

Scrutiny		Agenda Item:
Meeting Date	24 March 2021	
Report Title	Financial Management Report – Third Quarter 2020/21	
Cabinet Member	Cllr Roger Truelove, Leader and Cabinet Member for Finance	
SMT Lead	Nick Vickers, Chief Financial Officer	
Head of Service	Nick Vickers, Chief Financial Officer	
Lead Officer	Phil Wilson, Financial Services Manager and Caroline Frampton, Principal Accountant	
Key Decision	Yes	
Classification	Open	
Forward Plan	Reference number:	
Recommendations	<ol style="list-style-type: none"> 1. To note the total projected revenue overspend of £3,768,000 (£3,319,000 as at end of September 2020). 2. To note the use of reserve funds as set out in paragraph 3.17. 3. To note the capital expenditure of £7,540,490 as detailed in paragraph 3.19 and Table 10 Appendix I. 4. To note the additional Government funding received by the Council in response to the coronavirus. 5. To note a further payment to Swale Community Leisure of £535,597 to reflect leisure centre contractual commitments arising from Covid as detailed in paragraphs 3.15 and 3.16. 	

1. Purpose of Report and Executive Summary

- 1.1 This report sets out the revenue and capital projected outturn position for 2020/21 as at the end of December 2020. The report is based on service activity up to the end of December 2020 and is collated from monitoring returns from budget managers.
- 1.2 The headline figures are:
 - projected revenue overspend on services of £3,768,000 (£3,319,000 as at end of September 2020) - Table 2;
 - projected total forecast variance of £4,120,000 (£3,890,000 as at end of September 2020) – Table 4;
 - projected impact of the Coronavirus pandemic of £4,435,000 (£3,500,000 as at end of September 2020).

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 16 December covering April to September and the net revenue service expenditure was a forecast overspend of £3,319,000 and the equivalent outturn figure shown in Table 2 is a forecast overspend of £3,768,000, which represents a movement of £449,000 on a budget of £19.381 million. Table 1 below details the significant movements.

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

Movement from 2nd Quarter to 3rd Quarter	£'000	Notes
2nd Quarter Monitoring Report to Cabinet	3,319	
Salaries – savings	(229)	Vacant posts
Homelessness – reduced costs	(147)	Anticipated additional rough sleeper grants and vacant staffing posts
Housing Benefits – additional income	(93)	The less Housing Benefit Overpayments (HBOP) that are identified as new debt equals more HB Subsidy received at 100% (HBOP only receive 40% subsidy).
Waste Contract Savings – increased savings	(48)	Movement mainly due to lower indexation than anticipated for bin collections and street cleansing
Legal Services – external income	(33)	Delayed income from 2019/20 for work on S106s etc
Sport Grants	(26)	
Internment Income	(20)	
External Legal Fees – savings	(19)	
Planning Appeals	(15)	
Housing Benefit postage – savings	(15)	
Members Allowances	(14)	
Land Charges income	24	Increased loss of income
Minimum Revenue Provision (MRP) – increased costs	24	Sittingbourne Town Centre regeneration
Grounds Maintenance	24	
Penalty Charge Notice Income	44	Loss of income
Leisure Centres	131	Covid 19 loss of income claim from Swale Community Leisure (SCL) Trust
Sittingbourne Town Centre (STC) - Bourne Place	74	Reduced income from forecast due to delayed opening as a result of Covid

Movement from 2nd Quarter to 3rd Quarter	£'000	Notes
Recovery of overpayments of Housing Benefits	141	Recovery delayed by Department of Work & Pensions removing councils' ability to use attachment to benefit and earnings
Shared Service – Mid Kent Services (MKS) Debt Recovery	143	Courts' opening has been delayed and Maidstone Borough Council (MBC) anticipate to break even rather than achieve forecast
Recovery of Council Tax Costs	161	Courts opening has been delayed resulting in reduced recovery of costs
Car Park Pay & Display – increased loss of income	345	Total estimate £1,170k re loss of income
Net other movements	(3)	
Sub Total – Movement	449	
3rd Quarter Monitoring Report to Cabinet	3,768	

Table 2 - Projected Variance by Service

Service	Service Manager	Working Budget £	Projected Outturn £	Projected Variance £
Chief Executive	L. Reed	330,270	206,270	(124,000)
Policy, Communications & Customer Services	D. Clifford	1,201,940	1,151,940	(50,000)
Democratic and Electoral Services	D. Clifford	1,016,830	930,830	(86,000)
Director of Regeneration	E. Wiggins	161,100	161,100	0
Housing, Economy & Community Planning	C. Hudson	3,494,090	3,966,090	472,000
	J. Freeman	826,390	1,360,390	534,000
Commissioning, Environment & Leisure	M. Cassell	6,099,020	8,369,020	2,270,000
Finance	N. Vickers	786,470	753,470	(33,000)
Revenues & Benefits	Z. Kent	57,050	474,050	417,000
Property	A. Adams	655,170	589,170	(66,000)
Licensing & Resilience	D. Fackrell	60,780	32,780	(28,000)
Environmental Health	T. Beattie	567,690	572,690	5,000
Information Technology	C. Woodward	1,305,530	1,330,530	25,000
Internal Audit	R. Clarke	178,260	166,260	(12,000)
Human Resources	B. Sandher	446,410	446,410	0
Legal	P. Narebor	523,860	439,860	(84,000)
Sittingbourne Regeneration	N. Vickers	0	66,000	66,000
STC - Cinema/Hotel/Restaurants	N. Vickers	(574,290)	(299,290)	275,000
STC - Retail Park	N. Vickers	(471,400)	(471,400)	0
Contributions from Reserves for services shown above	N. Vickers	0	49,000	49,000
Corporate Items	N. Vickers	2,715,870	2,853,870	138,000
NET REVENUE SERVICE EXPENDITURE		19,381,040	23,149,040	3,768,000
Financed by:				
Revenue Support Grant		(115,000)	(115,000)	0
Business Rates		(9,000,000)	(9,000,000)	0
New Homes Bonus		(1,633,000)	(1,633,000)	0
Council Tax Requirement		(8,648,040)	(8,648,040)	0
TOTAL FINANCING		(19,396,040)	(19,396,040)	0
NET EXPENDITURE		(15,000)	3,753,000	3,768,000

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

Forecast Budget Variance

- 3.2 Table 2 shows net expenditure of £3,753,000 which, with the £15,000 contribution to Reserves, gives a net overspend of £3,768,000.
- 3.3 The revenue overspend of £3,768,000 includes a number of contributions to/from reserves, which have been made in order to comply with statute and previous Cabinet decisions, which total £49,000 and they are detailed below:

Table 3 – Contributions to Reserves

Service	Description	£'000
Local Plan	The overspend as a result of legislative changes will be met from the ring-fenced local plan reserve.	(75)
Licensing	The 2020/21 deficit relating to licensing will be transferred to the surplus on the reserve.	(28)
Revenues and Benefits	The net saving will be transferred to the Revenues and Benefits reserve.	226
Parking Management	The 2020/21 deficit relating to on-street parking will be transferred to the surplus on the on-street parking reserve under Section 55 of the Road Traffic Act 1984.	(49)
Environmental Response Team	Section 96 of the Clean Neighbourhoods and Environment Act of 2005 advised that income must be spent on “qualifying functions”. The 2020/21 deficit will be transferred to the surplus on the reserve.	(25)
Total		49

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

Table 4 – Forecast Variance

	Forecast Variance £'000
Forecast over/(under) spend on services 2020/21 (Table 2)	3,768
Forecast future impact of under-recovery of Business Rate income	110
Forecast future impact of under-recovery of Council Tax income	242
Total Forecast Overspend	4,120

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

Table 5 – Government Funding

Funding	Amount £	Allocation basis
Tranche 1	75,560	March £1.6bn of which £1.46bn for Social care
Tranche 2	1,501,441	April £1.6bn with 35% allocation to districts
Tranche 3	317,585	July £500m with a Relative Needs Formula reflecting deprivation
Tranche 4	1,027,204	October £919m with a Relative Needs Formula reflecting deprivation
Sales, Fees and Charges	1,000,000	75% of defined losses on some Sales, Fees and Charges. Forecast compensation for the year reflects higher loss of car parking income.
National Leisure Recovery Fund	340,000	The National Leisure Recovery Fund supports public sector leisure centres. This will be paid over to Swale Community Leisure/ Serco and Faversham Pool.
Sub-total	4,261,790	
New Burdens Grant	170,000	Banded allocation based upon number of hereditaments
Compliance & Enforcement	90,338	From Ministry of Housing, Communities and Local Government (MHCLG)
Test and Trace	31,160	From MHCLG
Total	4,553,288	

Note - this table excludes funding streams for specific purposes provided via Kent County Council (KCC).

3.6 At this stage, the forecast overspend is matched by an unprecedented level of additional Government funding. The cost forecasts are very sensitive to the impact of the new lockdown.

Business Rates

3.7 The Council collects business rates and distributes them to preceptors including the Government, Kent County Council (KCC), the Fire Authority and the Council and this is accounted for in the Collection Fund. The original forecast for 2020/21 was that the Council would collect £53m in total in 2020/21. Later the Government announced new reliefs on business rates for retail, local newspapers and nurseries which would reduce the income from business rates by £16m, but this will be offset by Government grants.

- 3.8 The Council budgeted that its share of the total business rates collected for 2020/21 would be £8.75m plus £250k contribution from business rates reserves. There is a complicated system of levies and tariffs, and any deficit on the Collection Fund for 2020/21 will be allocated to each preceptor as a cost in future years. However, for the purposes of this report, the forecast Council share of the deficit for 2020/21 of £110,000 is reported here, even though it will be a cost in future years. Council policy is to pay for business rate collection fund deficits from reserves.
- 3.9 The Business Rates Collection Fund has set aside £10m for appeals, of which the Council's share is £4m.

Council Tax

- 3.10 The Council collects council tax and distributes it to preceptors including the KCC, the Fire Authority, the Police Authority, Parish and Town Councils and the Council and this is accounted for in the Collection Fund. The original forecast for 2020/21 was that the Council would collect £89m in total.
- 3.11 Any surplus or deficit on the Council Tax Collection Fund for 2020/21 will be allocated in future years. However, for the purposes of this report, the forecast for 2020/21 is a deficit on the Council Tax Collection Fund of £2.1m of which the Council's share is £242,000.
- 3.12 The reasons for this reduction in income are:
- Increase in the single person discount due to the increase in the number of deaths resulting in a single person living in a property:
 - Reduction in the number of new properties being completed and then being liable for Council Tax; and,
 - Courts not being open has resulted in a reduction in debt recovery.

Collection Fund

- 3.13 Any deficits from council tax and business rates arising in 2020/21 would normally be transferred from the collection fund in the following year (2021/22). The Government has proposed that these deficits will now be spread equally over three years (2021/22 to 2023/24) "to ease immediate pressures on budgets".
- 3.14 The Government has also announced, as part of a consultative policy paper, the details of its proposed scheme to fund 75% of irrecoverable losses in council tax and business rates. These will be calculated once the final returns for 2020/21 have been completed and returned to the Government. The methodology differs between council tax and business rates.

Leisure Centre Loss of Income Claims

- 3.15 Over the last year the Council has been involved in negotiations with Swale Community Leisure (SCL) with whom the leisure centre management contract is held and Serco Leisure Operating Ltd (SCL's operating agent), where they are making claims for loss of income due to the pandemic. The leisure centre contract requires the Council to make adjusted payments based on Changes in Law. Following external legal advice, the enforced closures and reduced capacity opening are deemed to be a Change of Law event. Throughout the negotiations the Council has tried to strike a balance between recognising the terms of the contract and keeping the cost to the public purse to a minimum, in order to allow us to focus on our community response to the pandemic. We have been clear that only actual costs will be paid and that no element of profit will be paid to either party. Negotiations have come to an agreed way forward. In December Cabinet agreed to set aside £165,000 whilst negotiations continued. In this report Cabinet is asked to agree an additional sum of £535,597 with the sum total covering the claim for April 2020 – March 2021.
- 3.16 It was announced in October 2020 that £100m of funding has been provided for the Department for Culture, Media and Sport to help meet additional leisure costs. The Council applied to the National Leisure Recovery Fund and was awarded our full allocation of £340,000. This will be proportionally split across both leisure operators in the Borough (Swale Community Leisure and Faversham Pools Trust) and be used to offset the costs above.

Improvement and Regeneration Funds

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

Table 6: Improvement and Regeneration Funds

	Balance as at 1 April 2020	Proposed Topping Up of Funds 2020/21	Fund Committed as at 1 April 2020	Funds committed after 1 April 2020 (Appendix I Table 9) 2020/21	Balance Unallocated
Funds:	£'000	£'000	£'000	£'000	£'000
Special Projects	964	1,000	(553)	(978)	433
Performance	432	0	(233)	(29)	170
Communities	556	0	(173)	(15)	368
Pension & Redundancy	94	100	0	(103)	91
Regeneration	152	0	(152)	0	0
Local Loan Fund	175	0	0	0	175
TOTAL	2,373	1,100	(1,111)	(1,125)	1,237

Capital Expenditure

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

3.19 Actual expenditure to end of December 2020 was £7,540,490. This represents 54% of the revised budget. Further details are set out in Table 10 of appendix I.

3.20 Table 7 below summarises the projected capital underspend of £2,366.

Table 7: Capital Programme Expenditure

	2020/21 Revised Budget	2020/21 Actual to Date	2020/21 Projected Variance
	£'000	£'000	£'000
Housing, Economy & Community Services	10,697	6,345	(30)
Commissioning, Environment & Leisure	2,978	1,050	20
Finance	11	11	0
Property	200	58	0
Planning	0	0	0
Information Technology	92	68	0
Environmental Health	0	8	8
Total Capital Programme	13,978	7,540	(2)
Total funded by the Council	9,348	6,837	(2)
Total Partnership funded	4,630	703	0
% Spent to date compared to Revised Budget		54%	

Payment of Creditors

3.21 For April to January 2020, 98.4% of invoices from suppliers were paid within 30 days of receipt of invoice, against the target of 97%.

Sundry Debtors

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

4. Alternative Options

4.1 None identified – this report is largely for information.

5. Consultation Undertaken or Proposed

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

6. Implications

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

7. Appendices

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

- Appendix I: Finance Report 2020/21

8. Background Papers

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

Table 8 – Significant Variances

Service – Cabinet Member (Head of Service)	£'000
CHIEF EXECUTIVE – Cllr R Truelove (Larissa Reed)	
Other Variances:	
Salary underspend	(129)
Recruitment costs	25
Special Projects & Swale Stars	(14)
Other net savings	(6)
TOTAL	(124)
POLICY, DEMOCRATIC SERVICES, COMMUNICATIONS AND CUSTOMER SERVICES – Cllr R Truelove (David Clifford)	
Policy, Communications & Customer Services:	
Other Variances:	
Salary underspend – Policy	(11)
Salary underspend – Customer Service Centre	(28)
Contract underspend – Kent County Council Sheerness Gateway	0
Advertising & promotion – savings	(6)
Other variances	(5)
Democratic Services:	
Other Variances:	
Salary underspend – Democratic Services	(38)
Salary underspend – Mayoral	(17)
Democratic Services – Members Allowances & Travel	(14)
Mayor & Ceremonial – other	(7)
Electoral Services:	
Other Variances:	
Net underspend on Electoral Registration	(10)
TOTAL	(136)
DIRECTOR OF REGENERATION – (Emma Wiggins)	
Other Variances:	
Net overspend	0
TOTAL	0
HOUSING, ECONOMY AND COMMUNITY SERVICES – Cllr B Martin, Cllr J Saunders, Cllr R Palmer, Cllr M Bonney, Cllr A Harrison (Charlotte Hudson)	
Economy & Community Services:	
Coronavirus Related Variances:	
Salary overspend – Economy & Communities and Economic Development - including budget savings £30k requirement delayed due to restructure being paused due to coronavirus	71

Table 8 – Significant Variances

Service – Cabinet Member (Head of Service)	£'000
Income under-recovery – Markets' rents not received.	13
Other Variances:	
Salary underspend – Tourism, Safeguarding, Health & Wellbeing, Community Services and Sports Development	(59)
Sports Grants – will not be spent in 2020/21	(26)
Net underspend including Culture grants, Heritage grants, Learning & skills, Sports Development and Tourism (including (£20k) grants to be requested to roll over)	(42)
Sub-total	(43)
Housing:	
Coronavirus Related Variances:	
Temporary accommodation overspend – additional pressure on service due to coronavirus.	269
Rough Sleeper Initiative – Government "everyone in" during coronavirus cost £50k. It is assumed that this will be fully reimbursed by the Government.	0
Other Variances:	
Temporary accommodation overspend	240
Salary overspend – Housing Private Sector vacancy allowance will not be achieved and new staff recruitment may involve post regrading	7
Stay-Put scheme grants – net variations	(1)
Sub-total	515
TOTAL	472
PLANNING - Cllr M Baldock (James Freeman)	
Coronavirus Related Variances:	
Planning fees income – shortfall as a result of economic uncertainty which has caused the decline in the housing market and a significant drop in planning applications and major applications to the Council.	250
Local Land Charges income – shortfall as a result of economic uncertainty which has caused the decline in the housing market and a significant drop in the income from land searches fees to the Council.	84
Building Control – the South Thames Gateway (STG) Building Control Partnership is not a separate entity and the forecast loss in fees and charges is being reported within Medway's submission to Ministry of Housing, Communities and Local Government (MHCLG) and included as part of their compensation claim to the Government. The remaining deficit is being met from partnership reserves for 2020/21 only.	0
Other Variances:	
Appeals	(15)
Development Control / Services – salaries overspend	38
Planning Shared Service – overspend	15
Legal fees / Planning consultation advice	60
Local Plan overspend as a result of legislative changes in August 2020	75

Table 8 – Significant Variances

Service – Cabinet Member (Head of Service)	£'000
Conservation, Design and Heritage staff - overspend	27
TOTAL	534
<i>Note: Not included in the above are the potential costs for the major planning appeal for Barton Hill Drive estimated at £203k including the £170k costs of a court claim against the Council which is subject to a High Court challenge.</i>	
N.B. The overspend on the local plan will be met from the ring-fenced reserve to be used solely to fund Local Plan associated work.	
COMMISSIONING, ENVIRONMENT AND LEISURE – Cllr Saunders, Cllr A Harrison, Cllr R Palmer (Martyn Cassell)	
Coronavirus Related Variances:	
Car Parks pay and display – income shortfall	1,170
Car Parks – private contractor costs	53
Parking Management – reduced cash security costs	(25)
Parking season tickets – income shortfall	24
Parking Penalty Charge Notices (PCN's) – income shortfall	94
Parking Enforcement – deficit relating to on-street parking is transferred to the ring-fenced street parking account under Section 55 of the Road Traffic Act 1984.	49
Multi-Storey Car Park – income shortfall	78
Environmental Response – Fixed Penalty Notices – net loss of income – deficit is transferred to the ring-fenced Environmental Initiatives account.	25
Leisure & Sports Centres – loss of income claims	701
Refuse & Recycling – additional contract costs expected re Covid 19	80
Swale Community Leisure Trust Ltd – additional grant	50
Faversham Pool – SBC share of national leisure recovery grant and additional grant	143
Other miscellaneous Covid related costs (incl. Street Naming £15k)	30
Other Variances:	
Head of Service and Client and Amenity Services – salary & staff costs savings	(19)
Leisure & Sports Centres – additional expenditure re loss of income claims as a result of works on the Swallows roof.	109
Leisure & Sports Centres – savings re service costs (including utility costs and car parking refunds)	(175)
Leisure & Sports Centres – savings re Serco maintenance agreement	(18)
Garden Waste collections – additional income	(132)
Wheeled Bins purchase – additional expenditure. Increase in garden waste subscriptions.	115
Wheeled Bins sales – additional income – including income from new developments requesting waste receptacles (anticipated to be slightly below last year's levels).	(8)

Table 8 – Significant Variances

Service – Cabinet Member (Head of Service)	£'000
Street Cleansing, Refuse Collection and Public Conveniences – contract costs savings. Indexation lower than expected.	(148)
Public Conveniences – cost savings on premises expenses.	(18)
Parks, Sports, Allotments and other ‘open air’ facilities – net additional expenditure on premises expenses.	16
Cemeteries – additional interment income	(20)
Grounds Maintenance (contracted)	24
Multi-Storey Car Park additional private contractor costs and security costs increased due to longer opening hours.	20
Multi-Storey Car Park additional other costs, including £11k electricity.	18
Parking Management – additional licence costs	20
Parking Partnership – additional costs with Maidstone Borough Council.	38
Miscellaneous services – net multiple other additional minor savings/income	(24)
TOTAL	2,270
FINANCE – Cllr R Truelove (Nick Vickers)	
Other Variances:	
Salary underspend – vacant post and agency staff savings.	(33)
TOTAL	(33)
REVENUES & BENEFITS – Cllr R Truelove (Nick Vickers)	
Coronavirus Related Variances:	
Reduced income – recovery of council tax court costs due to the courts being shut	411
Reduced income – recovery of overpayments of housing benefits due to reduction in recovery action	313
Reduced income – Mid Kent debt recovery due to courts being shut	158
Other Variances:	
Department of Works and Pensions (DWP) net additional housing benefit subsidy grant	(200)
DWP additional housing benefit grants	(112)
New Burdens Grants – Council Tax Hardship Fund & Business Rate Relief grants/Business Rate Christmas Support Grants – additional grants	(83)
DWP Housing Benefit Admin Subsidy Grant increase	(30)
MKS Fraud Partnership Charges	(15)
Postage	(15)
Recovery of Council Tax Benefit Overpayments	(10)
TOTAL	417
N.B. A net saving of (£226k) detailed above will be transferred to reserves at year end.	

Table 8 – Significant Variances

Service – Cabinet Member (Head of Service)	£'000
PROPERTY SERVICES – Cllr M Bonney (Anne Adams)	
Coronavirus Related Variances:	
External Printing reduced income (£6k) offset against an underspend on paper supplies (£5k)	1
Other Variances:	
Property salary underspend due to vacant post	(53)
Premises expenditure	(30)
Consultancy expenditure	10
Admin Buildings – rent – additional costs	6
Building Maintenance – nil variance (any variance on building maintenance will be met from the ring-fenced reserve)	0
TOTAL	(66)
LICENSING & RESILIENCE PLANNING –Cllr R Palmer, Cllr R Truelove (Della Fackrell)	
Other Variances:	
Licensing salary underspend due to vacant post	(18)
Hackney Carriage additional income forecast	(15)
Gambling Licence fees additional income forecast	(4)
General Licence Fees – nil variance	0
Emergency response overtime (Eastchurch Cliff fall)	11
Other net variances	(2)
TOTAL	(28)
N.B. A net overspend of £28k (including central support costs) on Hackney Carriage licences and other licences will be transferred to the ring-fenced reserve under the Local Government Act 1976 at year end. This reserve is to be used to fund Licensing related expenditure in future years.	
ENVIRONMENTAL HEALTH – Cllr J Saunders (Tracey Beattie)	
Other Variances:	
Shared Service costs	5
TOTAL	5
INFORMATION TECHNOLOGY – Cllr R Truelove (Chris Woodward)	
Other Variances:	
IT Maintenance and software – nil variance	0
Shared Service costs – increased usage	33
Telecommunications – reduced expenditure on equipment maintenance and costs of telephones – nil variance	(8)
TOTAL	25

Table 8 – Significant Variances

Service – Cabinet Member (Head of Service)	£'000
INTERNAL AUDIT – Cllr R Truelove (Rich Clarke)	
Other Variances:	
Shared Service costs – underspend re 2019/20	(12)
TOTAL	(12)
HUMAN RESOURCES – Cllr R Truelove (Bal Sandher)	
Other Variances:	
Shared Service costs – nil variance	0
TOTAL	0
LEGAL – Cllr R Truelove (Patricia Narebor)	
Other Variances:	
Legal shared service – underspend	(36)
S106 additional income – finalisation of historic legal agreements within 2020/21	(58)
External legal fees	10
TOTAL	(84)
SITTINGBOURNE REGENERATION	
Other Variances:	
Salary costs	14
Fees & services – anticipated consultancy and legal costs	52
TOTAL	66
CINEMA/HOTEL/RESTAURANTS	
Coronavirus Related Variances:	
Loss of rental income	275
TOTAL	275
CONTRIBUTIONS TO/FROM (-) RESERVES FROM SERVICES SHOWN ABOVE	
Licensing	(28)
Local Plan	(75)
Revenue Services	226
On-street Parking	(49)
Environmental Response Team	(25)
TOTAL	49
CORPORATE ITEMS	
Coronavirus Related Variances:	
Coronavirus Communities overspend – grants issued.	33
Coronavirus Communities overspend – salary costs.	22
Coronavirus Communities overspend – PPE equipment for staff.	23
Coronavirus Communities overspend – other costs.	40
Opening High Street Safely Project overspend – private contractors.	0

Table 8 – Significant Variances

APPENDIX I

Service – Cabinet Member (Head of Service)	£'000
Other Variances:	
Staff costs including pension costs reflecting the recent three-year revaluation which are higher than the estimated contributions provided as part of that revaluation, offset by net corporate staff savings.	(38)
Net underspend – secretarial support	(38)
Net interest earnings.	63
Insurance – additional properties and increase in cost of public liability cover.	26
Minimum Revenue Provision (MRP) – cost of STC	24
Other savings.	(17)
TOTAL	138
NET EXPENDITURE (Overspend)	3,768

The forecast salary variances identified above are collated in the table below and total £449k underspend on the total salary/ agency budget of £13.6m.

Service	£'000
Salary underspend - Chief Executive	(127)
Salary underspend – Policy	(11)
Salary underspend – Customer Service Centre	(28)
Information Governance	2
Electoral and Democratic Services	(38)
Salary underspend – Mayoral	(17)
Salary underspend – secretarial support	(31)
Salary overspend – Economy & Communities budget savings requirement delayed due to restructure being paused due to coronavirus.	71
Salary underspend – Economy & Communities – vacant posts	(59)
Salary underspend – Homelessness – vacant posts	(87)
Salary overspend – Housing Private Sector	9
Development Control / Services – salaries overspend	39
Conservation, Design and Heritage agency staff	27
Commissioning, Environment & Leisure	(33)
Salary underspend – Finance due to vacancy and reduced agency costs	(33)

Table 8 – Significant Variances**APPENDIX I**

Service	£'000
Salary underspend – Licensing	(18)
Salary underspend – Property due to vacancy	(53)
Salary underspend – Legal	(73)
Salary costs – Sittingbourne Regeneration	14
Salary costs – overtime – Eastchurch landslide	12
Coronavirus Communities overspend – salary costs.	22
Staff costs including pension costs reflecting the recent three-year revaluation which are higher than the estimated contributions provided as part of that revaluation, offset by net corporate staff savings	(37)
Total	(449)

Table 9 – 2020/21 Allocations from Funds

	£'000
Special Project Fund	
Members' grants	54
Area Committees - grant funding	188
Park improvements	150
Fuel poverty	48
Climate project officer	27
Social inclusion - officer and one off spend	55
Air Quality Officer	50
Clean Air Zone consultancy	50
Project Surveyor	55
Green Space Activity Coordinator	35
Biffa deep cleans	50
Play equipment	100
West Faversham Community Centre - support for expansion	25
Air Quality - additional monitoring St Paul's Street	22
Provision of heating for Faversham Strike Force Football Club	6
Thistle Hill Community Centre - solar PV installation	20
Leysdown Village Hall kitchen refurbishment	3
Murston Bus Lane	10
Local Cycling and Walking Infrastructure (LCWIP) for Faversham Area	30
Total Special Project Fund Approved as at 31 December 2020	978
Performance Fund	
Sittingbourne Town Centre (STC) Strategic Development	4
Member IT	25
Total Performance Fund Approved as at 31 December 2020	29
Communities Fund	
Old Forge Museum	8
Raybel Restoration Project	7
Total Communities Fund Approved as at 31 December 2020	15
Pension & Redundancy Fund	
Pension and Redundancy costs	103
Total Pension & Redundancy Fund Approved as at 31 December 2020	103

Table 10 – Capital Programme 2020/21

Capital Scheme	Funding SBC/ Partnership (P)	2020/21 Original Budget	2020/21 Revised Budget	2020/21 Actual to Date	2020/21 Projected Variance	Notes
		£	£	£	£	
Commissioning, Environment & Leisure - M. Cassell						
Gunpowder Works Oare, Faversham - S106	P	0	9,000	0	0	
New Play Area - Iwade Scheme	P	0	45,000	0	0	
Minster Leas Promenade Resurfacing	P	0	79,970	0	0	
Modular Toilet Kiosk - Minster Leas	SBC	0	122,931	78,860	0	(a)
Milton Creek Country Park Access Road	SBC	0	40,000	0	0	
Barton's Point Coastal Park – Replacement Bridge	SBC	0	158,260	20,547	0	(b)
Faversham Recreation Ground Improvement - S106	P	125,400	42,731	42,731	0	(c)
Faversham Recreation Ground Improvement – Reserves	SBC	0	122,240	93,882	0	(c)
Open Space Project - Minster Leas (outdoor gym equipment)	SBC	0	1,753	0	0	
Open Spaces Project - Shellness Road (refurbishment existing Play Area at Leysdown Coastal Park, Shellness Road)	SBC	0	2,250	0	0	
Car Park Improvement/Enhancement - Electric Charging Points – Swale House Car Park (Reserves)	SBC	0	32,000	51,734	19,734	(d)
Car Park Improvement/Enhancement – Electric Charging Points – Rose Street Car Park (Reserves)	SBC	0	29,900	49,226	0	(d)

Capital Scheme	Funding SBC/ Partnership (P)	2020/21 Original Budget	2020/21 Revised Budget	2020/21 Actual to Date	2020/21 Projected Variance	Notes
Footpath contribution - High Street Sittingbourne - S106	P	0	18,915	13,260	0	
Open Spaces S106 Play Equipment (Budget Only)	P	130,000	356,000	0	0	
Ospringe Brickworks Site, Western Link – S106	P	0	21,440	21,444	0	(e)
Leisure Centres – Budget Only	SBC	0	293,847	0	0	
Swallows Leisure Centre - Capital Works	SBC	0	0	(22,090)	0	
Sheppey Leisure Centre (Not Pool) - Capital Works	SBC	0	0	(2,310)	0	
Sheppey Swimming Pool	SBC	0	0	(4,030)	0	
Play Area Improvements - Reserves	SBC	150,000	150,000	0	0	
Play Area Improvements - Diligent Drive	SBC	0	18,000	0	0	
Public Toilets Refurbishment - Forum, Sittingbourne	SBC	0	50,000	0	0	
Public Toilets Refurbishment - Central Car Park, Faversham	SBC	0	40,000	41,329	0	
Modular Toilet Kiosk - Milton Creek Country Park	SBC	0	150,000	53,137	0	
Public Toilets and Showers - Bartons Point, Sheppey	SBC	0	100,000	0	0	
Public Toilets - The Spinney Leysdown	SBC	0	40,000	30,238	0	
Wheeled Bins	SBC	157,000	251,000	0	0	
Beach Huts	SBC	60,000	60,000	0	0	
Swallows Leisure Centre Roof – internal/external	SBC	0	691,800	531,021	0	(f)
Swallows Leisure Centre Roof – Revenue	SBC	0	51,200	51,200	0	(f)
Total Commissioning, Environment & Leisure		622,400	2,978,237	1,050,179	19,734	

Capital Scheme	Funding SBC/ Partnership (P)	2020/21 Original Budget	2020/21 Revised Budget	2020/21 Actual to Date	2020/21 Forecast Variance	Notes
Housing, Economy & Communities Services - C. Hudson						
Disabled Facilities Grants Mandatory Grants	P	2,062,800	2,062,800	554,498	0	
Disabled Facilities Grants Discretionary Grants	P	0	1,927,533	0	0	
Queenborough & Rushenden Klondyke Land	P	0	66,600	75,699	0	(g)
Housing Repair Grants Over 60	SBC	0	0	0	0	
CCTV - Repairs & Renewals	SBC	0	30,000	0	(30,000)	(h)
CCTV Monitoring Control Centre at Multi-Story Car Park	SBC	0	0	0	0	
Decent Home Loans Owner Occupier (loans)	SBC	0	0	9,380	0	
Murston Old Church	SBC	0	100,000	100,000	0	(i)
STC Site 4, Cinema/Restaurants	SBC	0	6,265,658	5,271,784	0	(j)
STC Site 5, Multi-Storey Car Park	SBC	0	0	5,183	0	
STC - Other Assets	SBC	44,250	44,250	247,096	0	(j)
The Mill Project, Sittingbourne Skate Park	P	0	0	(4,860)	0	
Faversham Creek Basin Regeneration Project (swing bridge)	SBC	0	200,000	0	0	
Local Authority Housing	SBC			32,750	0	
Land Regeneration/Improvement Works at Dolphin Barge Museum and Skatepark	SBC			52,060	0	
Land plots, Crown Quay Lane inc CPO's and creek frontage	SBC			1,354	0	
Total Housing, Economy & Communities		2,107,050	10,696,841	6,344,944	(30,000)	

Capital Scheme	Funding SBC/ Partnership (P)	2020/21 Original Budget	2020/21 Revised Budget	2020/21 Actual to Date	2020/21 Forecast Variance	Notes
<u>ICT - C. Woodward</u>						
ICT infrastructure – firewall and equipment replacement	SBC	76,200	92,000	68,390	0	
Total ICT		76,200	92,000	68,390	0	
<u>Finance - N. Vickers</u>						
Finance System Upgrade	SBC	0	1,410	1,250	0	
Leaky Lucy Minibus Replacement	SBC	0	10,000	10,000	0	(k)
Total Finance		0	11,410	11,250	0	
<u>Property – A. Adams</u>						
Swale House Refurbishment	SBC	0	200,000	4,446	0	
Milton High Street Clock	SBC	0	0	53,381	0	
Total Property Services		0	200,000	57,827	0	
<u>Environmental Health – T. Beattie</u>						
Replacement of Air Pollution Monitoring Station	SBC	0	0	7,900	7,900	(l)
Total Environmental Health		0	0	7,900	7,900	
<u>Planning - J. Freeman</u>						
Land Charges Shared Service - Online Submission Module	SBC	6,400	0	0	0	(m)
Total Planning		6,400	0	0	0	
Total Capital Programme Funded by the Council	SBC	493,850	9,348,499	6,837,718	(2,366)	
Total Capital Programme Funded by Partners	P	2,318,200	4,629,989	702,772	0	
Total Capital Programme		2,812,050	13,978,488	7,540,490	(2,366)	

Notes

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

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

	December 2020 £'000	December 2019 £'000
Not due (less than 1 month)	89	407
1–2 months	78	89
2–6 months	168	187
6–12 months	104	217
1–2 years	225	15
2–3 years	17	28
3–4 years	18	12
4–5 years	10	13
5–6 years	13	19
6 years +	45	30
Total	767	1,017
Total due (over 1 month)	678	610
% Total over 1 month	88	60%

Notes:

1 -2 months includes £43k relating to two debtors.

2 – 6 months includes £78k relating to three debtors.

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

1 – 2 years includes £184k relating to three debtors and £10k relating to charges on property.

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

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

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

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

Table 11 – Sundry Debt Outstanding**APPENDIX I****Table 11.2 – Sundry Debt Outstanding (including not due) by Service**

	December 2020 £'000	December 2019 £'000
Property	192	201
Commissioning, Environment & Leisure	130	81
Housing, Economy & Communities	300	268
Legal	2	375
Environmental Health	7	1
Planning	2	14
Communications	1	1
Other	133	76
Total	767	1,017

Notes:

'Property' includes outstanding £140,000 quarterly rent relating to one debtor.