte Hudson)</b>		
Environmental	(24)	£67k Additional costs - Environmental Initiatives, offset by: £68k Additional income - Fixed Penalty Notice fees received. £15k Underspend dog kennelling service. £6k Additional income Pest Control service. £2k Underspend unauthorised encampment clearance.
CCTV	5	£13k Overspend on monitoring service offset by: £8k Additional grant/contributions income.
Community Halls and Centres	(46)	£49k Underspend – no grant due to Alexander Centre this year. £3k Additional costs.
Community Safety	(37)	£32k Underspend – net staff costs. £5k Underspend – supplies & services.
Economy & Community Services, Cultural & Economic	(16)	£16k Underspend – net staff costs.
Members' Grants	(27)	£27k Underspend Localism grants (will be requesting to roll over £7k).
Economic Development	7	£5k Overspend - Net agency staff costs. £2k Overspend – Consultancy costs.
Learning, Business & Skills	(8)	£1k Overspend – salary costs. £9k Underspend – fees & services.
Tourism	6	£6k Overspend – salary costs.

<b>Projected Net (Under)/Overspend / Income Shortfall as at end of December 2017</b>		
<b>Service – Cabinet Member (Head of Service)</b>	<b>£'000</b>	<b>Explanation</b>
Arts Events & Activities	(16)	£16k Underspend Remembrance and Commemoration budget (will be requesting to roll over £16k).
Markets	(17)	£17k Saving re rates. £13k Increased income re Sittingbourne and Faversham. £13k Reduced income Sheerness.
Sports Development	(18)	£10k Underspend – grants. £8k Saving – salary costs.
<b>TOTAL</b>	<b>(191)</b>	
<b>COMMUNICATIONS, PRINTING, ADVERTISING &amp; PROMOTION – Cllr A. Bowles (Sara Toal)</b>		
Communications	11	£13k Additional net staff costs – £39k staff vacancy savings are offset by £52k agency costs. £2k Additional income – advertisements.
<b>TOTAL</b>	<b>11</b>	
<b>RESIDENT SERVICES – Cllrs K. Pugh and D. Dewar-Whalley (Amber Christou)</b>		
Housing Options	163	£140k Additional net costs Homelessness Temporary Accommodation, net of grants. Being: £244k additional accommodation costs; £21k net savings from underspend of Homelessness Prevention Grant; £84k additional income – saving from underspend of New Burdens Grant; £1k residual Homelessness costs.  £17k Additional costs re Homelessness Houses (currently no budgets for utility costs, mileage and maintenance). £6k Overspend other Housing Options net costs (currently no budget for 'stand by' costs £4k and other net costs £2k).
Housing Development and Strategy	(9)	£6k Underspend net staff costs. £3k Additional income from KCC re the “Better Homes Active Lives” scheme.
Private Sector Housing	(13)	£6k Overspend net staff costs. £19k Additional income, recovery of costs.
Stay Put Scheme	(40)	£40k Additional income - Disabled Facility Grant fees. £4k Additional costs – net staff and agency staff. £2k savings – net miscellaneous costs and fees. £2k Additional income – donations received.



<b>Projected Net (Under)/Overspend / Income Shortfall as at end of December 2017</b>		
<b>Service – Cabinet Member (Head of Service)</b>	<b>£'000</b>	<b>Explanation</b>
Housing Benefit and Council Tax Collection	(65)	£65k Additional income – MKS Debt Enforcement Partnership surplus for 2017/18.
Council Tax Benefit	-	Nil variance reported.
Revenue Admin	(18)	£18k savings – staff costs re Transformation Project Team. These savings reduce the cost of the Transformation Project.
<b>TOTAL</b>	<b>18</b>	
<b>PLANNING – Cllr G. Lewin (James Freeman)</b>		
Building Control/Dangerous Structures	(5)	£6k Underspend on contract costs. £1k Additional expenditure – dangerous structures.
Development Control	69	£221k Additional income – planning fees. £105k Additional costs – staffing costs (to be met from planning income). £90k Additional costs – agency costs (to be met from planning income). £100k Additional costs - planning specialists for planning appeals. £5k Saving – planning advertising.
Development Services	-	Nil variance reported.
Local Land Charges	34	£7k Additional costs on shared service. £27k Reduced income – local land charges.
Local Planning & Conservation	(2)	£2k Underspend. <b>N.B. Any underspend on the local plan will be transferred to the ring fenced reserve to be used solely to fund LDF associated work.</b>
Mid Kent Planning Service (MKPS)	18	£55k Additional costs on shared service. £37k Additional income - transfer from reserves – local land charges provision.
<b>TOTAL</b>	<b>114</b>	
<b>COMMISSIONING &amp; CUSTOMER CONTACT – Cllr D. Simmons (Martyn Cassell)</b>		
Highways SBC	(10)	£4k Saving – footway lighting electricity costs. £8k Additional expenditure – contractor costs. £14k Additional income – fees and contributions.

Projected Net (Under)/Overspend / Income Shortfall as at end of December 2017		
Service – Cabinet Member (Head of Service)	£'000	Explanation
Commissioning & Customer Contact, Client & Amenity Services, Customer Service Centre and Technical Services	(132)	£34k Saving – staff costs re Transformation Project Team. These savings offset cost of Transformation Project under Chief Executive. £53k Underspend - net staff costs savings. £34k Underspend – KCC Gateway contract. £6k Underspend – Sheerness Gateway fees & services costs. £5k net Underspend other costs.
Parking Management	(232)	£250k Additional income – pay & display fees. £15k Additional income – season tickets. £34k Additional expenditure – planned Christmas park & ride schemes. £11k Additional expenditure – car park rates and water rates. £39k Additional expenditure – cash security and licences. £43k Additional income – on street parking permits and suspended parking bays. £8k Reduced expenditure – net. <b>NB. Any surplus re. on street parking will be transferred to the ring fenced on-street parking account under Section 55 of the Road Traffic Act 1984.</b>
Seafront and Harbour & Quays	(13)	£10k Additional income – beach hut licences. £3k saving – net staff costs.
Cemeteries and Closed Churchyards	(2)	£2k Additional expenditure – equipment. £2k Additional expenditure pest control. £1k Underspend – water costs. £5k Additional income – burials.
Grounds Maintenance	-	£48k Procurement savings offset by £48k Additional Expenditure – re Blenwood Grounds Maintenance contract and agreed recalculation of historic fuel and disposal costs (see also Leisure service below – full revised cost is £61k).
Contracts and Procurement	13	£13k Additional expenditure – net staff costs.
Recycling & Waste Minimisation	(75)	£73k Additional Income – garden waste bins. £2k Additional income – scrap metal.

<b>Projected Net (Under)/Overspend / Income Shortfall as at end of December 2017</b>		
<b>Service – Cabinet Member (Head of Service)</b>	<b>£'000</b>	<b>Explanation</b>
Leisure, Sports, Open Spaces, Parks, Countryside and Allotments	1	<p>£3k Additional expenditure – Sheerness Paddling Pool maintenance.</p> <p>£5k Additional expenditure – pest control.</p> <p>£5k Additional expenditure – equipment.</p> <p>£11k Additional income - utility costs recharge for Central House.</p> <p>£9k Contract savings - Leisure centres maintenance.</p> <p>£5k Reduced income – sports facilities.</p> <p>£7k Additional income – rents and wayleaves.</p> <p>£3k Savings – net other savings and income.</p> <p>£13k Additional Expenditure – re Blenwood Grounds Maintenance contract and agreed recalculation of historic fuel and disposal costs (see also Grounds Maintenance service above – full revised cost is £61k).</p>
Refuse Collection / Street Cleansing/ Public Conveniences	(37)	<p>£60k Contract savings – £44k re procurement of public conveniences cleaning and £16k re street cleansing.</p> <p>£18k Additional contract costs – refuse &amp; recycling.</p> <p>£50k Additional expenditure - additional wheeled bins.</p> <p>£15k Additional income – sale wheeled bins.</p> <p>£15k Additional income – special collections.</p> <p>£5k Additional income – bulky waste collections.</p> <p>£3k saving – A249 litter picking contract.</p> <p>£3k saving – equipment, litter bins.</p> <p>£4k Additional Income – net other costs and income.</p>
<b>TOTAL</b>	<b>(487)</b>	
<b>DIRECTOR OF CORPORATE SERVICES/REGENERATION – Cllrs D. Dewar-Whalley, A. Bowles and M. Cosgrove.</b>		
Director of Corporate Services	(121)	£121k Underspend – salaries.
Director of Regeneration	(13)	£13k Underspend – salaries.  Consultancy and legal fees costs are anticipated for the Sittingbourne Master Plan, requesting corporate funding as per previous years.
Emergency Planning	-	Nil variance reported.

<b>Projected Net (Under)/Overspend / Income Shortfall as at end of December 2017</b>		
<b>Service – Cabinet Member (Head of Service)</b>	<b>£'000</b>	<b>Explanation</b>
Licensing	-	Nil variance reported. <b>N.B. Any surplus on Hackney Carriage Licensing will be transferred to the ring fenced reserve to be used solely to fund Hackney Carriage related work.</b>
<b>TOTAL</b>	<b>(134)</b>	
<b>IT SERVICES – Cllr D. Dewar-Whalley (Chris Woodward)</b>		
IT MKS	3	£3k Additional costs on shared service. Additional costs from MBC are anticipated in 2017/18. <b>N.B. Any variance at year-end on IT maintenance &amp; software will be transferred to the ring fenced reserve to be used solely to fund IT related expenditure in future years.</b>
<b>TOTAL</b>	<b>3</b>	
<b>ENVIRONMENTAL HEALTH – Cllr. D. Simmons (Tracey Beattie)</b>		
Environmental Health MKS	(7)	£7k Reduced costs on shared service.
<b>TOTAL</b>	<b>(7)</b>	
<b>INTERNAL AUDIT – Cllr D. Dewar-Whalley (Rich Clarke)</b>		
Audit Services	12	£12k Additional staff costs on shared service.
<b>TOTAL</b>	<b>12</b>	
<b>FINANCE – Cllr D. Dewar-Whalley (Nick Vickers)</b>		
Financial Services	0	Nil net variance reported.
<b>TOTAL</b>	<b>0</b>	
<b>HUMAN RESOURCES – Cllr D. Dewar-Whalley (Bal Sandher)</b>		
Human Resources	(30)	£30k Underspend – refund from 16/17 from MBC re secondment.
Organisational Development	-	Nil variance reported.
<b>TOTAL</b>	<b>(30)</b>	
<b>LEGAL – Cllr D. Dewar-Whalley (Patricia Narebor)</b>		
Legal MKLS	18	£18k Additional costs on shared service.
External Legal Fees	82	£82k Additional expenditure – mainly planning legal costs.
S106 Income	(35)	£35k Additional income.
<b>TOTAL</b>	<b>65</b>	

<b>Projected Net (Under)/Overspend / Income Shortfall as at end of December 2017</b>		
<b>Service – Cabinet Member (Head of Service)</b>	<b>£'000</b>	<b>Explanation</b>
<b>DEMOCRATIC SERVICES – Cllr A. Bowles (Katherine Bescoby)</b>		
Democratic Process	(52)	£27k Underspend – members' allowances. £11k Underspend – members' travel. £5k Underspend – members' training. £9k Underspend – net.
Elections & Electoral Registration	9	£22k Additional grant income offset by, £15k Additional costs fees & services £9k Additional costs external printing £7k Overspend – net.
<b>TOTAL</b>	<b>(43)</b>	
<b>PROPERTY SERVICES – Cllr D. Dewar-Whalley (Anne Adams)</b>		
Property Services	2	£2k Additional costs – electric car.
Administrative Buildings	17	£16k Additional costs – water at Swale House 16/17 and 17/18. £1k Reduced income – Central House.
Property Management	(64)	£61k Additional income – rental income and back dated rent. £3k Reduced Expenditure
Health & Safety	-	Nil variance reported.
Building Maintenance	-	<b>Any variance at year-end will be transferred to the Buildings Maintenance Fund for future years.</b>
<b>TOTAL</b>	<b>(45)</b>	
<b>NON-SERVICE BUDGETS</b>		
Contribution from General Fund	-	Nil variance reported.
Sittingbourne Town Centre Regeneration	82	Cancellation of sundry debtor raised in 2016/17 relating to Sittingbourne Town Centre Regeneration.

<b>Projected Net (Under)/Overspend / Income Shortfall as at end of December 2017</b>		
<b>Service – Cabinet Member (Head of Service)</b>	<b>£'000</b>	<b>Explanation</b>
Corporate Items	(125)	<p>£13k Underspend - finance lease underspend.</p> <p>£22k Additional Income – external interest (net).</p> <p>£12k Additional Expenditure - net transfer to reserves – decriminalised parking and planning shared service (see notes above).</p> <p>£130k Additional Income – from recovery of over-payments of Housing Benefits.</p> <p>£28k Additional expenditure – £28k insurance premiums. Our public liability premium has increased as a result of changes announced by the Government in February 2017 to the discount rate used by courts to determine future losses in personal injury and fatal accident cases. In addition based on advice from our Insurers our employer and public liability levels have increased. The insurance of property has also increased.</p>
<b>TOTAL</b>	<b>(43)</b>	
<b>TOTAL NET REVENUE SERVICE EXPENDITURE</b>	<b>(781)</b>	

### **Business Rates**

- 3.7 The 2017/18 business rates are based on a new 2017 Valuation List. The effect was to be neutral at a national level, so as valuations have increased, the multiplier (which is applied to the rateable value to determine the cost of business rates for the year) was reduced. For local authorities the intention is for a neutral effect through an adjustment to the tariff paid to the Government. In the Budget on 8 March, the Chancellor announced that the Government would provide £300m to support those business most affected by the revaluation of business rates, which is due to take effect from April 2017.
- 3.8 The Council is due to collect £44m of business rates in 2017/18. Council has previously agreed to the establishment of a Business Rates Volatility Reserve, in order to assist the Council in managing the anticipated volatility in business rate income resulting from the introduction of business rate localisation from 2013/14. There are a number of causes of this volatility, such as new businesses opening, existing business growing or closing, rating appeals, and collection rates. The balance on the reserve is currently £1.4m.

- 3.9 The Council has set aside £7.8m for business rate appeals. This indicates how business rate income can vary greatly as a result of a decision made on business rate appeals.
- 3.10 HCLG have confirmed agreement to a business rate pool for 2017/18 consisting of KCC and ten districts / borough councils.

### Improvement and Regeneration Funds

- 3.11 Table 5 below details the position on a number of reserve funds as at the end of December 2017. Total budget not committed as at end of December 2017 is £649,000.
- 3.12 In December the Performance Fund was topped up by £150,000 as part of the Chief Financial Officer's delegated authority.
- 3.13 Appendix 1 details the approvals from the Improvement and Regeneration Funds during 2017/18. These total £406,164.

**Table 5: Improvement and Regeneration Funds**

<b>Funds</b>	<b>Balance as at 1 April 2017</b>	<b>Budget Top Up December 2017</b>	<b>Budget Committed as at 1 April 2017</b>	<b>Budget Committed April - December 2017 (refer to Appendix I)</b>	<b>Budget Not Committed as at end of December 2017</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Performance	534	150	415	244	25
Pension & Redundancy	205	0	0	0	205
Regeneration	687	0	392	150	145
Communities	116	0	30	12	74
Local Loan Fund	200	0	0	0	200
<b>TOTAL</b>	<b>1,742</b>	<b>150</b>	<b>837</b>	<b>406</b>	<b>649</b>

### Capital Expenditure

- 3.14 This section of the report details actual capital expenditure and highlights any variations between the revised 2017/18 capital budget and the projected outturn.
- 3.15 Actual expenditure to end of December 2017 is £8,619,200 (Table 6 below refers). This represents 73% of the revised budget (refer to Table 6). Further details by Head of Service are set out in Appendix II.

**Table 6: Capital Programme Expenditure (refer to Appendix II)**

	<b>2017/18 Revised Budget</b>	<b>2017/18 Actual to end of December 2017</b>	<b>2017/18 Projected Full Year Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Economy & Communities	8,245	6,876	0
Commissioning & Customer Contact	1,164	773	0
Environmental Services MKS	77	21	0
Finance	83	45	0
Resident Services	2,266	904	0
<b>Total SBC funded</b>	<b>8,188</b>	<b>6,729</b>	<b>0</b>
<b>Total Partnership funded</b>	<b>3,647</b>	<b>1,890</b>	<b>0</b>
<b>Total Capital Programme</b>	<b>11,835</b>	<b>8,619</b>	<b>0</b>
<b>% Spent to date compared to Revised Budget</b>		<b>73 %</b>	

3.16 The 2017/18 capital programme expenditure of £8,619,200 is funded as set out in Table 7 below. Further details are provided in Appendix II.

3.17 Appendix II details the movement from the Original 2017/18 to the Revised 2017/18 Budget.

**Table 7: Capital Programme Funding (refer to Appendix II)**

<b>Source of funding</b>	<b>2017/18 Revised Budget</b>	<b>2017/18 Actual to end of December 2017</b>	<b>2017/18 Projected Full Year Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Partnership funding (including S106 Grants)	3,647	1,890	0
Internal Borrowing	7,283	6,553	0
Earmarked Reserves	388	61	0
Long Term Debtors / Third Party Loans	0	31	0
Recycled Loans	0	5	0
Capital Receipts	517	79	0
<b>Total Funded</b>	<b>11,835</b>	<b>8,619</b>	<b>0</b>

### **Payment of Creditors**

3.18 The payment of creditors to end of December 2017 is 99% paid in 30 days against the target of 97%.



## Debtors

3.19 Tables 8 and 9 below analyse the sundry debt outstanding.

**Table 8: Debt outstanding by due date**

	<b>December 2017 (Period 9) £'000</b>	<b>September 2017 (Period 6) £'000</b>	<b>December 2016 (Period 9) £'000</b>
Not Due	514	561	274
1 – 2 Months	81	229	150
2 – 6 Months	52	50	50
6 – 12 Months	53	49	38
1 – 2 Years	24	21	40
2 – 3 Years	37	39	23
3 – 4 Years	9	24	24
4 – 5 Years	7	18	8
5 – 6 Years	1	2	15
6 + Years	36	37	63
<b>Total</b>	<b>814</b>	<b>1,030</b>	<b>685</b>
<b>Total Due</b>	<b>300</b>	<b>469</b>	<b>411</b>
<b>% Total Due</b>	<b>37%</b>	<b>46%</b>	<b>60%</b>

**Table 9: Total debt by Head of Service**

	<b>December 2017 (Period 9) £'000</b>	<b>September 2017 (Period 6) £'000</b>	<b>December 2016 (period 9) £'000</b>
Commissioning & Customer Contact	54	45	22
Property (see 3.20)	152	174	186
Residents Services	164	189	181
Legal MKLS	0	0	3
Economy & Communities	29	71	15
Planning	13	7	7
Communications	2	0	1
Environmental Health	2	18	1
Policy	0	7	0
Finance	0	0	105
Other (see 3.20)	398	519	164
<b>Total</b>	<b>814</b>	<b>1,030</b>	<b>685</b>

3.20 The total debt for Property of £152k includes £94k relating to one company. The total debt for Other of £398k includes £376k debt not due relating to S106 income.

## 4. Alternative Options

4.1 None identified – this report is 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 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.

## 7. Appendices

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

- Appendix I: Improvement & Regeneration Fund allocations as at the end of December 2017;
- Appendix II: Capital Programme – Projected outturn as at the end of December 2017.

## 8. Background Papers

8.1 The Budget 2017/18 and Medium Term Financial Plan 2017/18 to 2019/20.

**Improvement & Regeneration Fund Allocations 2017/18**  
**As at the end of December 2017**

	<b>Amount £</b>
<b>Performance Fund</b>	
Payment Card Industry Data Security Standard Compliance	80,000
Safeguarding Database Upgrade	14,250
CCTV Consultancy	8,250
Air Quality	30,607
Transformation Team	91,560
General Data Protection Regulations	19,800
<b>Total Approved as at December 2017</b>	<b>244,467</b>

	<b>Amount £</b>
<b>Regeneration Fund</b>	
Housing & Infrastructure Fund Submission	8,000
Economic Development Support Officer	43,024
Regeneration Officer (Town Centres)	51,784
Member Grants	47,000
<b>Total Approved as at December 2017</b>	<b>149,808</b>

	<b>Amount £</b>
<b>Communities Fund</b>	
Heritage Training	3,500
The Salt Giveaway	3,489
Volunteer Swale Awards	4,900
<b>Total Approved as at December 2017</b>	<b>11,889</b>

	<b>Amount £</b>
<b>Total Approved as at December 2017</b>	<b>406,164</b>

### Capital Programme 2017/18

<b>CAPITAL MONITORING</b>	<b>Funding SBC / P (*see note below)</b>	<b>2017/18 Original Budget £</b>	<b>2017/18 Revised Budget £</b>	<b>2017/18 Actual to End of December 2017 £</b>	<b>2017/18 Projected Full Year Variance £</b>	<b>Notes</b>
CCTV - Reserves - Repairs & Renewals	SBC	15,000	15,000	0	0	
Easthall Farm Community Centre - S106	P	0	507,740	302,152	0	
The Mill Project, Sittingbourne Skate Park - Capital Receipts	SBC	0	200,000	20,983	0	
The Mill Project, Sittingbourne Skate Park - S106	P	0	40,000	0	0	
Faversham Creek Basin Regeneration Project (swing bridge) - Capital Receipts	SBC	0	200,000	0	0	
STC - Multi Storey Car Park	SBC	0	96,248	0	0	
STC - Retail Properties	SBC	0	4,807,656	4,654,778	0	
STC - Other Assets	SBC	0	2,378,981	1,898,161	0	
<b>TOTAL ECONOMY &amp; COMMUNITIES</b>		<b>15,000</b>	<b>8,245,625</b>	<b>6,876,074</b>	<b>0</b>	
Cemeteries - Bell Road - Reserves	SBC	0	41,000	0	0	
Thistle Hill Community Woodland - Trim Trail - S106	P	0	35,000	35,012	0	
New Play Area - Iwade Schemes - S106	P	0	150,000	145,598	0	
Milton Creek Footpath & Viewing platform - Capital Receipts	SBC	0	17,390	17,351	0	
Gunpowder Works Oare Faversham - S106	P	0	9,000	0	0	
Faversham Recreation Ground Improvements - External Grant	P	0	145,440	63,747	0	
Newington Car Park Wall - Capital Receipts	SBC	0	11,260	0	0	
Car Park New Ticket Machines & Installation - Reserves	SBC	0	14,000	0	0	
Kemsley Recreation Ground - Sports Improvements - S106	P	0	20,640	1,046	0	
Resurfacing Promenade, The Leas – External Grant	P	0	104,660	14,540	0	

## Capital Programme 2017/18

<b>CAPITAL MONITORING</b>	<b>Funding SBC / P (*see note below)</b>	<b>2017/18 Original Budget £</b>	<b>2017/18 Revised Budget £</b>	<b>2017/18 Actual to End of December 2017 £</b>	<b>2017/18 Projected Full Year Variance £</b>	<b>Notes</b>
Car Park Information Boards - Reserves	SBC	0	24,360	800	0	
Stonebridge Pond Bridge, Faversham – Reserves	SBC	0	20,765	0	0	
Modular Toilet Kiosks - Reserves	SBC	0	30,000	0	0	
Milton Creek Access Road - Reserves	SBC	0	40,000	0	0	
Bridge Deck Replacement at Barton's Point Coast Park - Reserves	SBC	0	18,860	18,860	0	
New Play Area - Thistle Hill - S106	P	0	180,000	174,800	0	
Nursery Close/Q'Boro Lines Bridge Replacement – Reserves	SBC	0	1,735	1,735	0	
Iwade Recreation Ground Sports Provision - S106	P	0	280,325	280,325	0	
Beach Huts, Leysdown - Capital Receipts	SBC	0	19,260	19,595	336	
<b>TOTAL COMMISSIONING &amp; CUSTOMER CONTACT</b>		<b>0</b>	<b>1,163,695</b>	<b>773,409</b>	<b>336</b>	
Replacement of Air Pollution Monitoring Station - Capital Receipts	SBC	35,000	77,380	20,742	0	
<b>TOTAL ENVIRONMENTAL HEALTH</b>		<b>35,000</b>	<b>77,380</b>	<b>20,742</b>	<b>0</b>	
Disabled Facilities Grants - External Grant	P	1,664,800	2,174,090	867,643	0	
Disabled Facilities Grants - Reserves	SBC	0	92,100	0	0	
HRG - Housing Repair Grants Over 60	P	0	0	5,456	0	
RHB2 - Decent Home Loans Owner Occupier	SBC	0	0	31,047	0	
<b>TOTAL RESIDENT SERVICES</b>		<b>1,664,800</b>	<b>2,266,190</b>	<b>904,146</b>	<b>0</b>	
Adelante Payment Card Software - Reserves	SBC	0	82,500	44,862	0	
Cash Receipting System - Replacement	SBC	0	0	0	0	
<b>TOTAL FINANCE AND PERFORMANCE PORTFOLIO</b>		<b>0</b>	<b>82,500</b>	<b>44,862</b>	<b>0</b>	

### Capital Programme 2017/18

<b>CAPITAL MONITORING</b>	<b>Funding SBC / P (*see note below)</b>	<b>2017/18 Original Budget £</b>	<b>2017/18 Revised Budget £</b>	<b>2017/18 Actual to End of December 2017 £</b>	<b>2017/18 Projected Full Year Variance £</b>	<b>Notes</b>
<b>TOTAL CAPITAL PROGRAMME (SBC Funded)</b>		<b>50,000</b>	<b>8,188,495</b>	<b>6,728,914</b>	<b>336</b>	
<b>TOTAL CAPITAL PROGRAMME (Partnership Funded)</b>		<b>1,664,800</b>	<b>3,646,895</b>	<b>1,890,319</b>	<b>0</b>	
<b>TOTAL CAPITAL PROGRAMME (Gross Total)</b>		<b>1,714,800</b>	<b>11,835,390</b>	<b>8,619,233</b>	<b>336</b>	

SBC – internal funding from capital receipts and reserves.

\* P – S106 contributions and external capital grants.

#### Reconciliation of Original Budget to Revised Budget :-

	<b>£</b>
<b>Original Budget</b>	<b>1,714,800</b>
2016/17 rollovers	1,875,860
Cabinet Approvals/Authorised Virements	8,244,730
<b>Revised Budget</b>	<b>11,835,390</b>