



## AGENDA

### CABINET MEETING

Date: Wednesday, 14 July 2021

Time: 7.00 pm

Venue: Council Chamber, Swale House, East Street, Sittingbourne, Kent, ME10 3HT\*

Membership:

Councillors Mike Baldock (Vice-Chairman), Monique Bonney, Angela Harrison, Ben J Martin, Richard Palmer, Julian Saunders, Roger Truelove (Chairman) and Tim Valentine.

Quorum = 3

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Pages

#### RECORDING NOTICE

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#### Information about this meeting

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Link to meeting: to be added.

#### 1. Emergency Evacuation Procedure

The Chairman will advise the meeting of the evacuation procedures to follow in the event of an emergency. This is particularly important for

visitors and members of the public who will be unfamiliar with the building and procedures.

The Chairman will inform the meeting whether there is a planned evacuation drill due to take place, what the alarm sounds like (i.e. ringing bells), where the closest emergency exit route is, and where the second closest emergency exit route is, in the event that the closest exit or route is blocked.

The Chairman will inform the meeting that:

(a) in the event of the alarm sounding, everybody must leave the building via the nearest safe available exit and gather at the Assembly points at the far side of the Car Park. Nobody must leave the assembly point until everybody can be accounted for and nobody must return to the building until the Chairman has informed them that it is safe to do so; and

(b) the lifts must not be used in the event of an evacuation.

Any officers present at the meeting will aid with the evacuation.

It is important that the Chairman is informed of any person attending who is disabled or unable to use the stairs, so that suitable arrangements may be made in the event of an emergency.

2. Apologies for Absence

3. Minutes

To approve the [Minutes](#) of the Meeting held on 9 June 2021 (Minute Nos. 61 - 69) as a correct record.

4. Declarations of Interest

Councillors should not act or take decisions in order to gain financial or other material benefits for themselves or their spouse, civil partner or person with whom they are living with as a spouse or civil partner. They must declare and resolve any interests and relationships.

The Chairman will ask Members if they have any interests to declare in respect of items on this agenda, under the following headings:

(a) Disclosable Pecuniary Interests (DPI) under the Localism Act 2011. The nature as well as the existence of any such interest must be declared. After declaring a DPI, the Member must leave the meeting and not take part in the discussion or vote. This applies even if there is provision for public speaking.

(b) Disclosable Non Pecuniary Interests (DNPI) under the Code of Conduct adopted by the Council in May 2012. The nature as well as the existence of any such interest must be declared. After declaring a DNPI interest, the Member may stay, speak and vote on the matter.

(c) Where it is possible that a fair-minded and informed observer, having considered the facts would conclude that there was a real possibility that the Member might be predetermined or biased the Member should declare their predetermination or bias and then leave the meeting while that item is considered.

**Advice to Members:** If any Councillor has any doubt about the existence or nature of any DPI or DNPI which he/she may have in any item on this agenda, he/she should seek advice from the Monitoring Officer, the Head of Legal or from other Solicitors in Legal Services as early as possible, and in advance of the Meeting.

### **Part B Reports for Decision by Cabinet**

- |     |  |         |
|-----|--|---------|
| 5.  | Financial Management Report - Financial Outturn Report 2020/21                                     | 5 - 56  |
| 6.  | Land at Colegates Close, Oare - Community Asset Transfer   | 57 - 62 |
| 7.  | Future Delivery of Property Maintenance  | 63 - 68 |
| 8.  | Procurement of Utility Supplies  | 69 - 72 |
| 9.  | Recommendations from the Swale Joint Transportation Board meeting held on 21 June 2021 - to-follow |         |
| 10. | Recommendations from the Local Plan Panel meeting held on 8 July 2021 - to-follow                  |         |

### **Issued on Thursday, 1 July 2021**

The reports included in Part I of this agenda can be made available in **alternative formats**. For further information about this service, or to arrange for special facilities to be provided at the meeting, **please contact DEMOCRATIC SERVICES on 01795 417330**. To find out more about the work of the Cabinet, please visit [www.swale.gov.uk](http://www.swale.gov.uk)

**Chief Executive, Swale Borough Council,  
Swale House, East Street, Sittingbourne, Kent, ME10 3HT**

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# Agenda Item 5

<b>Cabinet</b>	<b>Agenda Item:</b>
<b>Meeting Date</b>	14 July 2021
<b>Report Title</b>	Financial Management Report – Outturn 2020/21
<b>Cabinet Member</b>	Cllr Roger Truelove, Leader and Cabinet Member for Finance
<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 and Caroline Frampton, Principal Accountant
<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 consider the revenue underspend of £1.321m.</li> <li>2. To consider the revenue service rollovers of £293,753 and the setting up of new reserves as set out in in Appendix I Table 13.</li> <li>3. To delegate to the Chief Financial Officer the allocation of uncommitted underspends to a Covid Recovery Fund.</li> <li>4. To consider the capital underspend of £4,400,272 and expenditure of £9,603,218 as detailed in paragraph 3.33 and Appendix I Table 16.</li> <li>5. To consider the capital rollovers of £5,880,664 as detailed in Appendix I Table 17 for approval.</li> <li>6. To consider the transfer to reserves as set out in Table 3.</li> <li>7. To agree to the settlement on litigation as set out in paragraph 3.25.</li> <li>8. To delegate to the Chief Financial Officer the authority to top up the General Reserve as required as set out in paragraph 3.30.</li> </ol>

## 1. Purpose of Report and Executive Summary

- 1.1 This report sets out the revenue and capital outturn position for 2020/21. The report is based on service activity for the whole of 2020/21 and is collated from monitoring returns from budget managers.

1.2 The purpose of the report is to compare the actual spend and income incurred in 2020/21 to the budget originally approved by members at Council in February 2020 and subsequent amendments by virements, Cabinet or made under delegated authority during the year. Appendix I is a booklet providing a detailed analysis of budget variations for each service and for each capital project.

1.3 The headline figures are:

- revenue overspend on services of £2.914m - Table 11 in Appendix I;
- total revenue variance of £1.321m;
- impact of the Coronavirus pandemic of £3.893m;
- additional non-specific funding received by the Council for the coronavirus pandemic £4.234m – Table 4;
- £293,753 revenue rollover requests from Heads of Service – Table 13 in Appendix I;
- capital underspend of £4,400,272 – Table 16 in Appendix I; and,
- £5,880,664 rollover requests of capital underspends – Table 17 in 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**

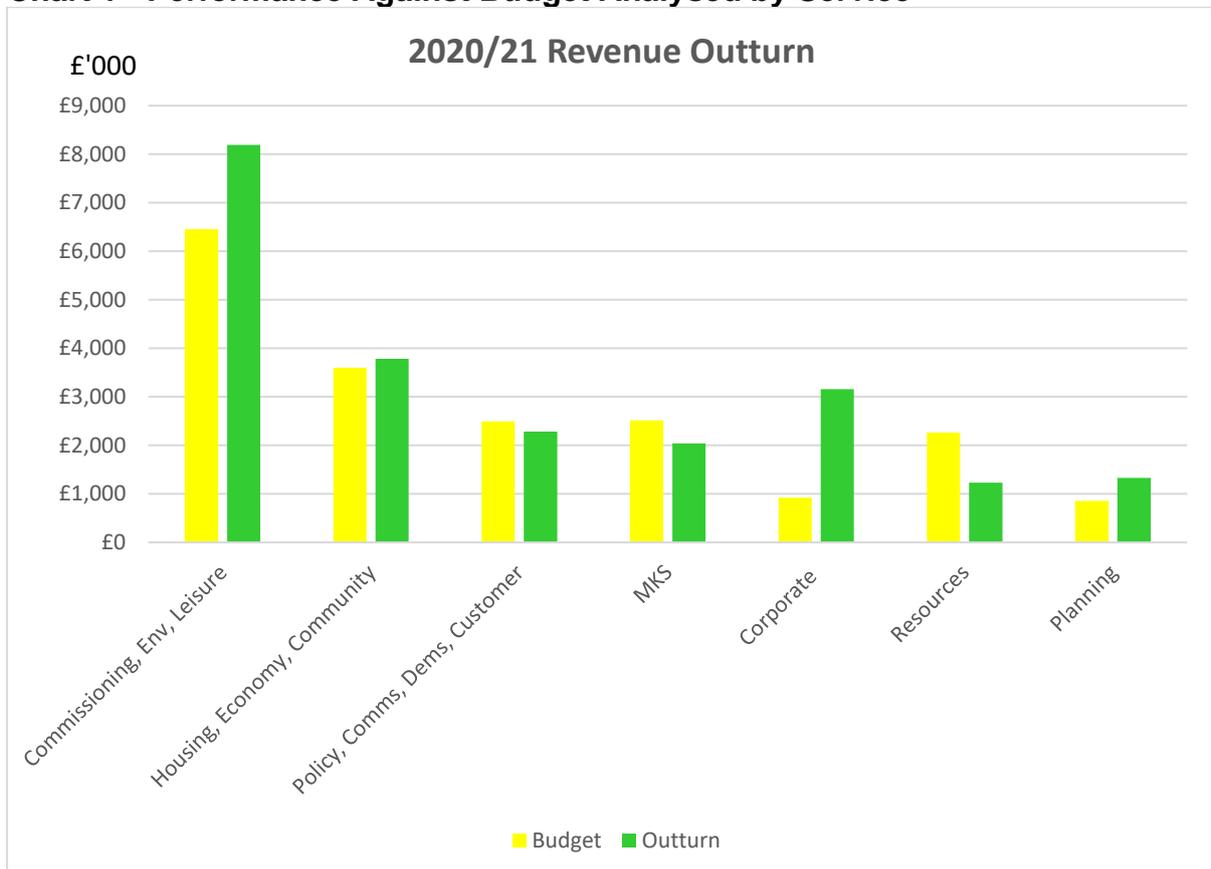
3.1 The last monitoring report to Cabinet was on 17 March covering April to December and the net revenue service expenditure was a forecast overspend of £3,768,000 and the equivalent outturn figure shown in Table 2 is an overspend of £2,913,672 which represents a movement of £854,328 on a budget of £19.1 million. Table 1 below details the significant movements and is based on Table 11 in Appendix I.

**Table 1 – Net Revenue Service Expenditure - Movement from Quarter 3 Forecast (April to December) to 2020/21 Outturn**

<b>Net Revenue Service Expenditure</b>	<b>£'000</b>
<b>Variance reported to Cabinet 17 March 2021 for Quarter 3</b>	<b>3,768</b>
National Leisure Recovery Fund grant – (in Cabinet 17 March report this was reported as part of general covid grants and not in service expenditure)	(365)
<b>Amended Variance reported to Cabinet 17 March 2021 for Quarter 3</b>	<b>3,403</b>
Covid expenditure originally anticipated not to be offset by grant	(118)
Car Parks and Multi Storey Car Park net reduced costs	(65)
CCTV Monitoring Service – underspend (transferred £50k to reserves to meet capital costs of CCTV)	(62)
HR - Reduced Corporate Training Costs, Health & Safety costs and external survey costs	(53)
Customer Service Centre – Sheppey Gateway – lower than expected contract costs with Kent County Council	(39)
Thames Gateway – reimbursement of historical reserves	(34)
Cemeteries – additional interment income and reduced premises expenditure	(31)
Printing Room – reduced equipment maintenance costs and savings on paper offset by reduced external income	(31)
Swale House – reduced security costs	(28)
Planning Conservation & Design fees – reduced costs	(26)
Countryside & Country Parks – reduced costs	(25)
Street Naming – additional income	(24)
Homelessness – reduction in projected overspend	(20)
Legal – S106 additional income	(18)
Road Signs, road lining and resurfacing	(28)
Property – reduced consultancy expenditure	(17)
Private Sector Housing Service – lower than expected running costs	(16)
Land Charges – income was higher than anticipated	(16)
Environmental Health – reduced costs	(16)
Communications & Swale Publications – reduced costs	(15)
Community Halls – lower than expected expenditure	(14)
Tourism – lower than expected expenditure	(11)
Salaries	10
Garden Waste Collection – income lower than expected	23
Postage for Planning letter	36
Increase in Provision for Bad Debt	45
Car Parks – reduced income and season ticket income	65
Planning – planning fee income was lower than expected	76

<b>Net Revenue Service Expenditure</b>	<b>£'000</b>
Bourne Place – property management costs	77
Increased expenditure on Housing Benefit	114
Sittingbourne Regeneration – additional revenue costs	116
<b>Sub Total</b>	<b>(145)</b>
<b>Shared Services:-</b>	
Legal Shared Service – additional income and reduced costs	(107)
Planning – reduced costs on Mid Kent Planning Services	(47)
Human Resources – reduced costs on Mid Kent services	(36)
Planning – reduced costs on Mid Kent Land Charges Service	(33)
Audit – reduced costs on Mid Kent Audit services	(30)
Mid Kent Debt Recovery	(22)
ICT – reduced expenditure on Mid Kent ICT services	(17)
Environmental Health – increased costs on shared service	5
<b>Sub Total</b>	<b>(287)</b>
Net other items	<b>(57)</b>
<b>Net Movement</b>	<b>(489)</b>
<b>Variance reported to Cabinet for 2020/21 Outturn</b>	<b>2,914</b>

**Chart 1 - Performance Against Budget Analysed by Service**



**Table 2- Projected Variance by Service**

<b>Service</b>	<b>Service Manager</b>	<b>Working Budget £</b>	<b>Outturn 2020/21 £</b>	<b>Projected Variance £</b>
Chief Executive	L. Reed	266,630	127,030	(139,600)
Policy, Communications & Customer Services	D. Clifford	1,230,460	1,112,560	(117,900)
Democratic and Electoral Services	D. Clifford	1,263,530	1,168,130	(95,400)
Director of Regeneration	E. Wiggins	161,100	161,100	0
Housing, Economy & Community Planning	C. Hudson	3,597,920	3,761,720	163,800
	J. Freeman	856,170	1,323,970	467,800
Commissioning, Environment & Leisure	M. Cassell	6,457,440	8,147,940	1,690,500
Finance	N. Vickers	806,490	760,790	(45,700)
Revenues & Benefits	Z. Kent	136,520	126,020	(10,500)
Property	A. Adams	649,530	466,530	(183,000)
Licensing & Resilience	D. Fackrell	60,780	24,380	(36,400)
Environmental Health	T. Beattie	609,440	603,140	(6,300)
Information Technology	C. Woodward	1,358,580	1,240,780	(117,800)
Internal Audit	R. Clarke	178,260	129,360	(48,900)
Human Resources	B. Sandher	446,410	323,110	(123,300)
Legal	P. Narebor	533,740	347,840	(185,900)
Sittingbourne Regeneration	N. Vickers	0	178,700	178,700
STC - Cinema/Hotel/Restaurants	N. Vickers	(574,290)	(222,390)	351,900
STC - Retail Park	N. Vickers	(471,400)	(466,100)	5,300
Contributions from Reserves for services shown above	N. Vickers	0	1,771,000	1,771,000
Corporate Items	N. Vickers	1,537,730	933,102	(604,628)
<b>NET REVENUE SERVICE EXPENDITURE</b>		<b>19,105,040</b>	<b>22,018,712</b>	<b>2,913,672</b>
<b>Financed by:</b>				
Revenue Support Grant		(115,000)	(114,987)	13
Coronavirus (Covid-19) LA Support Grants		0	(4,234,400)	(4,234,400)
Business Rates		(8,750,000)	(8,750,000)	0
New Homes Bonus		(1,633,000)	(1,633,321)	(321)
Council Tax Requirement		(8,622,700)	(8,622,795)	(95)
<b>TOTAL FINANCING</b>		<b>(19,120,700)</b>	<b>(23,355,503)</b>	<b>(4,234,803)</b>
<b>NET EXPENDITURE</b>		<b>(15,660)</b>	<b>(1,336,791)</b>	<b>(1,321,131)</b>

## Proposed Revenue Rollovers and General Fund

- 3.2 Rollovers can be either be service requests arising because not all the budget on a particular project had been spent in the year, or service bids linked to the Council's priorities, or for ringfenced reserves to comply with statute or due to a previous Cabinet decision.
- 3.3 A number of rollovers have already been made to comply with statute and previous Cabinet decisions which total £1,771,000. The revenue underspend of £1,321,131 (Table 2 above) includes these rollovers and they are detailed below:

**Table 3: Transfer to Reserves from Ringfenced and Non-Ringfenced Services**

Service	Description	£'000
<b>Ringfenced Services:-</b>		
Revenues and Benefits	The net saving has been transferred to the Revenues and Benefits reserve.	658
IT Maintenance and Software	The saving has been transferred to the IT reserve to be used solely to fund IT related expenditure in future years.	118
Environmental Response Team	Section 96 of the Clean Neighbourhoods and Environment Act of 2005 advised that income must be spent on "qualifying functions". The surplus has been transferred to the reserve.	25
Local Planning & Conservation	The overspend on the local plan has been transferred to the reserve to be used solely to fund Local Plan associated work in accordance with previous Cabinet decisions.	(53)
Building Maintenance	The underspend on building maintenance has been transferred to the reserve.	23
<b>Sub Total</b>		<b>771</b>
<b>Non Ringfenced Balances Transferred to Reserves:-</b>		
Revenues Services	Net balance of S13A Council Tax Hardship Fund to reserves. This is to be used to fund schemes to support the vulnerable in 2021/22.	94
Corporate	Tax Income Guarantee (TIG) – Council Tax and Business Rates committed to support deficits on Collection Fund due to reduction in income arising from the pandemic	750
Corporate	Council Tax Support Scheme Admin Grant received from major preceptors	134
Internal Audit Shared Service	Transfer of underspend from 2019/20 received from Maidstone Borough Council to reserve to meet additional internal audit costs in 2021/22	22
<b>Sub Total</b>		<b>1,000</b>
<b>Total Ringfenced Services</b>		<b>1,771</b>

3.4 The additional non-specific funding for Covid received by the Council is detailed in the table below. These grants are including in the Total Financing section of Table 2 above:

**Table 4: Government Funding - Non-Specific Grants**

<b>Funding</b>	<b>Amount £'000</b>	<b>Allocation basis</b>
Tranche 1	75	March 2020 £1.6bn of which £1.46bn for Social care
Tranche 2	1,501	April 2020 £1.6bn with 35% allocation to districts
Tranche 3	318	July 2020 £500m with a Relative Needs Formula reflecting deprivation
Tranche 4	1,027	October 2020 £919m with a Relative Needs Formula reflecting deprivation
Sales, Fees and Charges	1,313	75% of defined losses on some Sales, Fees and Charges.
<b>Total</b>	<b>4,234</b>	

3.5 The specific funding for Covid received by the Council is detailed in Table 5 below. These grants are included in the service lines as detailed in Table 2 above:-

**Table 5: Government Funding - Specific Covid Grants**

<b>Funding</b>	<b>Amount £'000</b>	<b>Notes</b>
<b>Housing, Economy &amp; Community:-</b>		
Contain Outbreak Management Fund	530	Received from Kent County Council (KCC)
Emergency Assistant Grant	145	Received from KCC
Opening High Street Safely Project	28	Received from Central Government
Emergency Assistance Grant	34	Received from KCC for food banks
Coronavirus Compliance and Enforcement Grant	140	£50k grant from KCC and £90k grant from Ministry of Housing, Communities and Local Government (MHCLG)
Winter Scheme Grant	81	Received from KCC
<b>Sub Total</b>	<b>958</b>	
<b>Revenue Services:-</b>		
Coronavirus LA Support Grant	35	This has been moved to the Revenues & Benefits Reserve
Test & Trace Admin Grant	31	This has been moved to the Revenues & Benefits Reserve

<b>Funding</b>	<b>Amount £'000</b>	<b>Notes</b>
New Burden LA Support Grant	170	This has been moved to the Revenues & Benefits Reserve
New Burden Council Tax Hardship Fund & Business Rates Relief Grant	26	This has been moved to the Revenues & Benefits Reserve
New Burdens Business Grants (Open), (Closed) 2 Dec & Wet Led Pubs	76	This has been moved to the Revenues & Benefits Reserve
New Burdens 3 Business Support Grant	167	This has been moved to the Revenues & Benefits Reserve
S13A Council Tax Hardship Fund	94	Net balance of S13A Council Tax Hardship Fund to reserves. This is to be used to fund schemes to support the vulnerable in 2021/22.
<b>Sub Total</b>	<b>599</b>	
<b>Commissioning, Environment &amp; Leisure:-</b>		
National Leisure Recovery Fund	365	The National Leisure Recovery Fund supports public sector leisure centres. This has been paid over to Swale Community Leisure/ Faversham Pool
<b>Sub Total</b>	<b>365</b>	
<b>Corporate:-</b>		
Tax Income Guarantee (TIG)	750	Council Tax and Business Rates to support deficits on Collection Fund
<b>Sub Total</b>	<b>750</b>	
<b>TOTAL</b>	<b>2,672</b>	

3.6 Table 13 in Appendix I lists rollovers which have not yet been made and are service requests for rollovers at an operational level or to meet new projects/policies. These total £293,753.

3.7 The General Fund is shown below. The Council's policy is to maintain a balance of at least £1.5m in the General Fund.

**Table 6: General Fund Balance**

	<b>£'000</b>
General Fund balance at 1 April 2020	(3,338)
2019/20 rollovers approved by Cabinet in July 2020	191
2020/21 net expenditure (Table 2)	(1,337)
<b>General Fund Balance</b>	<b>(4,484)</b>
2020/21 rollovers to be considered by Cabinet (Table 13)	294
<b>General Fund Balance if Rollovers Approved</b>	<b>(4,190)</b>

**Coronavirus Business Support Grants**

- 3.8 As part of the coronavirus response, the Government announced a range of grant schemes to support businesses to be administered by local billing authorities e.g., the Small Business Grant Fund; Retail, Hospitality and Leisure Grant Fund; multiple Local Restrictions grants i.e., open, closed, sector, additional. The Council was responsible for paying over the grants to the businesses and are then reimbursed by Government using a grant under Section 31 of the Local Government Act 2003 (S31).
- 3.9 In 2020/21 the Council paid local businesses a total of £47.047m under these schemes. However, for the purpose of meeting the accounting regulations, two of these schemes will be part of the Council's revenue income and expenditure in the Annual Accounts which are the "Discretionary Grants" and the "Additional Restrictions Grants", which together total £4.092m.
- 3.10 The Council was also responsible for making "Test and Trace" payments both mandatory and discretionary. In 2020/21 the Council made payments totalling £174,500 under these schemes. However, for the purpose of meeting the accounting regulations, the discretionary scheme will be part of the Council's revenue income and expenditure in the Annual Accounts, which had a total of £26,500 of payments.

**Business Rates**

- 3.11 From 1 April 2013 business rates were part localised. Given the large growth in business rates in the borough this was hugely positive for the Council's finances. The Council is in a business rates pool with KCC, 10 other borough/district councils and the Fire Authority. The pool enables business rates which would otherwise be passed to Central Government to be retained in the county. Under the arrangement the borough/district, KCC and a joint fund received 30% each and 10% went into a reserve.
- 3.12 In total the Council collected £36m of business rates in 2020/21 (£53m in 2019/20) against a forecast £54m. There were two main reasons for the reduction in business rate income in 2020/21:

- reliefs on business rates for retail, local newspapers and nurseries provided by the Government (£16m);
  - Reduction in income due to changes in the rateable value for businesses made by the Valuation Office Agency outside of the Check, Challenge Appeal (CCA) process (£2m)
- 3.13 Also £1.7m in refunds were paid due to the CCA process whereby businesses can seek to reduce their rateable value and this can be backdated. This was charged against the provision that has been set aside for this purpose.
- 3.14 After the complicated system of levies and tariffs has been accounted for, the Council received £8.75m.
- 3.15 There was a net reduction in the business rates reserves by £1.381m in 2020/21:
- £1.116m reduction in the Business Rates Volatility Reserve. This was a result of £1m contribution to the Special Projects, £250k budgeted contribution to the General Fund offset by net movements of £134k.
  - £232k reduction in the Kent Pool Economic Development Business Rates Reserve. This was the result of £1m contribution to the Improvement and Resilience reserve offset by additional business rates of £768k. As agreed by Cabinet on 16/12/2020 the balance on this reserve is to be retained for potential top ups and for new initiatives or pressures. This reserve was established as a result of the Council joining the Kent business rates pool in 2015/16. It is to fund economic development as agreed by the Council and KCC.
  - £33k reduction in the North Kent Housing and Commercial Growth Business Rates Fund. Cabinet on 16/12/2020 agreed that this fund was to be used to fund the Local Housing Company, for set up costs and future investment, including possible investment in Sheppey. The stated purpose of the fund is to support future delivery, where outcomes can be better achieved by local authorities working together across a wider area.
- 3.16 At 31 March 2021 the balances on the business rates reserves were as follows:
- £2.827m Business Rates Volatility Reserve
  - £1.094m Kent Pool Economic Development Business Rates Reserve
  - £1.673m North Kent Housing and Commercial Growth Business Rates Fund
- 3.17 The actual amount of business rates collected can be affected by a wide range of variables including new businesses opening, existing businesses growing, closure of businesses, rating appeals and collection rates.

3.18 The Business Rates Collection Fund has set aside £12m for changes to the rateable value list as a result of CCA, of which the Council's share is £5m. In 2020/21, the cost of the CCA process was £1.7m.

### **Collection Fund**

3.19 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.

3.20 The deficit on the business rates collection fund at 31 March 2021 was £17.9m of which the Council's share is £7.2m. This will be met in future years from a government grant to compensate the Council for its loss of income due to the retail relief described above (£6.5m) and the Tax Income Guarantee grant (see below) (£0.7m).

3.21 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.

3.22 The deficit on the council tax collection fund at 31 March 2021 was £2.2m of which the Council's share is £254k. This will be met in future years partly from the Tax Income Guarantee grant (see below) (£86k) and from recovery from future contributions.

3.23 For both business rates and council tax 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".

3.24 The Government announced the details of its scheme to fund 75% of irrecoverable losses in council tax and business rates. This is known as the Tax Guarantee Scheme Grant. The methodology differs between council tax and business rates. For 2020/21 £86k was received for council tax and £664k for business rates. These will be used to help fund the Council's share of the deficit on the collection fund for 2020/21 in future years and therefore they have been transferred to a reserve

### **Litigation Settlement**

3.25 The Council did not approve a planning application for a housing development at Barton Hill Drive. This decision was challenged in the High Court and the Planning Inspectorate decided that the costs of the court were to be awarded against the Council. After negotiation, a settlement of these costs has been agreed with the planning applicant of £113k. Legal officers have been involved throughout the process and the Head of Legal Services supports the settlement of the claim.

## Improvement and Regeneration Funds

3.26 Table 7 below details the outturn position on a number of reserve funds.

**Table 7: Improvement and Regeneration Funds**

	Balance as at 1 April 2020	Topping Up of Funds 2020/21	Fund Committed as at 1 April 2020	Funds committed after 1 April 2020 (Appendix I Table 15) 2020/21	Balance Unallocated as at 31/3/2021
Funds	£'000	£'000	£'000	£'000	£'000
Improvement and Resilience	0	1,000	0	0	1,000
Special Projects	964	1,000	(553)	(978)	433
Performance	432	0	(233)	(72)	127
Communities	556	0	(173)	(25)	358
Pension & Redundancy	94	100	0	(142)	52
Regeneration	152	0	(152)	0	0
Local Loan Fund	175	0	0	0	175
<b>TOTAL</b>	<b>2,373</b>	<b>2,100</b>	<b>(1,111)</b>	<b>(1,217)</b>	<b>2,145</b>

3.27 Table 15 in appendix I details the allocations from the above funds during 2020/21.

## Reserves

3.28 Table 8 below summarises the reserves balances as at 31 March 2021.

**Table 8: Reserves**

	Balance as at 1 April 2020	Transfers from reserve in year	Transfers to reserve in year	Balance as at 31 March 2021
Reserve	£'000	£'000	£'000	£'000
Total Earmarked Revenue Reserves	(18,347)	5,594	(4,961)	(17,714)
General Fund	(3,338)	191	(1,337)	(4,484)
Capital Grants Unapplied	(409)	16	(64)	(457)
Capital Receipts	(1,359)	35	(1,560)	(2,884)
<b>Total</b>	<b>(23,453)</b>	<b>5,836</b>	<b>(7,922)</b>	<b>(25,539)</b>

3.29 Table 14 in appendix I details the earmarked revenue reserves as at 31 March 2021.

3.30 The General Reserve as at the end of 2020/21 is in deficit (Table 14 of Appendix I). It is therefore recommended to delegate to the Chief Financial Officer the authority to top up the General Reserve as required.

### Capital Expenditure

3.31 This section of the report details actual capital expenditure and highlights any variations between the revised 2020/21 capital budget and the outturn.

3.32 Actual expenditure to end of March 2021 was £9,603,218. This represents 69% of the revised budget. There remains an underspend of £4,400,272. Further details are set out in Table 16 of Appendix I.

3.33 Table 9 below summarises the capital underspend of £4,400,272.

**Table 9: Capital Programme Expenditure**

	<b>2020/21 Revised Budget</b>	<b>2020/21 Outturn</b>	<b>2020/21 Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Commissioning, Environment & Leisure	2,959	1,373	(1,586)
Housing, Economy & Community Services	10,741	7,925	(2,816)
Property	200	244	44
Environmental Health	0	8	8
Information Technology	92	42	(50)
Finance	11	11	0
<b>Total Capital Programme</b>	<b>14,003</b>	<b>9,603</b>	<b>(4,400)</b>
<b>Total funded by the Council</b>	<b>9,358</b>	<b>7,454</b>	<b>(1,904)</b>
<b>Total Partnership funded</b>	<b>4,645</b>	<b>2,149</b>	<b>(2,496)</b>
<b>% Spent to date compared to Revised Budget</b>			<b>69%</b>

3.34 Heads of Service have submitted a number of capital rollover requests totalling £5,880,664 to be spent in 2021/22 to be released from the underspend of 2020/21. The requests are listed in Table 17 Appendix I, with an explanation provided by the service manager. Of these requests, £3,666,560 is linked with partnership funding, as explained in the notes, leaving £2,214,104 to be met from internal resources. The largest items of rollover are:

- Disabled Facilities Grant (external funding) - £3,165,993
- Sittingbourne Regeneration - £659,331
- Leisure Centres - £293,850
- Wheeled Bin Reserve - £251,000
- Open Spaces S106 Play Equipment - £356,000

- Faversham Creek Basin Regeneration Project - £200,000

### Funding of the 2020/21 Capital Programme

3.35 The 2020/21 capital programme expenditure of £9,603,218 was funded as set out in Table 10 below.

**Table 10: Capital Programme Funding**

	<b>2020/21 Outturn</b>
	<b>£'000</b>
Capital grants and other contributions	2,308
Capital receipts	24
Earmarked reserves	832
Direct revenue funding	27
Borrowing	6,412
<b>Total Capital Funding</b>	<b>9,603</b>

3.36 The Sittingbourne Town Centre Project and Leisure Centres are being funded from borrowing. The Council's borrowing strategy was set out in the Treasury Management Report to Cabinet in February.

3.37 Capital receipts from sale of assets in 2020/21 were £1,476k. Capital receipts from repayment of grants and loans were £83k.

### Payment of Creditors

3.38 For 2020/21, 98.6% of invoices from suppliers were paid within 30 days of receipt of invoice, during the pandemic, against the target of 97%.

### Sundry Debtors

3.39 Tables 18.1 and 18.2 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

<b>Issue</b>	<b>Implications</b>
Corporate Plan	Good financial management is key to supporting the Corporate Plan objectives.

<b>Issue</b>	<b>Implications</b>
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: Financial Outturn Report 2020/21

## **8. Background Papers**

9. <http://www.swale.gov.uk/assets/Latest-Publications/Revenue-Budget-and-Capital-Programme/PDF995-CLR-Budget-Book-2020-21.pdf>

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# Financial Outturn Report 2020/21

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**Table 11 – Main Variations by Service**

<b>Service – Cabinet Member (Head of Service)</b>	<b>£'000</b>
<b>CHIEF EXECUTIVE – Cllr R Truelove (Larissa Reed)</b>	
<b>Other Variances:</b>	
Salary underspend	(142)
Recruitment costs	21
Special Projects & Swale Stars	(16)
Other net savings	(3)
<b>TOTAL</b>	<b>(140)</b>
<b>POLICY, DEMOCRATIC SERVICES, COMMUNICATIONS AND CUSTOMER SERVICES – Cllr R Truelove (David Clifford)</b>	
<b>Policy, Communications &amp; Customer Services:</b>	
<b>Other Variances:</b>	
Salary underspend – Policy	(24)
Salary underspend – Customer Service Centre	(28)
Salary overspend – Communications	3
Salary overspend – Information Governance	5
Contract underspend – Kent County Council Sheerness Gateway	(39)
Advertising & promotion – savings	(12)
Swale publications – underspend	(9)
Other variances	(14)
<b>Sub Total</b>	<b>(118)</b>
<b>Democratic Services and Electoral Services:</b>	
<b>Other Variances:</b>	
Salary underspend – Democratic Services & Electoral Services	(33)
Salary underspend – Mayoral	(17)
Staff training – underspend	(6)
Democratic Services – Members Allowances & Travel	(20)
Mayor & Ceremonial – other	(4)
Community Governance Review underspend	(3)
Councillors at conference – underspend	(3)
Other variances	(10)
<b>Sub Total</b>	<b>(96)</b>
<b>TOTAL</b>	<b>(214)</b>

**Table 11 – Main Variations by Service**

<b>Service – Cabinet Member (Head of Service)</b>	<b>£'000</b>
<b>DIRECTOR OF REGENERATION – (Emma Wiggins)</b>	
<b>Other Variances:</b>	
Nil variance	-
<b>TOTAL</b>	<b>-</b>
<b>HOUSING, ECONOMY AND COMMUNITY SERVICES – Cllr B Martin, Cllr J Saunders, Cllr R Palmer, Cllr M Bonney, Cllr A Harrison (Charlotte Hudson)</b>	
<b>Economy &amp; Community Services:</b>	
<b>Coronavirus Related Variances:</b>	
Coronavirus expenditure (including salaries £32k)	118
Coronavirus grant	(118)
Salary overspend – Economy & Communities and Economic Development - including budget savings £30k requirement delayed due to restructure being paused due to coronavirus	70
Income under-recovery – Markets' rents not received	13
Sports Grants – not distributed in 2020/21	(26)
<b>Other Variances:</b>	
Salary underspend – Tourism, Safeguarding, Health & Wellbeing, Community Services and Sports Development	(29)
Sports Development – net underspend	(11)
Community Safety – net underspend	(24)
Community Halls – net underspend	(14)
Learning & Skills – net underspend	(17)
Arts Events – grants not distributed in 2020/21	(10)
Tourism – net underspend	(25)
Heritage – net underspend including distribution of community grants	(12)
Thames Gateway – redistribution of surplus	(34)
Members Grants – underspend	(9)
CCTV Monitoring Service - £50k of this underspend has been transferred to reserves to fund the £250k capital cost of the CCTV contact	(62)
Community Services, Economic Development, Economy & Community Services and Youth Services – net underspend	(5)
Other	(30)
<b>Sub-total</b>	<b>(225)</b>

**Table 11 – Main Variations by Service**

<b>Service – Cabinet Member (Head of Service)</b>	<b>£'000</b>
<b>Housing:</b>	
<b>Coronavirus Related Variances:</b>	
Temporary accommodation overspend – additional covid pressure on service	218
<b>Other Variances:</b>	
Temporary accommodation overspend	220
Homelessness Temporary houses overspend	6
Housing Options – salary underspend	(16)
Housing Development Strategy	(5)
Private Sector Housing – salary underspend	(8)
Private Sector Housing – net variations	(16)
Stay-Put scheme grants – net variations	(9)
<b>Sub-total</b>	<b>390</b>
<b>TOTAL</b>	<b>165</b>
<b>PLANNING - Cllr M Baldock (James Freeman)</b>	
<b>Coronavirus Related Variances:</b>	
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.	326
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.	68
Building Control – the South Thames Gateway Building Control Partnership	6
<b>Other Variances:</b>	
Appeals	(25)
Development Control / Services – salaries overspend	37
Spatial Planning Team – salaries overspend	31
Planning Shared Service – underspend	(32)
Land Charges Shared Service – underspend	(33)
Planning consultation advice	54
Local Plan overspend as a result of legislative changes in August 2020. This has been funded from the Local Plan reserve	53
Conservation, Design and Heritage staff - overspend	10
Conservation, Design and Heritage – fees and services	(26)
Other	(1)
<b>TOTAL</b>	<b>468</b>
<b>N.B. The overspend on the local plan has been met from the ring-fenced reserve to be used solely to fund Local Plan associated work.</b>	

**Table 11 – Main Variations by Service**

<b>Service – Cabinet Member (Head of Service)</b>	<b>£'000</b>
<b>COMMISSIONING, ENVIRONMENT AND LEISURE – Cllr Saunders, Cllr A Harrison, Cllr R Palmer (Martyn Cassell)</b>	
<b>Coronavirus Related Variances:</b>	
<b>Parking Management:</b>	
Car Parks pay and display – income shortfall	1,222
Car Parks – private contractor costs	(7)
Parking Management – reduced cash security costs	(31)
Parking season tickets – income shortfall	37
Parking Penalty Charge Notices (PCN's) – income shortfall	97
Parking Enforcement – deficit relating to on-street parking	37
Parking Adjudication	(14)
Multi-Storey Car Park – income shortfall	64
<b>Leisure &amp; Sports Centres:</b>	
Swallows and Sheppey Leisure Centres - Loss of income claims	715
Faversham Pool – Additional grant	75
Faversham Pool – SBC share of national leisure recovery grant	73
Swale Community Leisure Trust Ltd – one off - additional grant	50
Swale Community Leisure Trust Ltd – compensation re redundancy costs	61
National Leisure Recovery Fund	(365)
<b>Refuse &amp; Recycling – Additional contract costs</b>	<b>82</b>
<b>Other Variances:</b>	
<b>Environmental Response Team:</b>	
Section 96 of the Clean Neighbourhoods and Environment Act of 2005 advises that income must be spent on 'qualifying functions'. A surplus of £25k has been transferred to the ring-fenced account at year end	(25)
<b>Cemeteries:</b>	
Interment income – additional income	(32)
Premises expenditure	(19)
Other	1
<b>Client &amp; Amenity Services:</b>	
Head of Service and Client and Amenity Services – salary & staff costs savings	(46)
Other	(18)
<b>Coast Protection/Harbour &amp; Quays and Seafront - net overspend</b>	<b>7</b>

**Table 11 – Main Variations by Service**

<b>Service – Cabinet Member (Head of Service)</b>	<b>£'000</b>
<b>Commissioning, Customer Contact, Contracts &amp; Procurement:</b>	
Other	(16)
<b>Animal Welfare/Dog Warden Service – net underspend</b>	(3)
<b>Grounds Maintenance – net overspend</b>	26
Highways – net underspend	(12)
<b>Leisure &amp; Sports Centres:</b>	
Savings re service costs (including utility costs and car parking refunds)	(126)
Savings re Serco maintenance agreement	(19)
Other – net underspend	(6)
<b>Recycling &amp; Waste Minimisation, Refuse Collection and Street Cleansing:</b>	
Garden Waste collections – additional income	(109)
Wheeled Bins purchase – additional expenditure. Increase in garden waste subscriptions.	175
Wheeled Bins sales – additional income – including income from new developments requesting waste receptacles.	(72)
Variations to Contract – savings	(30)
Street Cleansing contract costs savings. Indexation lower than expected.	(68)
Special Collections – additional income	(21)
Other - net savings	(7)
<b>Public Conveniences:</b>	
Public Conveniences – cost savings on premises expenses.	(23)
Contract cost savings	(13)
Other – net costs	6
<b>Parks &amp; Open Spaces, Sports Pitches, Countryside &amp; Country Parks, Allotments and Pest Control:</b>	
Expenditure on premises expenses	24
Play areas – equipment maintenance & purchase	16
Play areas – grounds maintenance	(30)
Other – net savings	(45)
<b>Parking Management:</b>	
Parking Management – additional licence costs	23
Rental savings	(16)
Parking Partnership – additional costs with Maidstone Borough Council.	38
Multi-Storey Car Park additional private contractor costs and security costs	42
Multi-Storey Car Park net other costs	15
Other – net savings	(23)
<b>TOTAL</b>	<b>1,690</b>

**Table 11 – Main Variations by Service**

<b>Service – Cabinet Member (Head of Service)</b>	<b>£'000</b>
<b>FINANCE – Cllr R Truelove (Nick Vickers)</b>	
<b>Other Variances:</b>	
Salary underspend – vacant post and agency staff savings.	(46)
<b>TOTAL</b>	<b>(46)</b>
<b>REVENUES &amp; BENEFITS – Cllr R Truelove (Nick Vickers)</b>	
<b>Coronavirus Related Variances:</b>	
Reduced income – recovery of council tax court costs due to the courts being shut.	412
Reduced income – recovery of overpayments of housing benefits due to reduction in recovery action	305
Reduced income – Mid Kent debt recovery due to courts being shut	136
Net S13A Council Tax Hardship Fund (Table 3 in the main report for details)	(94)
Coronavirus Grants (Table 5 in the main report for details) (*)	(499)
<b>Other Variances:</b>	
Staff cost savings (*)	(11)
Staff travel costs underspend	(5)
Department of Works and Pensions (DWP) net additional housing benefit subsidy grant (*)	(4)
DWP additional housing benefit grants (*)	(114)
DWP Housing Benefit Admin Subsidy Grant increase (*)	(30)
Mid Kent Services (MKS) Fraud Partnership Charges	(17)
Fees & Services	10
Postage	(26)
Recovery of Housing Benefit Overpayments	(86)
Net Other Costs	12
<b>TOTAL</b>	<b>(11)</b>
N.B. A net saving of (£658k) as detailed (*) has been transferred to reserves.	
<b>PROPERTY SERVICES – Cllr M Bonney (Anne Adams)</b>	
<b>Coronavirus Related Variances:</b>	
Swale House – reduced printing costs	(30)
Swale House – reduced security costs	(28)
Swale House – reduced energy costs	(30)
<b>Other Variances:</b>	
Property salary underspend due to vacant post	(55)
Consultancy expenditure	(17)

**Table 11 – Main Variations by Service**

<b>Service – Cabinet Member (Head of Service)</b>	<b>£'000</b>
Building Maintenance – the variance on building maintenance has been transferred to the ring-fenced reserve to be used to fund building maintenance expenditure in future years	(23)
<b>TOTAL</b>	<b>(183)</b>
<b>LICENSING &amp; RESILIENCE PLANNING – Cllr R Palmer, Cllr R Truelove (Della Fackrell)</b>	
<b>Other Variances:</b>	
Licensing salary underspend due to vacant post	(21)
Hackney Carriage - additional income	(24)
Gambling Licence fees - additional income	(4)
General Licence Fees – loss of income	13
Emergency response overtime (Eastchurch Cliff fall) and resilience overtime	11
Other net variances	(11)
<b>TOTAL</b>	<b>(36)</b>
<b>ENVIRONMENTAL HEALTH – Cllr J Saunders (Tracey Beattie)</b>	
<b>Other Variances:</b>	
Shared Service costs	(6)
<b>TOTAL</b>	<b>(6)</b>
<b>INFORMATION TECHNOLOGY – Cllr R Truelove (Chris Woodward)</b>	
<b>Other Variances:</b>	
IT Maintenance and software. This variance has been transferred to the ring-fenced reserve to be used solely to fund IT related expenditure in future years.	(118)
Shared Service costs – increased usage	19
Telecommunications – reduced expenditure on equipment maintenance and costs of telephones	(19)
<b>TOTAL</b>	<b>(118)</b>
<b>INTERNAL AUDIT – Cllr R Truelove (Rich Clarke)</b>	
<b>Other Variances:</b>	
Shared Service costs – underspend re 2020/21	(25)
Shared Service costs – underspend re 2019/20 (this has been transferred to reserves for future SBC project work – Refer to Table 3 in the main report)	(22)
Risk Management – underspend	(2)
<b>TOTAL</b>	<b>(49)</b>
<b>HUMAN RESOURCES – Cllr R Truelove (Bal Sandher)</b>	
<b>Other Variances:</b>	
Shared Service costs – underspend	(36)

**Table 11 – Main Variations by Service**

<b>Service – Cabinet Member (Head of Service)</b>	<b>£'000</b>
Apprenticeships – salary underspend	(33)
Corporate Training – underspend	(31)
B-Heard Survey – not undertaken in 2020/21	(12)
Health & Training – underspend	(11)
<b>TOTAL</b>	<b>(123)</b>
<b>LEGAL – Cllr R Truelove (Patricia Narebor)</b>	
<b>Other Variances:</b>	
Legal shared service - additional income £81k as a result of Swale's usage of the service being below the budgeted level and therefore additional income received from Maidstone Borough Council and Tunbridge Wells Borough Council; In addition, there was a saving of £41k on running costs including salaries. This is to be redistributed to the three authorities subject to the agreement of the Service Board.	(119)
S106 additional income – finalisation of historic legal agreements within 2020/21	(76)
External legal fees	9
<b>TOTAL</b>	<b>(186)</b>
<b>SITTINGBOURNE REGENERATION</b>	
<b>Other Variances:</b>	
Salary costs	8
Property management costs	30
Operational management costs	19
Network Rail Scheme – unrecovered costs	122
<b>TOTAL</b>	<b>179</b>
<b>BOURNE PLACE</b>	
<b>Coronavirus Related Variances:</b>	
Reduced rental income	275
Property management costs	77
<b>TOTAL</b>	<b>352</b>
<b>PRINCES STREET RETAIL PARK</b>	
<b>Coronavirus Related Variances:</b>	
Property management costs	5
<b>TOTAL</b>	<b>5</b>
<b>CONTRIBUTIONS TO/FROM (-) RESERVES FROM SERVICES SHOWN ABOVE</b>	
Building Maintenance	23

**Table 11 – Main Variations by Service**

<b>Service – Cabinet Member (Head of Service)</b>	<b>£'000</b>
Information Technology	118
Local Plan	(53)
Revenue Services	658
Environmental Response Team	25
Internal Audit	22
Net S13A Council Tax Hardship Fund	94
Council Tax Grant from major preceptors	134
Collection Fund Tax Income Guarantee (TIG)	750
<b>TOTAL</b>	<b>1,771</b>
<b>CORPORATE ITEMS</b>	
<b>Other Variances:</b>	
Council Tax Grant from major preceptors. This has been transferred to the ring-fenced reserve	(134)
Collection Fund Tax Income Guarantee (TIG) (Table 3 in the main report for details)	(750)
Net other movement on reserves	198
Net underspend – secretarial support	(37)
Net interest	64
Insurance – additional properties and increase in cost of public liability cover.	26
Bad Debts (Revenues & Benefits bad debts are reported within service)	28
Corporate Postage	36
Other net staff savings including pension costs offset by net corporate staff savings	(35)
Minimum Revenue Provision (MRP) – cost of Sittingbourne Town Centre (STC)	24
Direct Revenue Financing	27
Other net expenditure	(51)
<b>TOTAL</b>	<b>(604)</b>
<b>NET EXPENDITURE (Overspend)</b>	<b>2,914</b>

## Table 12 – Main Salary Variations by Service

The forecast salary variances identified in Table 11 above are collated in the table below and total £439k underspend on the total salary/ agency budget of £13.6m.

<b>Service</b>	<b>£'000</b>
Salary underspend - Chief Executive	(142)
Salary Underspend – Democratic Services & Elections	(33)
Salary Underspend – Mayoral	(17)
Salary underspend – Policy & Information Governance	(16)
Salary underspend – Customer Service Centre	(28)
Salary overspend – Economy & Communities budget savings requirement delayed due to restructure being paused due to coronavirus.	76
Salary underspend – Economy & Communities – vacant posts	(35)
Salary underspend – Homelessness – vacant posts	(16)
Salary underspend – Housing Private Sector	(8)
Salary underspend – Housing Development Strategy	(9)
Salary underspend – Rough Sleepers (offset by grant)	(45)
Salary underspend – Stay Put Scheme Grants	(5)
Salary overspend - Development Management/Enforcement	68
Salary overspend - Conservation, Design and Heritage	10
Salary underspend - Commissioning, Environment & Leisure	(58)
Salary underspend – Finance due to vacancy and reduced agency costs	(60)
Salary overspend – Revenues & Benefits	15
Salary underspend – Property due to vacancies	(55)
Salary underspend – Licensing	(21)
Salary underspend – Human Resources - Apprentices	(33)
Salary underspend – Secretarial Support	(31)
Salary underspend – Legal	(12)

**Table 12 – Main Salary Variations by Service**

<b>Service</b>	<b>£'000</b>
Salary costs – Sittingbourne Regeneration	8
Salary costs – overtime – Eastchurch landslide	9
Salary costs – overtime – resilience	2
Salary underspend – Climate Change	(5)
Coronavirus Communities overspend – salary costs.	32
Net other 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	(30)
<b>Total</b>	<b>(439)</b>

**Table 13 – Revenue Rollover Operational Bids and Transfer to Reserves Bids**

No.	Head of Service	Funded from	Rollover Request £	Purpose of Rollover
<b>Operational Bids:-</b>				
1	Charlotte Hudson	Sport Development	25,800	Sports Grants - Due to the covid pandemic the sports grants were unable to be distributed in 2020/21.
2	Charlotte Hudson	Tourism	3,200	The rollover towards the Remembrance Project (£3K from KCC and a Member Grant award £200) which will be delivered during 2021/22.
3	Charlotte Hudson	Art Events and Activities	10,000	Heritage Grants - During lockdown the community grant schemes were frozen at the request of Members and senior officers and not allocated.
4	Charlotte Hudson	Art Events and Activities	10,000	Culture Grants - During lockdown the community grant schemes were frozen at the request of Members and senior officers and not allocated.
5	Charlotte Hudson	Closed Circuit Television	20,000	As agreed by Cabinet on 10 July 2019 £20,000 to be put into reserves to put towards upgrading the CCTV system again in 5 - 7 years' time. This money needs to be ring-fenced and allocated to general reserve.
6	Charlotte Hudson	Closed Circuit Television	5,292	The roll forward of £5,292 towards the installation of CCTV at Leysdown. This was not completed in 2020/21 due to delays by BT.
7	Charlotte Hudson	Members Localism Grant	9,020	To meet the balance of the outstanding 20 Member grants that were approved but the grant acceptance letters were not received before year end.
		<b>Total</b>	<b>83,312</b>	

**Table 13 – Revenue Rollover Operational Bids and Transfer to Reserves Bids**

No.	Head of Service	Funded from	Rollover Request £	Purpose of Rollover
8	James Freeman	Planning Appeals	41,220	The budget has not been spent mainly due to the pandemic and the impact it has had on the Planning Inspectorate and their ability to hold Informal Hearings and Public Inquires. A couple of public inquiries, all of which involve traveller sites – including Spade Lane, Land west of Greyhound Road and St Thomas Yard - which would involve hiring a barrister and other legal and admin costs to defend the appeals have therefore not yet taken place but are expected to happen either in person or virtual during 21/22 financial year. Therefore, require the underspend to rollover to help us defend these delayed planning/enforcement appeals.
		<b>Total</b>	<b>41,220</b>	
9	Martyn Cassell	Closed Churchyard and War Memorial	14,100	Closed Churchyard works delayed due to approvals from Historic England & Church Diocese.
10	Martyn Cassell	Cemeteries - Swale	20,000	Cemeteries considerable work in converting to online burial software system in 2021.
11	Martyn Cassell	Leisure and Technical	911	Coast Protection underspend requested to be transferred into Reserves to build up funding for future coastal repairs / contribute to Eastchurch costs.
12	Martyn Cassell	Leisure and Technical	2,479	Street Lighting Maintenance under-spend has been accumulated to put towards further pre-contract work on LED Upgrade programme and future replacement of damaged assets.
		<b>Total</b>	<b>37,490</b>	
13	Della Fackrell	Resilience	3,000	Training did not take place because of COVID and has been rescheduled for 21/22. This is external training.
			<b>3,000</b>	

**Table 13 – Revenue Rollover Operational Bids and Transfer to Reserves Bids**

No.	Head of Service	Funded from	Rollover Request £	Purpose of Rollover
14	Chris Woodward	Swale House - Telephonist	1,842	Budget has not been spent as we negotiated a new maintenance contract for the customer service centre telephony which was much lower. It is now our intention to use this underspend to make enhancements on the system that will give better interaction with our customers. This budget will also include training for the staff and investigating the webchat function that is now available to us. This system has had no investment for several years so this budget would allow the Customer Service Manager to do this.
		<b>Total</b>	<b>1,842</b>	
Page 36	David Clifford	Community Governance Review	2,500	Despite no spend in 2020/2021, a number of Community Governance Reviews are planned for 2021/2022 for Murton / Tonge Parish, The Meads/Bobbing Parish and Queenborough/Sheerness Town Council.
		<b>Total</b>	<b>2,500</b>	
<b>Transfers to Reserves Bids:-</b>				
16	Charlotte Hudson	RDS - Landlord Payments	1,595	Homelessness / Rent Deposit Scheme (RDS) – Landlord payments transfer to Supporting People Reserve.
17	Charlotte Hudson	Oak Road, Sittingbourne, Emergency Accommodation	671	General maintenance expenditure transfer to existing Reserve for Homelessness Houses.
		<b>Total</b>	<b>2,266</b>	
18	Nick Vickers	Swale House Structure	28,018	Electricity costs underspend due to staff working from home. To be transferred to the Building Maintenance Reserve to support the ongoing maintenance of the Council's assets.

**Table 13 – Revenue Rollover Operational Bids and Transfer to Reserves Bids**

No.	Head of Service	Funded from	Rollover Request £	Purpose of Rollover
19	Nick Vickers	Swale House Structure	28,105	Security guards underspend due to Swale House being closed to the public. To be transferred into the Building Maintenance Reserve to support the ongoing maintenance of the Council's assets.
		<b>Total</b>	<b>56,123</b>	
20	Patricia Narebor	MKS Legal	41,000	The £41,000 is the partnership's surplus which is a combination of underspends on salaries and running costs. This underspend is to be allocated subject to service board agreement.
		<b>Total</b>	<b>41,000</b>	
21	Della Fackrell	Hackney Carriages	25,000	Although the ring-fenced accounts for licensing have made a small deficit of less than £5k (taking into account central support costs) a roll forward of the additional income from the Hackney Carriage Licenses income of £25k is requested. This is used to invest back into the taxi licensing service.
		<b>Total</b>	<b>25,000</b>	
		<b>Total Rollover Requests</b>	<b>293,753</b>	

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**Table 14 – Revenue Reserves (not including Table 13 rollovers)**

	<b>Balance 31 March 2020 £'000</b>	<b>Transfers out 2020/21 £'000</b>	<b>Transfers in 2020/21 £'000</b>	<b>Balance 31 March 2021 £'000</b>
Business Rates Volatility	(3,943)	1,446	(330)	(2,827)
North Kent Housing & Commercial Growth Business Rates	(1,706)	33	0	(1,673)
Kent Pool Economic Development Business Rates	(1,326)	1,000	(768)	(1,094)
Preceptors Council Tax Support	(1,071)	47	(134)	(1,158)
Special Project Fund	(964)	909	(1,000)	(1,055)
Revenues and Benefits	(809)	52	(658)	(1,415)
Improvement and Resilience Fund	0	0	(1,000)	(1,000)
Town Centres/ High Streets Fund	(800)	42	0	(758)
Building Maintenance	(706)	166	(23)	(563)
General Reserve	(666)	844	0	178
Communities Fund	(556)	145	0	(411)
Performance	(432)	161	0	(271)
STC Retail Park	(417)	38	0	(379)
Repairs & Renewals	(376)	82	(161)	(455)
Parking	(373)	94	0	(279)
Stay Put Fund	(283)	45	0	(238)
Commuted Sums	(266)	0	0	(266)
Heritage Strategy	(250)	24	0	(226)
Local Development Framework	(220)	53	0	(167)
Visitor Economic Framework	(189)	10	0	(179)
Financial Services	(180)	1	0	(179)
Local Loan Fund	(175)	0	0	(175)
Refuse and Recycling	(172)	0	0	(172)
Housing	(153)	12	(5)	(146)
Regeneration	(152)	3	0	(149)
Wheeled Bins	(118)	0	(161)	(279)
Electoral Registration	(107)	58	(52)	(101)
Environmental Initiatives	(101)	0	(25)	(126)
Pension & Redundancy	(94)	170	(128)	(52)

**Table 14 – Revenue Reserves (not including Table 13 rollovers)**

	<b>Balance 31 March 2020 £'000</b>	<b>Transfers out 2020/21 £'000</b>	<b>Transfers in 2020/21 £'000</b>	<b>Balance 31 March 2021 £'000</b>
Disabled Facilities Grants (Revenue)	(85)	6	0	(79)
Insurance Funds	(83)	0	0	(83)
Milton Creek Access Road	(75)	0	0	(75)
Tree Survey and Works in Closed Churchyards	(63)	0	0	(63)
Cemeteries	(60)	0	0	(60)
Faversham Creek Footpath	(60)	0	0	(60)
ICT Reserve	(55)	0	0	(55)
Licensing	(54)	0	0	(54)
Sheppey Lower Road Improvements	(50)	0	0	(50)
Coronavirus - S13A Council Tax Hardship Fund	0	0	(94)	(94)
STC Bourne Place	0	0	(165)	(165)
CCTV Monitoring Control Centre Reserve	0	0	(50)	(50)
Food and Health Safety	(60)	0	0	(60)
General Democratic	(37)	0	(30)	(67)
HR Shared Services	(74)	0	0	(74)
Closed Churchyards and War Memorials	(52)	0	0	(52)
Miscellaneous	(934)	153	(177)	(958)
<b>Sub Total Earmarked Revenue Reserves</b>	<b>(18,347)</b>	<b>5,594</b>	<b>(4,961)</b>	<b>(17,714)</b>
Capital Receipts	(1,359)	35	(1,560)	(2,884)
Capital Grants Unapplied	(409)	16	(64)	(457)
General Fund	(3,338)	191	(1,337)	(4,484)
<b>Total Reserves</b>	<b>(23,453)</b>	<b>5,836</b>	<b>(7,922)</b>	<b>(25,539)</b>

Paragraphs 3.20 and 3.22 detail that the deficit on the Council's collection fund will be met from government grants which have also been put to reserves in 2020/21 to be used in future years to meet this deficit.

## Table 14 – Revenue Reserves (not including Table 13 rollovers)

### Notes

Business Rates Volatility	To assist the Council in managing the volatility of business rate income as a result of business rate localisation.
North Kent Housing & Commercial Growth Business Rates	Under the Kent Business Rates 2018/19 Pilot there was to be an allocation of funds called the Housing & Commercial Growth Business Rates which was allocated among “clusters” of authorities for each cluster to determine the final allocation. SBC is in the “North Kent” cluster. Cabinet on 16/12/2020 agreed that this fund was to be used to fund the Local Housing Company, for set up costs and future investment, including possible investment in Sheppey. Minute 350/12/2020
Kent Pool Economic Development Business Rates	This fund has been established as a result of the Council joining the Kent Business Rates Pool. It is to fund economic development as agreed by the Council and KCC. As agreed by Cabinet on 16/12/2020 the balance on this reserve is to be retained for potential top ups and for new initiatives or pressures. Minute 350/12/2020.
Preceptors Council Tax Support	Paid by KCC, Police and Fire to reflect the costs of Council Tax support localisation.
Special Project Fund	The Cabinet meeting 10 July 2019 proposal to set up a Special Projects Fund was agreed. The commitment is to allocate £1m per annum from accumulated business rate reserves to the funds. The fund is being used to deliver tangible projects for the residents of the borough making the public spaces cleaner and better presented. Minute 122/07/2019.
Revenues and Benefits	Savings made in the Revenues and Benefits section, including unspent grants are transferred to this reserve. This is used to cover the shortfall in grant.
Improvement and Resilience Fund	The Cabinet meeting on 16 Dec 2020 agreed the transfer of £1m from the Kent Pool Economic Development Business Rates Fund to the “Improvement and Resilience Fund”. Minute 350/12/2020,
Town Centres/ High Streets Fund.	The Cabinet meeting 16 December 2020 agreed that £800k of shared business rates will be now allocated to Town Centres. Minute 350/12/2020.
Building Maintenance	To meet items of backlog building maintenance as identified in the Council’s medium-term maintenance plan as well as urgent or unexpected items. Each year the reserve is topped up by any underspend on the building maintenance revenue budget.
General Reserve	The use of this reserve is subject to the approval of Members.
Communities Fund	This is to support the Council’s Localism Agenda.

## Table 14 – Revenue Reserves (not including Table 13 rollovers)

### Notes

Performance	To improve overall performance. Officers can submit a bidding list of proposals.
STC Retail Park	This reserve is for the accounting adjustment between the value of income received and the value included in the accounts.
Repairs & Renewals	Regular contributions are made to this fund from the General Fund for a number of services to fund the future cost of significant items of expenditure.
Parking	Any surplus from on-street parking is transferred to the ring fenced on-street parking account under Section 55 of the Road Traffic Act 1984.
Stay Put Fund	To support the Council's Stay Put service which offers advice, support and help to the elderly and disabled, who are owner occupiers or private tenants and who need practical assistance to repair, adapt or improve their homes.
Commuted Sums	This reserve will be used to fund play area and open space maintenance in future years.
Heritage Strategy	The Cabinet meeting 18 December 2019 agreed to the transfer of £250,000 from the Kent Pool Economic Development Reserve to the Heritage Strategy. Minute 402/12/2019.
Local Development Framework	Any underspend or overspend on this service on the General Fund will be transferred to this fund and used solely to fund Local Development Framework associated work.
Visitor Economic Framework	The Cabinet meeting 7 Feb 2018 agreed that the Visitor Economy Framework 2018-2023 be adopted and that funding of £250,000 from the shared business rates pool with Kent County Council be used to contribute to the delivery of the framework. Minute 475/02/2018.
Financial Services	To fund continuous system developments for the financial systems, and meeting the costs of the professional advice and staff development on accounting, taxation, payments, etc.
Local Loan Fund	To support voluntary, community or not-for-profit organisations and town and parish councils in Swale to enable management and delivery of local services and facilities.
Refuse and Recycling	To fund on-going review of additional roads from new developments to be added on to Biffa contract and services including clinical, bulky and weekly collections.
Housing	To fund the homelessness service in future years.
Regeneration	To fund regeneration projects in the Borough. Officers can submit bids to this reserve.
Wheeled Bins	To fund the new wheeled bins purchases and replacements.
Electoral Registration	To fund one-off costs of Local Authority elections in future years.

## Table 14 – Revenue Reserves (not including Table 13 rollovers)

### Notes

Environmental Initiatives	Income from Fixed Penalty Notices used to support various environmental initiatives. It is a requirement of the legislation that any money generated is used to create a cleaner and greener environment.
Pension & Redundancy	To meet the cost of releasing the Pension Fund benefits to staff who have taken early retirement and to fund all other redundancy costs.
Disabled Facilities Grants (Revenue)	This reserve is related to the Better Care Fund (BCF) incorporating Disabled Facilities Grants (DFG). Funding is from the Government and administered via KCC. The balance of the BCF to carry over as agreed by Strategic Management Team and used for new or committed work to support the DFG service.
Insurance Funds	The purpose of the reserve is to fund Insurance claims that fall below £1,000 which will reduce our number of claims.
Milton Creek Access Road	Reserve will be used for new access road to Milton Country Park and increased security around the car park to stop unauthorised encampments.
Tree Survey and Works in Closed Churchyards	Funding required to appoint consultants to undertake a tree condition survey across the Council's Green Spaces and to fund a rolling programme of tree works.
Cemeteries	Used to cover the costs of purchasing an electronic burial records system as part of the transformation review recommendations and further expected costs at the new Iwade burial site.
Faversham Creek Footpath	Footpath in Faversham - part of the regeneration of the Faversham Creek.
Information and Communication Technology (ICT) Reserve	This will be used to fund IT related expenditure in future years. Any surplus or deficit on ICT expenditure on software and equipment is transferred to this fund.
Licensing	Any surplus or deficit from Licensing is transferred to the ring-fenced Licensing account under Local Government (Miscellaneous Provisions) Act 1982.
Sheppey Lower Road Improvements	The Cabinet meeting 18 December 2019 agreed to £250k of the shared Kent Pool Economic Development Reserve being allocated to the Sheppey Lower Road improvements. Minute 402/12/2019
Coronavirus - S13A Council Tax Hardship Fund	This represents the balance remaining on the S13A Council Tax Hardship Fund. According to MHCLG and Chartered Institute of Public Finance and Accountancy (CIPFA) guidance, the Council has to spend this in the provision of support to vulnerable households

## Table 14 – Revenue Reserves (not including Table 13 rollovers)

### Notes

STC Bourne Place	This reserve is for the accounting adjustment between the value of income received and the value included in the accounts.
CCTV Monitoring Control Centre Reserve	The capital cost of the new CCTV system (£250k) is to be funded from 5 years of £50k per year revenue savings on running costs. This funding was approved as part of the 2020/21 capital budget. This is different from the description of the use of £50k in the analysis of variances above so which is it?
Food and Health Safety	As a result of uncertainty revolving around the EU Exit date there has been an underspend in these services. In addition, we have been exceptionally busy with introducing the Request for Rescore scheme and the increasing number of poorly rated premises. This has meant that not all of the budgets in the other areas have been spent. We have also been holding 1 ½ vacancies for much of the year which has also impacted on some of these spend. These vacancies will be filled in the next few months and with the EU exit date it is essential this amount is rolled forward. It is also likely we will need to extend the contract with our contractor to ensure we meet Council Key Performance Indicators as well as our statutory duties.
General Democratic	This reserve is roll overed from the underspend on members' allowances.
HR Shared Services	This reserve is roll overed from the underspend relates to the MKS HR service.
Closed Churchyards and War Memorials	This reserve is to fund continuing substantial works. Awaited heritage advice and Dioceses' approval.
Miscellaneous	This is made up of the earmarked reserves that are less than £50,000. A full list of these reserves is available upon request.

**Table 15 – Allocation of Funds**

	<b>£'000</b>
<b>Special Project Fund</b>	
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	3
Murston Bus Lane	10
Local Cycling and Walking Infrastructure (LCWIP) for Faversham Area	30
<b>Total Special Project Fund Approved as at 31 March 2021</b>	<b>978</b>
<b>Performance Fund</b>	
Sittingbourne Town Centre (STC) Strategic Development	4
Member IT	25
IG Officer	43
<b>Total Performance Fund Approved as at 31 March 2021</b>	<b>72</b>
<b>Communities Fund</b>	
Old Forge Museum	8
Raybel Restoration Project	7
Culture Grants	10
<b>Total Communities Fund Approved as at 31 March 2021</b>	<b>25</b>

**Table 15 – Allocation of Funds**

	<b>£'000</b>
<b>Pension &amp; Redundancy Fund</b>	
Pension and Redundancy costs	142
<b>Total Pension &amp; Redundancy Fund Approved as at 31 March 2021</b>	<b>142</b>

**Table 16 – Capital Programme 2020/21 Outturn**

Capital Scheme	Funding SBC/ Partner ship (P)	2020/21 Original Budget	2020/21 Revised Budget	2020/21 Outturn	2020/21 Variance	Rollover Request	Roll-over Note No. (See Table 17)	Variance Note No. (See Table 17)
	£	£	£	£	£	£		
<b>Commissioning, Environment &amp; Leisure - M. Cassell</b>								
Allotment Improvements at St Nicholas Road, Faversham – S106	P	0	21,440	21,444	4	0		
Barton’s Point Coastal Park – Replacement Bridge – Capital Receipts	SBC	0	158,260	9,854	(148,406)	148,406	A	
Beach Huts – Capital Receipts	SBC	60,000	60,000	0	(60,000)	60,000	B	
Car Park Improvement/Enhancement - Electric Charging Points – Swale House Car Park - Reserves	SBC	0	32,000	51,734	19,734	0		1
Car Park Improvement/Enhancement – Electric Charging Points – Rose Street Carpark and Central Carpark – Reserves	SBC	0	29,900	86,582	56,682	0		2
Coastal Monitoring Programme (Coast Protection) – External Grant	P	0	0	46,599	46,599	0		3
Faversham Recreation Ground Improvement - S106	P	125,400	57,310	52,373	(4,937)	4,937	C	
Faversham Recreation Ground Improvements – Reserves	SBC	0	107,660	107,660	0	0		
Gunpowder Works Oare, Faversham - S106	P	0	9,000	0	(9,000)	9,000	D	
Milton Creek Country Park Access Road – Reserves	SBC	0	40,000	0	(40,000)	40,000	E	
Modular Toilet Kiosk – Minster Leas – Reserves	SBC	0	29,930	0	(29,930)	24,355	F	
Modular Toilet Kiosk - Minster Leas – Reserves	SBC	0	93,000	98,575	5,575	0		
New Play Area - Iwade Scheme – S106	P	0	45,000	0	(45,000)	45,000	G	
Open Spaces Play Equipment – S106	P	130,000	356,000	0	(356,000)	356,000	H	
Play Area Improvements – Reserves	SBC	150,000	150,000	0	(150,000)	150,000	I	
Play Improvements – Diligent Drive – Reserves	SBC	0	18,000	0	(18,000)	18,000	J	
Play Improvements – Minster Lees – Reserves	SBC	0	1,750	0	(1,750)	0		

**Table 16 – Capital Programme 2020/21 Outturn**

Capital Scheme	Funding SBC/ Partnership (P)	2020/21 Original Budget	2020/21 Revised Budget	2020/21 Outturn	2020/21 Variance	Rollover Request	Roll-over Note No. (See Table 17)	Variance Note No. (See Table 17)
	£	£	£	£	£	£		
Play Improvements – Shellness Road – Reserves	SBC	0	2,250	0	(2,250)	0		
Public Toilets - Forum, Sittingbourne – Reserves	SBC	0	50,000	7,916	(42,084)	42,084	K	
Public Toilets - Central Car Park, Faversham – Reserves	SBC	0	40,000	41,329	1,329	0		
Public Toilets - Milton Creek Country Park - Reserves	SBC	0	150,000	65,719	(84,281)	84,281	L	
Public Toilets and Showers - Bartons Point, Sheppey - Reserves	SBC	0	100,000	0	(100,000)	100,000	M	
Public Toilets - The Spinney Leysdown – Reserves	SBC	0	40,000	30,238	(9,762)	0		
Resurfacing Promenade, The Leas – External Grant	P	0	79,970	0	(79,970)	79,970	N	
Leisure Centres – Budget Only	SBC	0	293,850	0	(293,850)	293,850	O	
Swallows Leisure Centre Roof – internal / external borrowing	SBC	0	743,000	753,351	10,351	0		4
Sheppey Swimming Pool – internal /external borrowing	SBC	0	0	62	62	0		
Wheeled Bins – Reserves	SBC	157,000	251,000	0	(251,000)	251,000	P	
<b>Total Commissioning, Environment &amp; Leisure</b>		<b>622,400</b>	<b>2,959,320</b>	<b>1,373,436</b>	<b>(1,585,884)</b>	<b>1,706,883</b>		
<b>Housing, Economy &amp; Community Services – C. Hudson</b>								
CCTV - Repairs & Renewals	SBC	0	30,000	0	(30,000)	30,000	Q	
Faversham Creek Basin Regeneration Project (swing bridge) – Capital Receipts	SBC	0	200,000	0	(200,000)	200,000	R	
Footpath contribution – High Street Sittingbourne – S106	P	0	18,920	13,260	(5,660)	5,660	S	
Footpath Improvements Newington Recreational Ground - Reserves	SBC	0	0	20,000	20,000	0		5
Land plots, Crown Quay Lane & Creek Frontage – S106	P	0	0	1,354	1,354	0		6

**Table 16 – Capital Programme 2020/21 Outturn**

Capital Scheme	Funding SBC/ Partnership (P)	2020/21 Original Budget	2020/21 Revised Budget	2020/21 Outturn	2020/21 Variance	Rollover Request	Roll-over Note No. (See Table 17)	Variance Note No. (See Table 17)
	£	£	£	£	£	£		
Land Regeneration / Improvement Works at Dolphin Barge Museum & Skatepark – Capital Receipts/Reserves	SBC		0	52,060	52,060	0		7
Local Authority Housing – Reserves	SBC	0	0	32,750	32,750	0		8
Murston Old Church – Reserves	SBC	0	100,000	100,000	0	0		
Sheppey Hall Improvement – Reserves	SBC		0	40,000	40,000	0		9
Sittingbourne Town Centre –Internal / External Borrowing	SBC	44,250	6,309,910	5,650,579	(659,331)	659,331	T	
The Mill Project, Sittingbourne Skate Park – S106	P	0	0	660	660	0		
Disabled Facilities Grants Mandatory Grants – External Grant	P	2,062,800	3,990,330	824,337	(3,165,993)	3,165,993	U	
Water Warmth Grants – Loans	SBC	0	0	12,892	12,892	0		
Housing Repair Grants Over 60 – Loans	SBC	0	0	1,420	1,420	0		
Decent Home Loans Owner Occupier – Loans	SBC	0	0	14,630	14,630	0		
Queenborough & Rushenden Klondyke Land Improvement – External Grant	P	0	66,600	1,135,959	1,069,359	0		10
West Faversham Community Association New Building & Facilities – Reserves	SBC	0	25,000	25,000	0	0		
<b>Total Housing, Economy &amp; Communities Services</b>		<b>2,107,050</b>	<b>10,740,760</b>	<b>7,924,901</b>	<b>(2,815,859)</b>	<b>4,060,984</b>		
<b>Property - A. Adams</b>								
Milton High Street Clock – Reserves	SBC	0	0	53,381	53,381	0		11
Swale House – Feasibility Studies – Internal / External Borrowing	SBC	0	200,000	137,600	(62,400)	62,400	V	
Redevelopment of Master’s House Sheerness – External Grant	P	0	0	53,147	53,147	0		12
<b>Total Property Services</b>		<b>0</b>	<b>200,000</b>	<b>244,128</b>	<b>44,128</b>	<b>62,400</b>		
<b>Environmental Health - T. Beattie</b>								
Replacement of Air Pollution Monitoring Station - Reserves and Revenue Contribution	SBC	0	0	7,900	7,900	0		13

**Table 16 – Capital Programme 2020/21 Outturn**

Capital Scheme	Funding SBC/ Partnership (P)	2020/21 Original Budget	2020/21 Revised Budget	2020/21 Outturn	2020/21 Variance	Rollover Request	Roll-over Note No. (See Table 17)	Variance Note No. (See Table 17)
	£	£	£	£	£	£		
<b>Total Environmental Health</b>		<b>0</b>	<b>0</b>	<b>7,900</b>	<b>7,900</b>	<b>0</b>		
<b>Planning – J. Freeman</b>								
Land Charges – Online Submission Module – Capital Receipts	SBC	6,400	0	0	0	0		
<b>Total Planning</b>		<b>6,400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>ICT - C. Woodward</b>								
ICT infrastructure – firewall and equipment replacement – Reserves	SBC	76,200	92,000	41,603	(50,397)	50,397	W	
<b>Total ICT</b>		<b>76,200</b>	<b>92,000</b>	<b>41,603</b>	<b>(50,397)</b>	<b>50,397</b>		
<b>Finance - N. Vickers</b>								
Leaky Lucy Minibus Replacement – Reserves	SBC	0	10,000	10,000	0	0		
Finance System Upgrade	SBC	0	1,410	1,250	(160)	0		
<b>Total Finance</b>		<b>0</b>	<b>11,410</b>	<b>11,250</b>	<b>(160)</b>	<b>0</b>		
<b>Total Capital Programme Funded by SBC</b>	<b>SBC</b>	<b>493,850</b>	<b>9,358,920</b>	<b>7,454,085</b>	<b>(1,904,835)</b>	<b>2,214,104</b>		
<b>Total Capital Programme Funded by Partners</b>	<b>P</b>	<b>2,318,200</b>	<b>4,644,570</b>	<b>2,149,133</b>	<b>(2,495,437)</b>	<b>3,666,560</b>		
<b>Total Capital Programme</b>		<b>2,812,050</b>	<b>14,003,490</b>	<b>9,603,218</b>	<b>(4,400,272)</b>	<b>5,880,664</b>		

**Table 17 – Capital Explanation of Variations & Rollovers**

Note No	Description	Amount £	Notes
<b>Explanation of Variations:-</b>			
<b>Commissioning, Environment &amp; Leisure – Martyn Cassell</b>			
1	Car Park Improvement/Enhancement - Electric Charging Points – Swale House Car Park - Reserves	19,734	This project was funded from a Special Project Fund bid of £32,000 and a further revenue funding of £20,000 which was approved by the then Cabinet Member.
2	Car Park Improvement/Enhancement – Electric Charging Points – Rose Street Car Park – Reserves	56,682	This is funded from the Car parking Equipment reserve as set out in the carparking service plan to renew two dual Electric Vehicle (EV) charging points in Sittingbourne and the installation of two dual EV points in Faversham and a further two dual EV points in Sheerness at prime locations.
3	Coastal Monitoring Programme (Coast Protection)	46,599	Repair works to pathways leading down the slope at Minster Leas funded from the Coastal monitoring programme (coastal protection) grant from Environment Agency. Balance held in reserves from previous repair works at Minster Leas.
4	Swallows Leisure Centre Roof – internal / external borrowing (net)	10,351	Agreed by Cabinet 8 July 2020.
<b>Housing, Economy and Community Services – Charlotte Hudson</b>			
5	Footpath Improvements Newington Recreational Ground - Reserves	20,000	Funded from Special Project Fund.
6	Land plots, Crown Quay Lane & Creek Frontage – internal / external borrowing	1,354	Funded from S106 Land to the West of Crown Quay Lane Sittingbourne contribution.
7	Land Regeneration / Improvement Works at Dolphin Barge Museum & Skatepark – Capital Receipts	52,060	£14,140.36 funded from capital receipt approved by Cabinet 16 Dec 2020 minute 350.
8	Local Authority Housing - Reserves	32,750	Funded from Housing & Commercial Growth Business Rates reserve approved by Cabinet 16 Dec 2020 minute 349.

**Table 17 – Capital Explanation of Variations & Rollovers**

<b>Note No</b>	<b>Description</b>	<b>Amount £</b>	<b>Notes</b>
9	Sheppey Hall Improvement – Capital Receipts	40,000	Funded from Special Project Fund.
10	Queenborough & Rushenden Klondyke Land Improvement – External Grant	1,069,359	Funded from grants received from the Government’s Housing Infrastructure Fund.
<b>Property – Anne Adams</b>			
11	Milton High Street Clock – Reserves	53,381	Funded from Building Maintenance reserve. This was an urgent Health & Safety issue as the bell was detached from its mounting and could crash to the floor if works were not carried out.
12	Redevelopment of Master’s House Sheerness	53,147	Funded from the Carbonisation Grant. Cabinet 17 March 2020 minute 564. Council has received a total grant contribution of £301,900 towards this project. Cabinet approved the allocation of £1.3m of funding towards the project which includes £850k from the Minster Cliffs capital receipt with the balance from uncommitted improvement and recovery funds and £301,900 from the Carbonisation Grant.
<b>Environmental Health – Tracey Beattie</b>			
13	Replacement of Air Pollution Monitoring Station	7,900	£7,500 direct revenue funding from Air Pollution underspend; £400 from Air Quality reserve. This is the final invoice for the project from 2019/20.

**Table 17 – Capital Explanation of Variations & Rollovers**

<b>Capital Rollover Requests:-</b>			
	<b>Description</b>	<b>Amount £</b>	<b>Notes</b>
<b>Commissioning, Environment &amp; Leisure – Martyn Cassell</b>			
A	Bridge Replacement at Bartons Point	148,406	Project has been delayed due to Historic England permission being granted. This has now been received and project will progress. Timeline is circa 12 weeks.
B	Beach Huts	60,000	This project has not commenced and as such funds will need to be rolled over to use in 2021/22.
C	S106 - Faversham Recreation Ground Improvement	4,937	Delayed completion of capital works due to Covid delays and contractor going into administration. Working through contract defects toward final account 2021/22.
D	Gunpowder Works Oare Faversham	9,000	Delayed while Scheduled Ancient Monument Consent is requested. Discussions ongoing with completion 2021/22.
E	Milton Creek Country Park Access Road	40,000	Awaiting developer to finalise plans and build out access across privately owned land allowing Council to link and improve the existing. Unknown timescale.
F	Minster Leas Modular-build Public Toilets, Sheppey	24,355	Practical completion has been awarded in 2021/22,
G	New Play Area - Iwade Schemes - PF	45,000	Awaiting developer transfer of open space land to enable project to proceed. Expected transfer date Oct 2021.
H	S106 - Open Spaces Play Equipment (Budget Only)	356,000	Delayed schemes due to reassessment/reprioritisation of Play Area Improvement Project. Progressing project program throughout 2021/22.
I	General Play Area Improvements	150,000	Delayed schemes due to reassessment/reprioritisation of Play Area Improvement Project. Progressing project programme throughout 2021/22.
J	Open Spaces Project - Diligent Drive	18,000	Delayed scheme due to reassessment/reprioritisation of Play Area Improvement Project. Progressing project programme throughout 2021/22.
K	Public Toilets - Forum Sittingbourne	42,084	Toilet project started but awaiting outcome of external events before deciding next steps.
L	Milton Creek Public Toilets	84,281	Project completed under budget following competitive tender process. Balance requested to rollover to assist other toilet improvements including Barton's Point coastal park

**Table 17 – Capital Explanation of Variations & Rollovers**

<b>Capital Rollover Requests:-</b>			
	<b>Description</b>	<b>Amount £</b>	<b>Notes</b>
M	Public Toilets - Barton Point	100,000	Project has commenced with options appraisal but no expenditure to date. Estimate need for additional funds from previous toilet improvement underspends
N	Minster Leas Promenade Resurfacing	79,970	Remaining funding from Environment Agency Flood Defence Grant in Aid fund for Minster Leas promenade resurfacing. Agreed with Environmental Agency that remaining funds can be used for related coastal works, including repairs to concrete coastal footpaths at Minster Leas due to commence May 2021.
O	Leisure Centres - Budget Only	293,850	Balance on £400k refurbishment fund.
P	Wheeled Bins – Reserves	251,000	Expenditure on wheeled bins has not been capitalised and therefore has been met from revenue resources. However, the rollover of £251k is requested so as to fund anticipated cost of future wheeled bin replacement in 2021/22. The rollover is funded from the Wheeled Bin Reserve.
	<b>Total</b>	<b>1,706,883</b>	
<b>Housing, Economy &amp; Community Services – Charlotte Hudson</b>			
Q	CCTV - Repairs & Renewals	30,000	Rollover requested to support the upgrade of the CCTV camera system that will be required in 4 years' time in order to ensure the system as fully fit for purpose.
R	Faversham Creek Basin Regeneration Project (swing bridge) – Capital Receipts	200,000	The project is being led by KCC and they currently have not met the conditions set out in the Cabinet decision. The funding is requested to roll forward should KCC meet the conditions.
S	Footpath contribution – High Street Sittingbourne – S106	5,660	The new footpath has been completed in Sittingbourne High Street. However, this rollover would be used in case of any future issues arising.
T	Sittingbourne Town Centre – Internal / External Borrowing	659,331	To be used to fund final retention costs, development management fees and additional post completion costs.

**Table 17 – Capital Explanation of Variations & Rollovers**

<b>Capital Rollover Requests:-</b>			
	<b>Description</b>	<b>Amount £</b>	<b>Notes</b>
U	DFG Mandatory Grants	1,238,463	Funding is from Central Government and is paid via KCC, the level of funding has increased significantly year on year since 2016, the money is part of the overall Better Care Fund which incorporates aspects of health and our Disabled Facilities Grant (DFG) money which must be used on mandatory grants that the council administers. The Government also provided an additional sum of £299,717 in January 2021 which added to the DFG monies we already had. The grant money can only be spent on mandatory DFG's or on discretionary grants that are contained within our housing assistance policy and the money should be rolled over to the following year to continue funding grants already offered and to facilitate new grants as the Council has to certify its use.
U	DFG Discretionary Grants	1,927,530	All grant applications received during the year have been catered for or are awaiting paperwork prior to approval. The spend is therefore dependent on applications received, but due to covid-19, lockdowns, owners not wanting work to proceed or builders unable to carryout work, the number of grants has been significantly impacted and the spend as a result is lower, in addition, once a grant is approved the applicant has 12 months to complete the work, therefore the DFG spend is a constant rolling process that crosses financial periods. We formally approved £1,057,184 mandatory grants and have offered a further £887,459 worth of mandatory DFG's making a potential mandatory grant commitment of £1,944,643. The rollover will be expended in the following years on grant work. Any new and rolled over government funding will continue to be utilised to provide mandatory grants which we are obliged to do, and to fund discretionary grant work via Staying Put, and to continue funding an agreed dedicated Occupational Therapist via KCC who provides the dedicated professional service to clients to progress our DFG's to help people live independently for longer in their homes.
	<b>Total</b>	<b>4,060,984</b>	
<b>Property – Anne Adams</b>			
V	Swale House Refurbishment	62,400	Swale House Feasibility Study – although the feasibility stage of the project is complete, it would be very helpful to retain the outstanding balance to support the ongoing fee costs on the project as it moves into the delivery stage.
	<b>Total</b>	<b>62,400</b>	

**Table 17 – Capital Explanation of Variations & Rollovers**

<b>Capital Rollover Requests:-</b>			
	<b>Description</b>	<b>Amount £</b>	<b>Notes</b>
<b>ICT - C. Woodward</b>			
W	IT MKS Payment	50,397	The backup solution was less expensive than first planned and we intend to use this budget to part cover the purchase of the Hosts and Storage Area Network Solutions. This rollover is funded from the IT reserve.
	<b>Total</b>	<b>50,397</b>	
	<b>Total Capital Rollovers</b>	<b>5,880,664</b>	

## Table 18 – Sundry Debt Outstanding (including not due)

Table 18.1 – Sundry Debt Outstanding (including not due) by due date

	March 2021 £'000	March 2020 £'000
Not due (less than 1 month)	1,281	216
1-2 months	31	28
2-6 months	186	115
6-12 months	84	230
1-2 years	68	19
2-3 years	13	30
3-4 years	21	11
4-5 years	5	9
5-6 years	0	20
6 years +	31	32
<b>Total</b>	<b>1,720</b>	<b>710</b>
<b>Total due (over 1 month)</b>	<b>439</b>	<b>494</b>
<b>% Total over 1 month</b>	<b>26%</b>	<b>70%</b>

Notes:-

Not due – Includes £834k legal invoices to shared services which have now been paid.

1 - 2 months includes £19k relating to two debtors.

2 - 6 months includes £151k relating to four debtors.

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

1 – 2 years includes £29k relating to two debtors.

2 – 3 years includes £6k relating to charges on property.

3 – 4 years includes £4k relating to charges on property.

6 years + includes £26k relating to charges on property. The balance are rent deposit debts which are being paid off via payment plans.

It should be noted that these tables include debts raised for all our grants receivable from Kent County Council, the NHS, etc.

Table 18.2 – Sundry Debt Outstanding (including not due) by Service

	March 2021 £'000	March 2020 £'000
Property	241	196
Commissioning, Environment & Leisure	127	57
Housing, Economy & Communities	139	263
Legal	834	0
Environmental Health	4	2
Planning	23	23
Communications	2	3
Other	350	166
<b>Total</b>	<b>1,720</b>	<b>710</b>

Notes :-

'Property' includes £134,000 quarterly rent relating to one debtor.

'Legal' includes shared service invoices with Maidstone Borough Council and Tunbridge Wells Borough Council which were paid early May 2021.

<b>Cabinet Meeting</b>	
<b>Meeting Date</b>	14 July 2021
<b>Report Title</b>	Land at Colegates Close, Oare – Community Asset Transfer
<b>Cabinet Member</b>	Cllr Monique Bonney, Cabinet Member for Economy and Property
<b>SMT Lead</b>	Nick Vickers – Chief Financial Officer
<b>Head of Service</b>	Nick Vickers – Chief Financial Officer
<b>Lead Officer</b>	Kent Parker – Estates Surveyor
<b>Key Decision</b>	No
<b>Classification</b>	<b>Open</b>
<b>Recommendations</b>	<ol style="list-style-type: none"> <li>1. That Cabinet agrees to enter into a new 125-year lease of the property with Oare Parish Council on the terms set out in this report.</li> <li>2. That the Head of Property Services in consultation with the Cabinet Member for Economy and Property be authorised to finalise the terms and the Head of Legal Services be authorised to negotiate and complete the necessary legal formalities and all necessary deeds and agreements arising from or ancillary to the grant of the lease of the property.</li> </ol>

## 1 Purpose of Report and Executive Summary

- 1.1 This report sets out the proposals for a new 125-year lease of land at Colegates Close, Oare (shown on the site plan – Appendix 1) to Oare Parish Council on the terms set out in this report. The lease will be granted in accordance with the provisions set out in the Community Asset Transfer Policy.

## 2 Background

- 2.1 The land has been a long-term vacant plot which was retained following the housing transfer to Swale Housing Association in 1990 as it was thought to have some longer term development potential. Various reviews have concluded that due to its inadequate access through the adjacent garages it is not suitable for development in its own right.
- 2.2 Following a Landholdings Review undertaken in 2016/17 this site was proposed to be transferred to Optivo who own the adjacent garage site which provides the only access. The transfer to Optivo was subject to them obtaining planning permission for a development of both sites. It was also subject to them acquiring some of the privately owned garages and building replacements as part of the scheme. This transfer was agreed by Cabinet at its meeting on 4 October 2017 (Minute No. 261). The Council had

also agreed to provide a commuted sum towards the costs of delivering affordable housing. This was agreed by Cabinet at its meeting on 11 July 2018 (Minute No. 109). Optivo's feasibility study, however, raised concerns over viability and the constraints on the site. Having considered the various issues and risks affecting the site they concluded that any increase in costs would make the scheme unviable and withdrew from the proposed purchase in March 2020. It was therefore not possible to proceed with the land transfer and the payment of the commuted sum was not made.

### **3 Proposals**

- 3.1 The Parish Council have expressed an interest in taking a transfer of the plot for a community orchard. Subsequently an EOI process was carried out which did not result in any other interested parties coming forward with proposals for an alternative community use. It is therefore proposed to proceed with a Community Asset Transfer to the Parish Council on the basis of a 125-year leasehold interest subject to Cabinet approval. The proposed terms would include an option for the Council to terminate the lease should circumstances change and it became possible to develop the site for housing in future.
- 3.2 The proposal will help contribute to the Council's Climate and Ecological Emergency action plan commitment, making use of Council owned land to support carbon capture and promote wildlife and biodiversity.
- 3.3 Under the provisions of Section 123 of the Local Government Act 1972, the Council is required to achieve the best consideration that can be reasonably obtained in the circumstances when offering such a lease unless Secretary of State consent is specifically granted for a disposal at "under value". Where an agreement is proposed that would result in the Council not achieving best consideration and the 'under value' does not exceed £2 million, the Local Government Act 1972: General Disposal Consent 2003 (Circular 6/03) removes the requirement for a specific consent to be obtained in circumstances where the transaction will help it to secure the promotion or improvement of the economic, social or environmental wellbeing of its area.
- 3.4 The current asset valuation for the land is £21,000 based on its amenity land value. Therefore, the undervalue resulting from the proposed transaction is estimated at £21,000. The Council would retain any future development value through an option to terminate should it become possible to develop the site in the future. It should be noted, however, that it may be less likely to obtain planning permission for development in the future if the proposed community orchard still exists and is providing a community use.

### **4 Alternative Options**

- 4.1 The site could be sold on the open market, either at auction or by private treaty. This is not considered appropriate as the site is not considered suitable for development in its own right. It is therefore considered important to retain the asset for the benefit of the local community.
- 4.2 The Council could continue to retain the site as vacant land in the hope that in the future the housing association want to develop their garage site but given that this is not

considered viable it appears very unlikely that a development could happen in the foreseeable future.

## 5 Consultation Undertaken or Proposed

5.1 Local ward members have been consulted and support this proposal.

## 6 Implications

Issue	Implications
Corporate Plan	The lease of the site to the Parish Council is being proposed in accordance with the Community Asset Transfer Policy and supports the Investing in our environment priority in the Corporate Plan.
Financial, Resource and Property	There will minimal financial implications as the land is vacant. The proposal will, however, end the need for periodic maintenance.
Legal, Statutory and Procurement	The Council has the power under Section 123 of the Local Government Act 1972 (the Act) to grant the lease referred to in this report and will meet its obligations under Section 123 of the Act as to best consideration as the estimated undervalue is below £2 million and the lease will contribute to the social, economic and environmental wellbeing of the Borough. An EOI process was carried out which did not result in any other interested parties coming forward with proposals for an alternative community use
Crime and Disorder	None anticipated at this stage.
Environment and Climate/Ecological Emergency	The proposal will help contribute to the Council's Climate and Ecological Emergency action plan commitment, making use of Council owned land to support carbon capture and promote wildlife and biodiversity
Health and Wellbeing	The proposal will provide a green space accessible for community use.
Safeguarding of Children, Young People and Vulnerable Adults	None identified at this stage
Risk Management and Health and Safety	None anticipated at this stage.
Equality and Diversity	None identified at this stage

Privacy and Data Protection	None identified at this stage
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**7 Appendices**

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

- Appendix I: Site Plan

**8 Background Papers**

None

# Colegates Close, Oare



Drawn by:

3251

Date:

26/08/2014

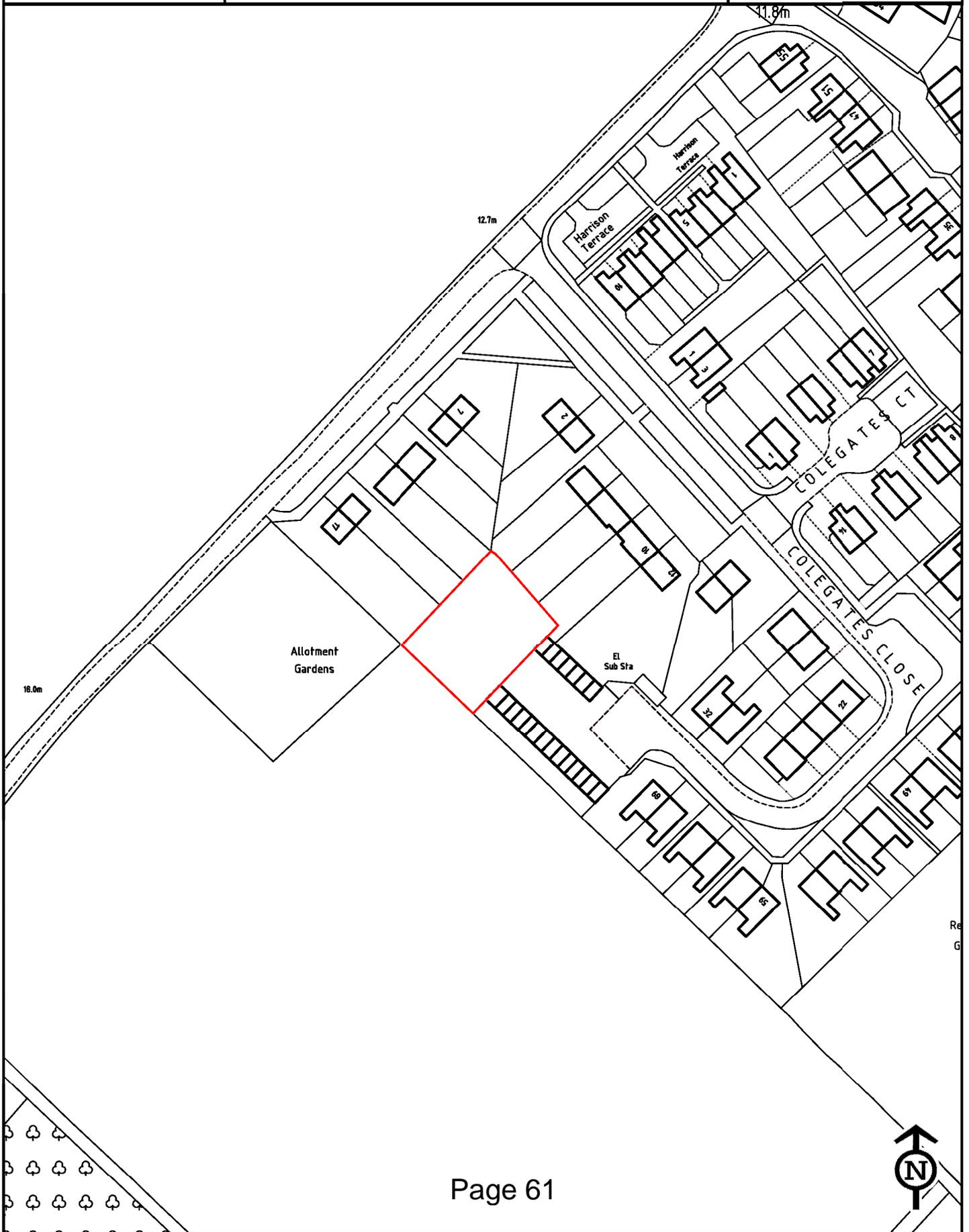
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<b>Cabinet Meeting</b>	
<b>Meeting Date</b>	14 July 2021
<b>Report Title</b>	Options for the delivery of property maintenance
<b>Cabinet Member</b>	CLlr Monique Bonney, Cabinet Member for Property and Economy
<b>SMT Lead</b>	Nick Vickers, Chief Financial Officer
<b>Head of Service</b>	Nick Vickers, Chief Financial Officer
<b>Lead Officer</b>	Debbie Hardy, Buildings Manager
<b>Key Decision</b>	Yes
<b>Classification</b>	<b>Open</b>
<b>Recommendation</b>	Cabinet is recommended to proceed with Option 3 as set out in the report which is a modified term contract for the delivery of property maintenance from 1 April 2022.

## 1 Purpose of Report and Executive Summary

- 1.1 The purpose of this report is to present members with a detailed appraisal of the options for the delivery of reactive and planned property maintenance and to recommend the most favourable option.

## 2 Background

- 2.1 In March of this year, Cabinet took the decision to extend the existing three-year contract for planned and reactive term maintenance by six months rather than the full two years permitted under the contract.
- 2.2 This was on the basis that officers would present a more detailed options appraisal of the alternative options to a term maintenance contract.
- 2.3 The current contract runs until 31 March 2022 and its annual value is approximately £150,000 - £200,000.

## 3 Proposals

- 3.1 The following options have been explored in detail and the findings are reported here:

*Option 1:* Retain the status quo, ie. a single term contract,

*Option 2:* Create a framework contract along the lines of the Staying Put framework,

*Option 3:* Modify the current term contract to encourage all labour and materials to be locally based/procured.

***Option 1 (Retain the status quo)***

- 3.2 The current arrangement of a three or five year term contract has been in place since 2009 when a joint procurement was carried out with Ashford Borough Council as part of the Swale Ashford Property Partnership. Since the partnership ended, SBC has continued to procure a new contract every three or five years with the current contractor being the fourth company to carry out this work.
- 3.3 The contract operates on a “time and materials” basis. This means that tenders are evaluated based on the hourly rates submitted for each trade and the percentage uplift on the price of materials, plant and specialist subcontractors. Cost control is achieved through the use of signed job sheets verifying the time spent on site and the submission of invoices for materials, plant and specialist subcontractors. Quality is achieved through the use of key performance indicators (KPIs) and post completion inspections.
- 3.4 Jobs are categorised as either emergency, urgent, routine or planned and the required response times are fixed based on the category. One of the KPIs measures the contractor’s ability to meet the response times.
- 3.5 As part of the contract, the contractor is also required to provide diagnostic advice in the event that the cause of a defect and the remedial works required is complex or requires access equipment to investigate. This is provided at no extra cost on the contract.
- 3.6 Payments are made monthly following submission and agreement of a monthly valuation detailing the works carried out in the previous month. A meeting is held between the Buildings Manager and the contractor to discuss any queries.
- 3.7 The term contract is not necessarily used for all planned maintenance projects. It may be more appropriate to carry out a separate procurement exercise for larger projects to ensure that value for money is verified. The term contractor would be eligible to tender for the project.

***Option 2 (Framework contract similar to Staying Put)***

- 3.8 This arrangement would involve a procurement process based on “lots” in which contractors could submit bids for all or any of the lots. A framework would then be created that listed the contractors that had been successful in tendering for each lot. The number of lots would require further consideration but could include general building contractors, roofing contractors, stonemasons, groundwork contractors and electrical contractors.
- 3.9 The framework could also be extended to include maintenance work to car parks, parks and open spaces which is currently carried out by Leisure Services. This would involve the further trades of, for example, road marking, fencing and gates, hard landscaping, playground equipment and safety surfaces, bins and street furniture and removal of fly-tipping.

- 3.10 There are a number of options around the pricing of the framework contract. This could be by using a schedule of rates (either priced or unpriced) or on a time and materials basis. It is likely that a different pricing mechanism could be used for different lots.
- 3.11 The current Staying Put framework uses a priced schedule of rates and contractors have quoted a percentage uplift (or reduction) on the prices in the schedule. The nature of the work relates mainly to disabled adaptations in domestic properties which allows the schedule to be relatively short and simple. Any work not covered by the schedule is procured by seeking a quotation from one of the contractors on the framework. Scheduled work is awarded on a rota basis, allowing each contractor to obtain a share of the work throughout the duration of the framework.
- 3.12 The Staying Put framework is administered by two technical officers who carry out pre and post completion inspections for all projects except the very small ones such as grabrails, bannisters and key safes. They also meet the contractor on site to discuss the work if there are “add-ons” to the scheduled work. Quality is controlled using a “low score” system whereby if a contractor is given three low scores they are removed from the framework.
- 3.13 The procurement process for the framework contract could be carried out in such a way as to encourage local tenderers to bid. The definition of “local” may have to be varied for each lot depending on the supply of suitable local contractors. For example, a lack of stonemasons based in Swale may require the definition to include the whole of Kent for that lot.
- 3.14 The administrative cost of this option will be considerably higher than options 1 or 3 due to the additional work involved. With no contractor diagnosis service available, many jobs will require inspecting prior to raising an order so that the correct trade is instructed to carry out the work. Dealing with multiple contractors will also increase the amount of administrative work as instead of a single monthly invoice being agreed and processed, there are likely to be multiple invoices from a range of different contractors. It has been estimated that the additional cost will be in the region of £25,000 per annum which equates to 50% of a scale 7 post.

### ***Option 3 (Modified term contract)***

- 3.15 Since the current term contract document was written, the importance of environmental considerations and the commitment to the climate emergency have become higher priorities for the Council. A further option is therefore to modify the current contract to encourage all labour, materials and specialist subcontractors to be sourced locally.
- 3.16 As for option 2, the definition of “local” will need to be carefully considered to ensure that there is an adequate pool of labour available and a sufficient number of subcontractors that are eligible to carry out any specialist work.

### ***TUPE implications***

- 3.17 Assuming there is a change of contractor then, in respect of all three options, the issue will be whether the change in service provision will constitute a relevant transfer under

the TUPE regulations. If so, the new contractor (or contractors in the case of option 2) may seek an indemnity from us in relation to the transferring employees' employment. In principle a relevant transfer occurs when the property maintenance ceases to be carried out by the incumbent contractor and is carried by a subsequent contractor. It is understood that two employees of the current contractor are almost wholly occupied in providing the property maintenance services to us. That suggests that the organised grouping requirement under the regulations will be satisfied and a relevant transfer will take place under options 1 and 3. Under option 2 it may be more difficult to determine whether a relevant transfer will take place because the organised grouping requirement of the regulations has not been met and/or the maintenance services are to be fragmented. Whether this is the case will require specialist legal advice.

### ***Options Appraisal***

<b>Option</b>	<b>Financial implications</b>	<b>Staffing implications</b>	<b>Advantages</b>	<b>Disadvantages</b>
Term contract	<ul style="list-style-type: none"> <li>• May be small labour price increase from current contract if re-tendered.</li> <li>• Material price increases will affect all options to the same degree.</li> </ul>	Currently administered by the Buildings Manager with support from the Facilities Assistant. This takes up approximately 10% of the BM's time and 20% of the FA's time.	<ul style="list-style-type: none"> <li>• Diagnostic advice included in contract.</li> <li>• Single monthly invoice.</li> <li>• Good cost and quality control.</li> <li>• Contractor is guaranteed of work based on annual maintenance budget.</li> </ul>	<ul style="list-style-type: none"> <li>• No requirement to use local labour or locally sourced materials.</li> <li>• Contractor's on-cost is applied to specialist subcontractors.</li> </ul>
Framework	<ul style="list-style-type: none"> <li>• Additional staff resource approximately £25K (50% of a scale 7 post).</li> <li>• Less cost control could result in higher prices.</li> </ul>	Estimated to require approximately 50% of a new Building Surveyor post.	<ul style="list-style-type: none"> <li>• No main contractor on-cost for specialist trades.</li> <li>• Framework could be written to encourage local companies.</li> <li>• Potentially provides opportunities to greater number of local companies.</li> </ul>	<ul style="list-style-type: none"> <li>• Further legal advice on TUPE implications will be required.</li> <li>• Diagnostic advice would be at an additional cost.</li> <li>• Multiple invoices to be processed each month.</li> <li>• No guarantee of work for any contractor on the framework.</li> </ul>
Modified term contract	As Option 1	As Option 1	<ul style="list-style-type: none"> <li>• As Option 1</li> <li>• Opportunity to encourage local labour or locally sourced materials.</li> </ul>	<ul style="list-style-type: none"> <li>• Could be small cost increase compared to Option 1 as less competition.</li> <li>• Contractor's on-cost is applied to specialist subcontractors.</li> </ul>

## 4 Alternative Options

- 4.1 Three options are set out in the body of the report.
- 4.2 A further option that is not set out above would be to have no formal arrangements in place for reactive maintenance. This would be a return to the arrangements that were in place prior to 2009. Orders would be raised for each job to any contractor that was willing and available to carry out the work. This is not recommended for two reasons: (1) the lack of cost and quality control and the high staff resource required in administering the process, and (2) it would be very difficult, if not impossible, to ensure compliance with Contract Standing Orders as it would not be possible to obtain a quotation in advance for many of the emergency and urgent jobs.
- 4.3 Another option would be to extend the current contract by a further 18 months so that it continues for the full five-year term. This would avoid the need for a procurement exercise and ensure that any labour price rises are kept within the terms of contract.

## 5 Consultation Undertaken or Proposed

- 5.1 An informal consultation exercise has been carried out with other Kent authorities to find out how non-housing property maintenance is administered elsewhere. Three authorities reported that they had no formal arrangements in place and issued work to contractors as required. The others that responded have a term contract in place.

## 6 Implications

Issue	Implications
Corporate Plan	Keeping the Council assets in good condition and ensuring that the work is procured and managed effectively meets a number of the corporate priorities including investing in the environment, supporting local heritage and making the Council fit for the future.
Financial, Resource and Property	The financial and staff resource implications are set out in the body of the report.
Legal, Statutory and Procurement	Any decision reached must be in line with the Public Contracts Regulations 2015, the SBC Contract Standing Orders and any guidance in PPNs.
Crime and Disorder	None identified at this stage.

Environment and Climate/Ecological Emergency	The environmental implications of the options are set out in the report.
Health and Wellbeing	None identified at this stage.
Safeguarding of Children, Young People and Vulnerable Adults	All contractors, regardless of which option is chosen, are required to comply with our safeguarding policy.
Risk Management and Health and Safety	<p>The main risk associated with options 1 and 3 are that, despite a rigorous procurement process, the contractor could consistently under-perform. This increases the staff resource required to manage the contractor's performance or in extreme cases could lead to an early termination of the contract. Health and safety compliance is addressed as part of the procurement process and managed throughout the contract.</p> <p>The main risk associated with option 2 is that by dealing with multiple contractors for different types of repairs, quality control and the management of health and safety is more difficult to control leading to a greater risk of non-compliance, particularly from the smaller companies that may not have the resources to deal proactively with health and safety issues.</p>
Equality and Diversity	None identified at this stage
Privacy and Data Protection	None identified at this stage.

## 7 Appendices

7.1 None.

## 8 Background Papers

None

<b>Cabinet Meeting</b>	
<b>Meeting Date</b>	14 July 2021
<b>Report Title</b>	Procurement of utility supplies
<b>Cabinet Member</b>	Cllr Roger Truelove, Leader and Cabinet Member for Finance
<b>SMT Lead</b>	Nick Vickers, Chief Financial Officer
<b>Head of Service</b>	Nick Vickers, Chief Financial Officer
<b>Lead Officer</b>	Eva Harris, Business Support Officer
<b>Key Decision</b>	Yes
<b>Classification</b>	<b>Open</b>
<b>Recommendation</b>	Cabinet is recommended to enter into a contract with Laser Buying Group from 1 October 2021 until 30 September 2025 for electricity and on a 1+1+1 basis for the gas supply on the terms set out in the report.

## 1 Purpose of Report and Executive Summary

- 1.1 This report makes a recommendation to Cabinet regarding purchase of energy supplies for the period 1 October 2021 – 30 September 2025.

## 2 Background

- 2.1 At the Cabinet meeting in September last year, members agreed to continue to buy gas and electricity from the Laser Buying Group for one further year. Due to the uncertainty surrounding the planned low carbon refurbishment of Swale House, it was decided that a commitment beyond one year was not appropriate at that time.
- 2.2 It was further agreed that green electricity and green gas would be purchased for the duration of the contract. It was reported that the surcharge for green electricity would be 0.06p/kwh which equated to approximately £410 per annum. The surcharge for green gas was reported as 0.9p/kwh which equated to approximately £11,000 per annum.
- 2.3 At the time of the previous report, it had been anticipated that the Swale House low carbon refurbishment project would include the installation of an air source heat pump, meaning that the gas supply would be terminated. Swale House currently accounts for approximately 84% of the gas used across the property portfolio. However, due to budget constraints, it was decided to retain the existing boilers which means that there is still a need for a gas supply at Swale House.

### 3 Proposals

3.1 In the period since September last year the green electricity market has developed rapidly and there are more options available now than there were then. Laser has responded to the increased demand for electricity from renewable sources and has introduced new options to meet that demand.

			
Important factors to consider to your organisation	OPTION 1 Green Tariff	OPTION 2 Green Basket	OPTION 3 PEPPPA
Volume Commitment	Annual	2-4 years	10+ years
REGOs	Yes	Yes	Yes
Direct Funding of Renewables	Minimal	Yes	Yes
Traceability	No	Yes	Yes
Additionality	No	Unlikely	Yes
Lead time to delivery	Within a year	Within a year	Up to 36 months
Ease of Procurement	Very High	Very High	High

3.2 We are currently on option 1 and it is recommended that we move 50% of our electricity usage to option 2 (the Green Basket) as from 1 April 2022. The key advantage of this option is that the REGO (Renewable Energy Guarantee of Origin) provides direct traceability back to a specific renewable electricity source. This option would also provide us with flexibility in the event that our portfolio reduced without incurring any consumption penalties. We would also have the option to add further volume to the Green Basket in the event of any planned increase to the portfolio (for example, the installation of electric boilers at Swale House).

3.3 The current premium for the directly sourced Green Basket energy is projected at being no more than 2.3% above that of having conventional energy (so about 1.8% above REGO backed energy (option 1)), which includes Laser's Green Basket management fee of 0.1p/kwh. This equates to about £300/annum based on our consumption.

- 3.4 There are no significant changes to the costs and surcharges for green gas. The gas would be supplied with a RGGO certificate (Renewable Gas Guarantee of Origin) but without any direct traceability to a specific renewable source.
- 3.5 It is possible that a decision could be taken before September 2025 to replace the existing gas boilers in Swale House with electric boilers. The proposed contract will therefore allow Swale House to be omitted from the gas supply contract upon 12 months' notice with no penalty payment.
- 3.6 Cabinet is therefore recommended to enter into a contract with Laser Buying Group until 30 September 2025 for electricity and on a 1+1+1 basis for the gas supply.

## 4 Alternative Options

- 4.1 Conventional energy could be purchased instead of green gas and electricity. This would deliver an annual cost reduction of around £12,000. However, it would not deliver the objectives of the Climate and Ecological Emergency Declaration and is therefore not recommended.
- 4.2 The Council could opt not to renew with any provider and have all meters on general business accounts, allowing each department to choose what supplier they wish to proceed with. This is not recommended as this approach would not allow the council to access the wholesale prices that Laser is able to obtain through aggregating the demand of 150+ public sector customers. This would also not be compliant with Contract Standing Orders.
- 4.3 Alternative energy purchasing frameworks that could be used have been investigated, in particular Crown Commercial Services. From the investigations there is no reason to believe that CCS will provide better value for money than Laser Buying Group. As Laser already has a successful track record of working with SBC it is considered that there would be no benefit to changing to another buying group.

## 5 Consultation Undertaken or Proposed

- 5.1 No external consultation required.

## 6 Implications

Issue	Implications
Corporate Plan	This proposal will support the priority to reduce carbon emissions across the Council estate by 2025.

Financial, Resource and Property	Using a buying group to purchase energy provides value for money advantages, both in terms of savings achieved through bulk purchasing, and in much reduced staff time in tendering for supplies for each site.
Legal, Statutory and Procurement	Statutory requirements are met using the Laser framework, as all energy procurement is carried out in line with the Public Contracts Regulations 2015. Use of frameworks for procurements is supported in the council's procurement strategy and approved in contract standing orders.
Crime and Disorder	None identified at this stage
Environment and Climate/Ecological Emergency	This proposal will make a substantial contribution towards the delivery of the Climate and Ecological Emergency Action Plan.
Health and Wellbeing	None identified at this stage
Safeguarding of Children, Young People and Vulnerable Adults	None identified at this stage
Risk Management and Health and Safety	None identified at this stage
Equality and Diversity	None identified at this stage
Privacy and Data Protection	None identified at this stage

## **7 Appendices**

None

## **8 Background Papers**

None