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| Scrutiny | Agenda Item: |
| Meeting Date | 19 March 2015 |
| Report Title | Financial Management Report – April – December 2014 |
| Cabinet Member | Cllr Duncan Dewar-Whalley, Cabinet Member for Finance |
| SMT Lead | Nick Vickers, Head of Finance |
| Head of Service | Nick Vickers, Head of Finance |
| Lead Officer | Phil Wilson, Chief Accountant |
| Key Decision | Yes |
| Classification | Open |
| Forward Plan | Reference number: |
| Recommendations | <ol style="list-style-type: none"> 1. To note the projected revenue underspend on services of £867,600 and the proposed rollover of specific and other grants of £148,700 for 2014/15. 2. To note the projected capital underspend for 2014/15 of £153,384 and to approve the additional capital funding to Sittingbourne War Memorial – additional £7,470 from capital receipts. |

1. Purpose of Report and Executive Summary

- 1.1 This report shows the revenue and capital projected outturn for 2014/15 as at the end of period nine, covering the period from April to December 2014. The report is based on service activity up to the end of December 2014, and is collated from monitoring reports from budget managers.

2. Background

- 2.1 As part of the monthly financial reporting arrangements, detailed reports by Heads of Service have been produced to help focus accountability and reporting at the overall level. Based on the responses and discussions with Service Managers, a budget underspend of £867,600 is projected for the period April 2014 to December 2014 (nine months).
- 2.2 The Council has been proactive in addressing the known funding reductions in future years. This is reflected in the way in which members and managers look to restrict expenditure and generate new income streams. The biggest contributors to the underspend are the further savings on the waste contract, (our largest contract), and additional planning fees – 85% of the net

underspend. A pragmatic approach to roll-overs of underspends means that there is no incentive for managers to spend up to the budget limit.

2.3 Financial monitoring reports are presented to Cabinet on a quarterly basis as well as to Scrutiny Committee.

3. Proposal

Revenue Spend

3.1 Based on the responses and discussions with Service Managers, a projected underspend of £867,600 is forecast compared with £687,720 (April to September) when last reported to Cabinet in December - a movement of £179,880.

3.2 The main movements from December over £20,000 are as follows:

- Parking – refund of VAT on parking fees £35k;
- Parking – additional parking income and PCNs £40k;
- Environmental Health – £49k reduced costs mainly salaries;
- Planning Fees – additional fees £84k;
- S106 Fees – reduced fee income £30k;
- Planning Mid Kent Planning Service – additional implementation costs £55k;
- Development Services - £23k additional staffing costs to meet high workloads the Swale Development teams are now experiencing;
- Democratic Services – additional costs – increased National Insurance due on Members’ travel following the changes to the HMRC taxation legislation £29k;
- Non Service Items – reduced corporate provision for bad debt – underspend £75k;
- Members Localism Grants underspend £20k;
- Markets/Sports Development – underspend £27k;
- Housing – ringfenced grants to be rolled forward therefore overspend on B & B £46k;
- Net underspend movement £33k.

3.3 Table 1 analyses the projected variance by Service.

Table 1: Underspend by Service

| | Service Manager | Working Budget | Projected Outturn 2014/15 | Projected Variance |
|---|-----------------------|-------------------|---------------------------|--------------------|
| | | £ | £ | £ |
| Chief Executive | A. Kara | 252,700 | 242,100 | (10,600) |
| Policy | D. Clifford | 204,700 | 191,100 | (13,600) |
| Economy & Communities | E. Wiggins | 2,125,730 | 2,063,330 | (62,400) |
| Communications | E. Wiggins | 261,770 | 243,370 | (18,400) |
| Housing | A. Christou | 1,168,420 | 1,160,820 | (7,600) |
| Planning | J. Freeman | 930,850 | 903,450 | (27,400) |
| Commissioning & Customer Contact | D. Thomas | 6,745,900 | 6,251,700 | (494,200) |
| Service Delivery | B. Planner | (710,520) | (785,620) | (75,100) |
| Director of Corporate Services & Director of Regeneration | M. Radford / P. Raine | 361,760 | 358,460 | (3,300) |
| Information Technology | A. Cole | 1,045,420 | 1,050,320 | 4,900 |
| Audit | R. Clarke | 150,760 | 154,160 | 3,400 |
| Environmental Health | T. Beattie | 472,460 | 412,460 | (60,000) |
| Finance | N. Vickers | 1,760,700 | 1,734,800 | (25,900) |
| Human Resources | D. Smart | 387,040 | 387,040 | 0 |
| Legal | J. Scarborough | 330,020 | 311,820 | (18,200) |
| Democratic Services | K. Bescoby | 806,170 | 811,270 | 5,100 |
| Property | A. Adams | 659,190 | 607,690 | (51,500) |
| Variances to be met from underspend | | 0 | 48,000 | 48,000 |
| KCC Second Homes Discount | | (46,000) | (73,530) | (27,530) |
| Corporate Provision for Bad Debt | | 217,440 | 132,440 | (85,000) |
| NNDR Discretionary Relief | | 146,980 | 146,980 | 0 |
| Other Variances | | 0 | (8,000) | (8,000) |
| Corporate Items | | 782,830 | 693,860 | (88,970) |
| SERVICE EXPENDITURE | | 18,054,320 | 17,038,020 | (1,016,300) |
| Rollover Specific Grants (See Appendix II) | | 0 | 148,700 | 148,700 |
| SERVICE EXPENDITURE AFTER ROLL FORWARDS | | 18,054,320 | 17,186,720 | (867,600) |
| Financed by: | | | | |
| Formula Grant | | (4,296,000) | (4,296,000) | 0 |
| Business Rates | | (4,604,000) | (4,604,000) | 0 |
| New Homes Bonus | | (2,269,000) | (2,269,000) | 0 |
| Council Tax Freeze Grant | | (79,000) | (79,000) | 0 |
| Council Tax Requirement | | (6,868,000) | (6,868,000) | 0 |
| NET EXPENDITURE | | (61,680) | (929,280) | (867,600) |

The underspend of £1,016,300 will be reduced at year end by £148,700 in respect of unspent ring fenced grants which are moved to a separate account. The net expenditure after ring fenced grants is an underspend of £867,600.

3.4 Table 2 below details the main variations by Service:

Table 2: Main variations by Service

| Projected Net (Under)/Overspend / Income Shortfall as at end of December 2014 | | |
|---|--------------|--|
| Service – Cabinet Member (Head of Service) | £'000 | Explanation |
| CHIEF EXECUTIVE - Cllr A. Bowles (Abdool Kara) | | |
| Chief Executive | (1) | Various minor underspends. |
| Corporate Costs | (9) | Reduced Consultancy/ Specialist Advice expenditure. |
| Policy | (14) | Salary underspend as result of vacant posts. |
| TOTAL | (24) | |
| ECONOMY AND COMMUNITIES – Cllrs M. Cosgrove, M. Whiting & K. Pugh (Emma Wiggins) | | |
| CCTV | 12 | Reduced income for CCTV re previous customers cancelling use of the service. |
| Community Budgets – Troubled Families | (15) | £15k will be requested to roll forward into 2015/16 of unspent ring fenced grants. |
| Community Halls/Centres | 3 | Quinton Hall additional costs (rates £1.5k and estimated utility costs £1.5k). |
| High Street Innovation Fund | (12) | £12k will be requested to roll forward into 2015/16 of unspent ring fenced grants. |
| Markets | (17) | Underspend against rates. |
| Members Localism Grants | (20) | £20k will be requested to roll forward into 2015/16. |
| Sports Development | (13) | £3k will be requested to roll forward into 2015/16. This is a KCC grant for the Satellite Club to create links between schools and community clubs. |
| TOTAL | (62) | (£27k will be requested to roll forward into 2015/16 of unspent ring fenced grants and £23.2k of other budget underspends – refer to Appendix II.) |
| COMMUNICATIONS, PRINTING, ADVERTISING & PROMOTION – Cllrs M. Cosgrove, M. Whiting & K. Pugh (Emma Wiggins) | | |
| Communications | (18) | Additional income from advertising in Inside Swale and postage budget transferred. |
| TOTAL | (18) | |
| HOUSING – Cllr J. Wright (Amber Christou) | | |
| Housing Development and Strategy | (21) | Staff costs savings £20k, other net savings £1k |
| Private Sector Housing | (26) | Staff costs savings £20k, mileage and lump sum savings £7k, offset by other minor overspends £1k. |
| Stay Put Scheme | (14) | Salary costs savings £15k; unachievable Disabled Facilities Grant income £25k, offset by additional grants received and not spent in year. A request will be made to roll forward these ringfenced unspent grants. The underspend is due to the lack of referrals from Health. |
| Housing Options | 53 | Projected overspend of £55k on Bed & Breakfast landlord payments; other minor underspends £2k. |
| TOTAL | (8) | (£53k will be requested to roll forward into 2015/16 of unspent ring fenced grants – refer to Appendix II.) |

| Projected Net (Under)/Overspend / Income Shortfall as at end of December 2014 | | |
|---|--------------|---|
| Service – Cabinet Member (Head of Service) | £'000 | Explanation |
| PLANNING – Cllr G. Lewin (James Freeman) | | |
| Building Control | (4) | Underspend on dangerous structures. |
| Development Control | (214) | Additional planning fees £234k; net IT Development costs £4k; £8k underspend for enforcement salaries and £6k underspend on enforcement fees; £5k underspend on appeals and £5k overspend on consultancy services. There is also a £30k projected pressure for S106 monitoring fees as the amount collected is very much dependent upon a few very large planning permissions carrying forward to construction. It is anticipated that there are likely to be wide variances from year to year. The 14/15 income reflects this situation but we expect this shortfall to be balanced out in future years. |
| Development Services | 90 | £87k net additional staffing costs to meet the high workloads the Swale Development teams are now experiencing. £3k office move & redecoration costs. |
| Local Planning & Conservation | (4) | Reduced fees and services in spatial policy and the conservation & design teams. |
| Planning Mid Kent Planning Service (MKPS) | 105 | The additional cost of implementing the planning MKIP service is £95k. However, £25k can be met from reserves. A further £35k overspend on salaries, including the business support officer post. |
| TOTAL | (27) | |
| COMMISSIONING AND CUSTOMER CONTACT – Cllrs D. Simmons & M. Whiting (Dave Thomas) | | |
| Cemeteries and Closed Churchyards | 23 | Additional grounds maintenance required to trees and footpaths in cemeteries. |
| Grounds Maintenance Contract | (20) | Underspend re open spaces. £5k of this underspend will be used to fund an overspend on capital. |
| Leisure and Sports Centres | 50 | Contribution towards Executive Office (Swale Community Leisure Ltd). |
| Cleansing | (15) | Staff costs savings. |
| Parks & Open Spaces | 12 | Overspend on equipment maintenance and purchase within play areas. |
| Public Conveniences | (22) | Underspend on contract costs and energy costs. |
| Recycling & Waste Minimisation | (130) | Net additional income from Garden Waste Scheme and savings on Recycling Credits. |
| Refuse Collection / Street Cleansing | (402) | Net underspend on contract costs (including savings on cost of additional properties, increased Bulky Waste, Special Collections and bin sales income and additional costs for purchase of bins). |
| Minor net variances | 10 | Minor overspends on Sports Pitches re energy costs & rates, Countryside & Parks re grounds maintenance. |
| TOTAL | (494) | (£11.3k will be requested to roll forward into 2015/16 of unspent ring fenced grants and £20k of other budget underspends – refer to Appendix II.) |

| Projected Net (Under)/Overspend / Income Shortfall as at end of December 2014 | | |
|---|--------------|--|
| Service – Cabinet Member (Head of Service) | £'000 | Explanation |
| SERVICE DELIVERY – Cllr D. Simmons (Brian Planner) | | |
| Parking Management | (35) | Refund of VAT on overpayment of parking income. |
| Service Delivery | (40) | Salary underspend on Head of Service Delivery post. |
| TOTAL | (75) | |
| DIRECTOR OF CORPORATE SERVICES – Cllrs D. Dewar-Whalley & T. Wilcox (Mark Radford) | | |
| Corporate Costs | 0 | Nil variance reported to date. |
| TOTAL | 0 | |
| EMERGENCY PLANNING – Cllr A. Bowles (Della Fackrell) | | |
| Emergency Planning | (3) | Minor underspend on supplies and services. |
| TOTAL | (3) | |
| DIRECTOR OF REGENERATION (Pete Raine) | | |
| Strategic Directors | 0 | Nil variance reported to date. |
| TOTAL | 0 | |
| IT SERVICES – Cllr D. Dewar-Whalley (Andy Cole) | | |
| IT MKIP | 0 | Nil variance reported to date. |
| GIS | 5 | Outstanding holiday pay and related on costs. |
| TOTAL | 5 | |
| ENVIRONMENTAL HEALTH – Cllr. D. Simmons (Tracey Beattie) | | |
| Environmental Services | (21) | Additional staff savings £5k, contribution from other Local Authorities £15k and minor savings £1k. |
| Health & Safety and Food Safety | (6) | Additional fee income |
| Pollution Noise | (2) | Savings on equipment maintenance |
| Pollution Control | (31) | Additional income from Environmental Protection Act fees and contaminated land fees. £23k will be requested to roll forward into 2015/16 of unspent ring fenced grant. |
| TOTAL | (60) | (£23k will be requested to roll forward into 2015/16 of unspent ring fenced grants - refer to Appendix II) |
| INTERNAL AUDIT – Cllr D. Dewar-Whalley (Rich Clarke) | | |
| Audit Services | 3 | £3k overspend projected on the charge for the MKIP Audit service. |
| TOTAL | 3 | |
| FINANCE – Cllr D. Dewar-Whalley (Nick Vickers) | | |
| Financial Services | (26) | Savings on Minimum Revenue Provision (MRP) £40k; Interest savings of £7k offset by £6k salaries overspend; and £15k other miscellaneous expenditure. |
| TOTAL | (26) | (£26k will be requested to roll forward into 2015/16 – refer to Appendix II.) |

| Projected Net (Under)/Overspend / Income Shortfall as at end of December 2014 | | |
|--|--------------|---|
| Service – Cabinet Member (Head of Service) | £'000 | Explanation |
| HUMAN RESOURCES – Cllr T. Wilcox (Dena Smart) | | |
| Organisational Development | 0 | Nil variance reported to date. |
| TOTAL | 0 | |
| LEGAL – Cllr D. Dewar-Whalley (John Scarborough) | | |
| Legal Services (prior to 1/11/14) | (8) | Net salary underspend offset by overspends on running costs. |
| Legal (MKLS) (from 1/11/14) | (10) | Underspend on salaries and related costs. |
| TOTAL | (18) | |
| DEMOCRATIC SERVICES – Cllr A. Bowles (Katherine Bescoby) | | |
| Democratic Process | (5) | Additional staff costs £3k, savings on training courses £4k, other miscellaneous savings £4k. |
| Administration | 10 | Net staff costs overspend. |
| National Insurance for Members | 29 | Additional National Insurance due on Members' travel following the changes to the HMRC taxation legislation. |
| Elections & Electoral Registration | (29) | Additional canvassers fees £3k, additional election costs £3k. £35k additional income received to fund individual electoral registration. |
| TOTAL | 5 | (£35k will be requested to roll forward into 2015/16 of unspent ring fenced grants - refer to Appendix II) |
| PROPERTY – Cllr D. Dewar-Whalley (Anne Adams) | | |
| Health & Safety | (3) | Saving on books & journals. |
| Property Services | 19 | Land holding review project with an estimated cost of £25k offset by small underspend on salaries £2k and miscellaneous income £4k. |
| Administrative Buildings | (14) | Net utility costs savings £8k, Sheerness office savings £10k and £4k overspend on equipment for the council chamber. |
| Property Management | (54) | Net additional property rental income based on 14/15 forecast. |
| TOTAL | (52) | (Any underspend will be requested to top up the building maintenance reserve – refer to Appendix II) |
| OTHER VARIANCES (TO BE MET FROM TOTAL UNDERSPEND) | | |
| Sittingbourne Town Centre Development | 43 | Variance to be funded out of general year-end corporate underspend. |
| Arts Events & Activities | 5 | Additional spend to support the WW1 community grant scheme. This will be funded out of general year-end corporate underspend. |
| TOTAL | 48 | |
| NON-SERVICE BUDGETS | | |
| KCC 2 nd Homes Discount | (28) | Additional KCC 2 nd Homes discount grant. |
| Corporate Provision for bad debt | (85) | Improvement in outstanding debt, Homelessness £10k and Housing Benefit £75k. |

| Projected Net (Under)/Overspend / Income Shortfall as at end of December 2014 | | |
|--|----------------|--|
| Service – Cabinet Member (Head of Service) | £'000 | Explanation |
| Other Variations:- | | |
| Revenue Funding of Capital Expenditure | 12 | Underspends reported in service budgets which are to be used to fund capital expenditure. |
| Business Rates | (20) | Additional income 'New Burden – Council Tax & Business Rates' Grant. (Will be requested to roll forward into 2015/16 as unspent non-ring fenced grants - refer to Appendix II.) |
| TOTAL OTHER VARIATIONS | (8) | |
| Corporate Items | (89) | Interest savings on finance leases, unspent earmarked reserves £46k, grant received £17k and external interest offset by pensions adjustment. (£17k for new burdens from Localism Act on right of challenge will be requested to roll forward into 2015/16 of unspent non-ring fenced grants - refer to Appendix II.) |
| | (1,016) | TOTAL BEFORE ROLLOVER REQUESTS |
| | 149 | Specific Grant Rollover Requests (to be approved by Cabinet as part of the 2014/15 Statement of Accounts) See Appendix II. |
| | (867) | PROJECTED UNDERSPEND AFTER PROPOSED ROLLOVER OF RING FENCED GRANTS |

Sensitivity Analysis

3.5 The Council has a small number of large and volatile budgets which will be the main cause of any significant variation in the Council's final outturn.

Table 3:

| Budget Head | 2014/15 Working Budget | Current Forecast | Current Projected Variance (as per table 2) | Range of Variance Options (increased / decreased cost or income) | | Notes |
|-----------------------|-------------------------------|-------------------------|--|---|------------|--------------|
| | | | | Min | Max | |
| | £ | £ | £ | £ | £ | |
| Car Park Income | (1,522,900) | (1,522,900) | 0 | 15,000 | (15,000) | |
| PCN Income | (499,890) | (499,890) | 0 | 10,000 | (15,000) | |
| Planning Fees | (600,930) | (834,930) | (234,000) | (200,000) | (300,000) | (i) |
| Bed & Breakfast costs | 126,800 | 181,479 | 54,679 | 35,660 | 100,000 | (ii) |
| Housing Benefits | 56,840,000 | 56,840,000 | 0 | (100,000) | 100,000 | (iii) |

- (i) Planning Fees - We have received several major planning applications with significant fee income. Further major applications are also expected by the end of the financial year which should give rise to fee income significantly above forecast.

- (ii) Bed & Breakfast - There has been a recent increase in emergency accommodation placements as predicted and the costs have therefore slightly increased. This is currently offset by income and Homelessness Grant and will be closely monitored, but the alternative emergency accommodation arrangements owned by SBC were put in place by January 2015 which should reduce costs by year-end.
- (iii) Housing Benefits - This is an extremely volatile budget and could vary by +/- £100,000 at year-end on a gross budget of £57m.

Improvement and Regeneration Funds

3.6 The balance as at the end of December 2014 on these funds is shown in Table 4 below:

Table 4: Improvement & Regeneration Funds

| | Balance Unallocated as at 1 April 2014 | 2014/15 Approved Allocations | Balance Unallocated as at 31 December 2014 |
|-----------------|---|-------------------------------------|---|
| Funds: | £ | £ | £ |
| Performance | 598,713 | 69,955 | 528,758 |
| Regeneration | 368,290 | 237,643 | 130,647 |
| Localism | 48,793 | 24,183 | 24,610 |
| Transformation | 252,418 | 54,992 | 197,426 |
| Local Loan Fund | 250,000 | 50,000 | 200,000 |
| TOTAL | 1,518,214 | 436,773 | 1,081,441 |

- 3.7 The Regeneration Fund was topped up by £250,000 from the 2014/15 budget and will be topped up by a further £250,000 in 2015/16.
- 3.8 The VAT refund on car parking, £35,000, will be used in part to top up the Regeneration Fund for the Christmas car parking concession cost of £26,000.
- 3.9 The Localism Fund was topped up by £26,400 from the 2013/14 underspend.
- 3.10 Further details of the approved allocations to the end of December 2014 are available in Appendix I.
- 3.11 Appendix I provides details of how to submit bids against these funds.
- 3.12 If any of the above allocations are not required the balance will be added back to the relevant fund as at 31 March 2015.

Reserves

- 3.13 At 31 March 2014 the Council's earmarked reserves totalled £7.564m. These were then further increased by £1.356m from the 2013/14 underspend as agreed by Cabinet on 16 July 2014.

3.14 For 2014/15 to date the reserves have funded expenditure of £730,620 and £266,070 on revenue and capital respectively. In addition, reserves have been used to increase the revenue budget by £153,920. This use of reserves is mainly due to spend on approved projects from the improvement and regeneration funds or from the rollover of the 2013/14 underspend.

Capital Expenditure

3.15 This report details the latest position on the 2014/15 capital programme and highlights any variations between the 2014/15 capital budget and expenditure to the end of period 9 (December 2014). An underspend of £153,384 is forecast on the capital budget.

3.16 Actual expenditure to end of December 2014 (month 9) is £1,317,745. This represents 50.5% of the working budget (as per Appendix II).

3.17 The main issues on the projected variances are set out in table 5 below.

Table 5: Capital programme – main projected variances

| Variance | Specific Issues |
|---------------------|--|
| Managed Underspends | <p><u>Waste Collection & Recycling £35k</u> - recent years' spend on wheeled bins has been treated as revenue; part-funded by the revenue budget and also the repairs and renewals reserve. Further on-going expenditure for replacement bins is expected to continue as revenue expenditure.</p> <p><u>Disabled Facilities Grants £120k</u> - these grants will all be committed by the end of 2014/15 but payments are unlikely to be made until early 2015/16.</p> |
| Deferred Projects | <p><u>Swale House Window Replacement and Building Refurbishment £26.5k</u> - until we have definite plans regarding future office space we will not be planning to invest in Swale House. However, as plant and equipment is increasingly likely to fail the longer that Swale House remains in use, capital funded projects may be required to replace this equipment on a reactive basis. This underspend will fund the overspend on the Ground Floor Reception Area.</p> |
| Overspends | <p><u>Ground Floor Reception Area £20k</u> - Variance due to a combination of design changes, change in furniture specification, electrical works under-specified in tender, and issues discovered during strip-out due to age of building and previous modifications.</p> <p><u>Central Plaza £4.5k</u> – Variance due to a combination of design changes, issues regarding the drainage and tarmac levels during strip-out and additional costs arising. This overspend will be funded from an underspend on revenue.</p> <p><u>Sittingbourne War Memorial £7.4k</u> - Tender documentation prepared based on estimates from trusted contractors familiar with this specialist work who subsequently chose not to tender. Interest in the tender opportunity was limited and only one company was considered suitable based on proven track record and cost. Despite negotiating a 2.5% reduction the projects costs were still £7,470 over original estimated budget.</p> |

3.18 A £100,000 top up from reserve funds to Disabled Facilities Grants has been agreed at Cabinet in December.

3.19 The following requests are made

- To fund the Sittingbourne War memorial overspend of £7,470 from Capital Receipts;
- To fund the Ground Floor Reception Area from an underspend on the Swale House Building & Refurbishment capital budget;
- To fund the Central Plaza from a revenue underspend within the service;

3.20 Table 6 details the movement from the Original 2014/15 budget to the Working Budget 2014/15.

Table 6: Actual Expenditure to Date and Forecast Variations

| | £ |
|--|------------------|
| Original Estimate | 1,106,740 |
| Add Supplementary Approvals: | |
| Rollovers agreed at Cabinet 16 July 2014 | 372,150 |
| External Funding | 567,370 |
| Capital Receipts | 244,430 |
| Earmarked Reserve | 310,000 |
| Revenue | 10,475 |
| Total Working Budget | 2,611,165 |
| Actual to end of December 2014 | 1,317,745 |
| Variance to date | 1,293,420 |
| Projected Variance | 153,384 |

3.21 Further details are available in Appendix II.

Capital Receipts

3.22 Balance of capital receipts as at 31 March 2014 was £1,330,818.

Payment of Creditors

3.23 The latest monitoring position is shown in Table 7.

Table 7: Invoice payment

| | Target 2014/15 | Cumulative year to date | December 2014 | November 2014 | October 2014 |
|--------------------------|---------------------------|--|--------------------------|--------------------------|-------------------------|
| Invoices paid in 30 days | 97.00% | 96.95% | 97.23% | 97.19% | 95.76% |

Debtors

3.24 Tables 8, 9 and 10 analyse the debt outstanding.

3.25 The debt over six years old relates to charges on property, i.e. where the debt cannot be collected until the property concerned is sold. Of the debt 2 – 6 months for December, £46k, has been paid early January. It should be noted that the number of debts raised is increasing as we are now required to raise debtors for all of our grants with Kent County Council, NHS etc.

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

| | Current Year | | | Previous Year |
|----------------------------|---------------|--------------|----------------|---------------|
| | December 2014 | October 2014 | September 2014 | December 2013 |
| | £'000 | £'000 | £'000 | £'000 |
| 0-2 Months | 203 | 451 | 229 | 179 |
| 2-6 Months | 267 | 131 | 67 | 55 |
| 6-12 Months | 58 | 27 | 53 | 33 |
| 1-2 Years | 5 | 13 | 13 | 14 |
| 2-3 Years | 8 | 10 | 11 | 22 |
| 3-4 Years | 20 | 21 | 27 | 16 |
| 4-5 Years | 17 | 17 | 12 | 11 |
| 5-6 Years | 8 | 7 | 6 | 1 |
| 6 Years + | 20 | 15 | 15 | 27 |
| Total | 606 | 692 | 433 | 358 |
| Total over 2 months | 403 | 241 | 204 | 179 |

Of the debts 0 – 2 months £94k relate to KCC grants and £100k relate to quarterly property leases;

Of the debts 2 – 6 months £102k relate to KCC, NHS and Central Government grants.

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

| | Current Year | | Previous Year |
|----------------------------|---------------|----------------|---------------|
| | December 2014 | September 2014 | December 2013 |
| | £'000 | £'000 | £'000 |
| 0-2 Months | 204 | 229 | 179 |
| 2-6 Months | 265 | 67 | 65 |
| 6-12 Months | 44 | 28 | 55 |
| 1-2 Years | 35 | 44 | 18 |
| 2-3 Years | 11 | 17 | 31 |
| 3-4 Years | 28 | 39 | 292 |
| 4-5 Years | 260 | 257 | 11 |
| 5-6 Years | 8 | 6 | 1 |
| 6 Years + | 20 | 15 | 27 |
| Total | 875 | 702 | 679 |
| Total over 2 months | 671 | 473 | 500 |

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

| | December 2014 | September 2014 |
|----------------------------------|----------------------|-----------------------|
| | £'000 | £'000 |
| Rent Deposit Scheme | 269 | 269 |
| Commissioning & Customer Contact | 95 | 20 |
| Property | 210 | 185 |
| Housing | 135 | 42 |
| Legal | 0 | 7 |
| Economy & Communities | 112 | 18 |
| Planning | 17 | 1 |
| Environmental Health | 2 | 3 |
| Service Delivery | 3 | 24 |
| Finance | 0 | 125 |
| Policy | 3 | 3 |
| Other | 29 | 5 |
| Total | 875 | 702 |

Business Rates Monitoring

3.26 In 2013/14 the Council's total business rate income was £4.3m and for 2014/15 it is forecast to be £4.6m. Any surplus on the business rate income will be put into the business rate volatility reserve as agreed at Cabinet in February. A Business Rate Group consisting of representatives from Finance, Revenues and Economic Development has been established to regularly review the factors that may affect the forecast income for this item.

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 | Embracing Localism Open for Business Healthy Environment |
| Financial, Resource and Property | As detailed in the report |
| Legal and Statutory | None identified at this stage |
| Crime and Disorder | None identified at this stage |
| Sustainability | None identified at this stage |
| Health & Wellbeing | None identified at this stage |

| Issue | Implications |
|---------------------------------------|-------------------------------|
| Risk Management and Health and Safety | None identified at this stage |
| Equality and Diversity | None identified at this stage |

7. Appendices

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

Appendix I – Improvement and Regeneration Fund allocations as at end of December 2014;

Appendix II – Revenue Rollovers of Specific Grants & Other Revenue Rollover requests;

Appendix III – Capital Programme - Projected outturn as at end of December 2014.

8. Background Papers

8.1 The Budget 2014/15 and Medium Term Financial Strategy 2014/15 to 2016/17.

IMPROVEMENT AND REGENERATION FUND ALLOCATIONS (PERIOD 9)

| | Amount £ |
|--|---------------------|
| Performance Fund | |
| Communications Service Interim Support | 10,027 |
| Grove toilets, Leysdown | 4,995 |
| Local Area Perception Survey 2014/15 | 12,000 |
| Annual Contribution to MKIP 2014/15 | 34,425 |
| Softphone Licences for Remote Working | 1,908 |
| Analytical reviews of income from Business Rates | 6,600 |
| Total Approved as at December 2014 | 69,955 |
| Regeneration Fund | |
| Members Regeneration Grants | 47,000 |
| Trademarks - Faversham Hop Festival | 1,520 |
| Magna Carta 800 Celebrations, Faversham 2015 | 9,950 |
| Small Business Saturday 2014 | 5,590 |
| Christmas Car Parking Concession 2014 | 26,000 |
| Regeneration Officer Town Centres 2015/16 | 46,788 |
| Economic Development Support Officer 2015/16 | 36,555 |
| Beach Huts - Phase 2 | 43,450 |
| Thames Gateway Innovation, Growth & enterprise Loan Fund | 20,790 |
| Total Approved as at December 2014 | 237,643 |
| Localism Fund | |
| Volunteer Week Campaign | 1,186 |
| Funding Fair | 1,050 |
| Heritage Projects | 10,000 |
| Volunteer Swale Awards 2014/15 | 2,670 |
| Swale Trustee Network Event | 1,027 |
| Neptune Terrace Materials | 1,250 |
| Quinton Hall Asset Transfer | 5,600 |
| The Salt Giveaway 2014/15 | 1,400 |
| Total Approved as at December 2014 | 24,183 |

| | Amount £ |
|---|----------------|
| Transformation Fund | |
| Redundancy Payments 2014/15 | 54,992 |
| Total Approved as at December 2014 | 54,992 |
| Swale Local Loan Fund | |
| Queenborough Harbour Trust | 50,000 |
| Total Approved as at December 2014 | 50,000 |
| TOTAL APPROVED AS AT DECEMBER 2014 | 436,773 |

IMPROVEMENT AND REGENERATION FUND APPROVAL PROCESS

| Fund | Purpose | Authorisation Process |
|-------------------|--|--|
| Performance Fund | To improve overall performance. Officers are invited to submit a bidding list of proposals. | Bids are to be submitted to Finance and agreed and signed by the Head of Finance and Cabinet Member for Finance. The Strategic Management Team will then consider the bids as part of the Financial Monitoring process. |
| Regeneration Fund | To fund regeneration projects in the Borough. | <ol style="list-style-type: none"> 1. The application should be agreed by the Relevant Cabinet Member for his/her endorsement before submission. 2. Email copy to Head of ECS who will then forward to Director of Regeneration and the Head of Finance who will sign to approve. 3. The form is forwarded to the Council Leader and Cabinet Member for Finance for their sign off. 4. The fully approved bid form will be returned to the relevant Head of Service. |
| Localism Fund | To drive the Localism agenda by delivering the actions and projects under the Embracing Localism priority in the Council's Corporate Plan. | Sign off will be through Head of ECS, Head of Finance, Director of Regeneration and Cabinet Member Localism. |

REVENUE ROLLOVERS – SPECIFIC GRANTS

The following grants were received during 2014/15 or before and are ring fenced but are likely to remain unspent as at the end of 2014/15. A request for a rollover will be submitted at year end.

| Head of Service | Description | Projected Rollover Request £ |
|---|---|---|
| Katherine Bescoby | Individual Electoral Registration Grant | 34,200 |
| Total Democratic Services | | 34,200 |
| Tracey Beattie | Air Quality Grant | 23,000 |
| Total Environmental Health | | 23,000 |
| Amber Christou | Stay Put Grants | 48,200 |
| Amber Christou | Warm Homes Healthy People Grant | 5,000 |
| Total Housing | | 53,200 |
| Dave Thomas | WEEE Local Project fund | 11,300 |
| Total Commissioning & Customer Contact | | 11,300 |
| Emma Wiggins | High Street Innovation fund | 12,000 |
| Emma Wiggins | Troubled Families Grant | 15,000 |
| Total Economy & Communities | | 27,000 |
| TOTAL | | 148,700 |

REVENUE ROLLOVERS - OTHER

The following rollovers will be requested at the end of the financial year.

| Head of Service | Description | Projected Rollover Request £ |
|--|---|---|
| Anne Adams | Property Services underspend to top up the building maintenance reserve | 46,700 |
| Total Property Services | | 46,700 |
| Dave Thomas | Facilities strategy costs | 20,000 |
| | | 20,000 |
| Emma Wiggins | Members Localism Grants | 20,000 |
| Emma Wiggins | Satellite grant - KCC | 3,200 |
| Total Economy & Communities | | 23,200 |
| Nick Vickers | Finance underspend to fund future upgrading of financial systems | 26,000 |
| Total Financial Services | | 26,000 |
| Corporate | Community Right to Challenge & Community Right to Bid Grants | 16,400 |
| Corporate | New Burdens Grant – Council Tax & Business Rates | 20,320 |
| Total Corporate | | 36,720 |
| TOTAL | | 152,620 |

| | Funding SBC / P | 2014/15 Original Budget £ | Approved Rollovers £ | Other Adjustments £ | 2014/15 Working Budget £ | 2014/15 Actual to End of period 9 £ | 2014/15 Projected Variance £ |
|---|--------------------|------------------------------------|----------------------------|---------------------------|-----------------------------------|---|---------------------------------------|
| SUMMARY | | | | | | | |
| <u>PARTNERSHIP FUNDING SCHEMES</u> | | | | | | | |
| Economy & Communities | P | 0 | 0 | 393,670 | 393,670 | 42,245 | 7,469 |
| Commissioning & Customer Contact | P | 0 | 127,200 | 169,150 | 296,350 | 116,330 | 0 |
| Housing | P | 926,740 | 0 | 0 | 926,740 | 698,165 | 0 |
| Corporate Services | P | 0 | 0 | 6,200 | 6,200 | 6,216 | 0 |
| Property | P | 0 | 0 | 4,550 | 4,550 | 4,554 | 0 |
| TOTAL PARTNERSHIP FUNDING SCHEMES | P | 926,740 | 127,200 | 573,570 | 1,627,510 | 867,510 | 7,469 |
| <u>SWALE BOROUGH COUNCIL FUNDING SCHEMES</u> | | | | | | | |
| Commissioning & Customer Contact | SBC | 35,000 | 39,760 | 173,350 | 248,110 | 23,049 | -35,000 |
| Economy & Communities | SBC | 15,000 | 0 | 58,100 | 73,100 | 65,569 | 0 |
| Housing | SBC | 100,000 | 152,150 | 165,000 | 417,150 | 230,002 | -120,000 |
| Finance | SBC | 30,000 | 26,570 | 0 | 56,570 | 0 | 0 |
| Property | SBC | 0 | 26,470 | 117,255 | 143,725 | 83,933 | -25,853 |
| Service Delivery | SBC | 0 | 0 | 45,000 | 45,000 | 47,682 | 20,000 |
| TOTAL SBC FUNDING SCHEMES | SBC | 180,000 | 244,950 | 558,705 | 983,655 | 450,235 | -160,853 |
| TOTAL CAPITAL PROGRAMME | | 1,106,740 | 372,150 | 1,132,275 | 2,611,165 | 1,317,745 | -153,384 |

| | Funding SBC / P | 2014/15 Original Budget £ | Approved Rollovers £ | Other Adjustments £ | 2014/15 Working Budget £ | 2014/15 Actual to End of period 9 £ | 2014/15 Projected Variance £ |
|---|--------------------|------------------------------------|----------------------------|---------------------------|-----------------------------------|---|---------------------------------------|
| <u>ECONOMY & COMMUNITIES - E.WIGGINS</u> | | | | | | | |
| CCTV - Repairs & Renewals Reserve | SBC | 15,000 | 0 | 0 | 15,000 | 0.00 | 0 |
| Queenborough Harbour Trust Loan - Swale Loan Fund | SBC | 0 | 0 | 50,000 | 50,000 | 50,000 | 0 |
| Sittingbourne War Memorial - Capital Receipts | SBC | | | 8,100 | 8,100 | 15,569 | 7,469 |
| <i>Capital Expansion of CCTV Service - S106</i> | <i>P</i> | <i>0</i> | <i>0</i> | <i>38,800</i> | <i>38,800</i> | <i>0.00</i> | <i>0</i> |
| <i>Meads Community Centre - S106</i> | <i>P</i> | <i>0</i> | <i>0</i> | <i>348,000</i> | <i>348,000</i> | <i>35,379</i> | <i>0</i> |
| <i>Kemsley Community Facilities - S106</i> | <i>P</i> | <i>0</i> | <i>0</i> | <i>4,870</i> | <i>4,870</i> | <i>4,866</i> | <i>0</i> |
| <i>Easthall Farm Community Centre</i> | <i>P</i> | <i>0</i> | <i>0</i> | <i>2,000</i> | <i>2,000</i> | <i>2,000</i> | <i>0</i> |
| TOTAL ECONOMY & COMMUNITIES | | 15,000 | 0 | 451,770 | 466,770 | 107,814 | 7,469 |
| <u>CORPORATE SERVICES - M.RADFORD</u> | | | | | | | |
| <i>Miscellaneous I.T Equipment - Scanners</i> | <i>P</i> | <i>0</i> | <i>0</i> | <i>6,200</i> | <i>6,200</i> | <i>6,216</i> | <i>0</i> |
| TOTAL CORPORATE SERVICES | | 0 | 0 | 6,200 | 6,200 | 6,216 | 0 |

| | Funding SBC / P | 2014/15 Original Budget £ | Approved Rollovers £ | Other Adjustments £ | 2014/15 Working Budget £ | 2014/15 Actual to End of period 9 £ | 2014/15 Projected Variance £ |
|--|--------------------|------------------------------------|----------------------------|---------------------------|-----------------------------------|---|---------------------------------------|
| COMMISSIONING & CUSTOMER CONTACT - D.THOMAS | | | | | | | |
| Cemeteries - future burial provision in the borough - Capital Receipts | SBC | 0 | 32,590 | 0 | 32,590 | 0.00 | 0 |
| Wheelie bins - R&R | SBC | 35,000 | 0 | 0 | 35,000 | 0.00 | -35,000 |
| Beach Huts, Minster Leas - Performance Fund | SBC | 0 | 7,170 | 0 | 7,170 | 0.00 | 0 |
| Cemetery Chapel, Love Lane Faversham - Capital Receipts | SBC | 0 | 0 | 25,300 | 25,300 | 0 | 0 |
| Milton Creek Footpath - Capital Receipts | SBC | 0 | 0 | 30,000 | 30,000 | 0 | 0 |
| High Risk Tree Wroks in 3 Cemeteries - Capital Receipts | SBC | 0 | 0 | 45,000 | 45,000 | 0 | 0 |
| Medium Risk Tree Wroks in 3 Cemeteries- Capital Receipts | SBC | 0 | 0 | 10,000 | 10,000 | 0 | 0 |
| Customer Service Centre telephony system | SBC | 0 | 0 | 40,000 | 40,000 | 0 | 0 |
| The Glen Play Area - Revenue Funding | SBC | 0 | 0 | 5,050 | 5,050 | 5,049 | 0 |
| Steel Gantry - School Lane - S106 | SBC | 0 | 0 | 18,000 | 18,000 | 18,000 | 0 |
| The Glen Play Area - S106 | P | 0 | 0 | 30,950 | 30,950 | 30,950 | 0 |
| Thistle Hill Community Woodland - Trim Trail - S106 | P | 0 | 35,000 | 0 | 35,000 | 0.00 | 0 |
| New Play Area - Iwade Schemes - S106 | P | 0 | 92,200 | 0 | 92,200 | 0.00 | 0 |
| Kemsley West Play Area- S106 | P | 0 | 0 | 62,200 | 62,200 | 62,199 | 0 |
| Kemsley East Play Area- S106 | P | 0 | 0 | 50,000 | 50,000 | 7,852 | 0 |
| Faversham Recreation Ground Improvements | P | 0 | 0 | 26,000 | 26,000 | 15,329 | 0 |
| TOTAL COMMISSIONING & CUSTOMER CONTACT | | 35,000 | 166,960 | 342,500 | 544,460 | 139,379 | -35,000 |

| | Funding SBC / P | 2014/15 Original Budget £ | Approved Rollovers £ | Other Adjustments £ | 2014/15 Working Budget £ | 2014/15 Actual to End of period 9 £ | 2014/15 Projected Variance £ |
|---|--------------------|------------------------------------|----------------------------|---------------------------|-----------------------------------|---|---------------------------------------|
| <u>SERVICE DELIVERY - B. PLANNER</u> | | | | | | | |
| Ground Floor Reception Area - Revenue Funding | SBC | 0 | 0 | 25,000 | 25,000 | 27,682 | 0 |
| Ground Floor Reception Area - Capital Receipts | SBC | 0 | 0 | 20,000 | 20,000 | 20,000 | 20,000 |
| TOTAL SERVICE DELIVERY | | 0 | 0 | 45,000 | 45,000 | 47,682 | 20,000 |
| <u>HOUSING - A. CHRISTOU</u> | | | | | | | |
| DFG Mandatory Grants | P | 926,740 | 0 | 0 | 926,740 | 698,165 | 0 |
| DFG Mandatory Grants | SBC | 100,000 | 152,150 | 0 | 252,150 | 0.00 | -120,000 |
| HRG - Housing Repair Grants Over 60 | SBC | 0 | 0 | 0 | 0 | 17,859 | 0 |
| HRG - DFG Remedial | SBC | 0 | 0 | 0 | 0 | 2,717 | 0 |
| RHB2 - Decent Home Loans Owner Occupier | SBC | 0 | 0 | 0 | 0 | 45,356 | 0 |
| Emergency Accommodation - House Purchase - Earmarked Reserves | SBC | 0 | 0 | 165,000 | 165,000 | 164,070 | 0 |
| TOTAL HOUSING | | 1,026,740 | 152,150 | 165,000 | 1,343,890 | 928,167 | -120,000 |
| <u>FINANCE - N. VICKERS</u> | | | | | | | |
| Cash Receipting System - Replacement - Capital Receipts | SBC | 30,000 | 26,570 | 0 | 56,570 | 0 | 0 |
| TOTAL FINANCE AND PERFORMANCE PORTFOLIO | | 30,000 | 26,570 | 0 | 56,570 | 0 | 0 |

| | Funding SBC / P | 2014/15 Original Budget £ | Approved Rollovers £ | Other Adjustments £ | 2014/15 Working Budget £ | 2014/15 Actual to End of period 9 £ | 2014/15 Projected Variance £ |
|---|--------------------|------------------------------------|----------------------------|---------------------------|-----------------------------------|---|---------------------------------------|
| <u>PROPERTY - A. ADAMS</u> | | | | | | | |
| Swale House Window Rep & Building Refurbishment - Capital Receipts | SBC | 0 | 26,470 | 0 | 26,470 | 0 | -26,470 |
| Central Plaza Sittingbourne - Capital Receipts & Revenue | SBC | 0 | 0 | 30,515 | 30,515 | 0 | 0 |
| Committee Room new Equipment - Capital Receipts | SBC | 0 | 0 | 17,850 | 17,850 | 14,426 | 0 |
| Committee Room new Equipment - Capital Receipts | SBC | 0 | 0 | 920 | 920 | 920 | 0 |
| Council Chamber Digital System - Reserves | SBC | 0 | 0 | 52,000 | 52,000 | 52,617 | 617 |
| Folder Inserter Machine - Capital Receipts | SBC | 0 | 0 | 15,970 | 15,970 | 15,970 | 0 |
| Folder Inserter Machine - Revenue Grant | P | 0 | 0 | 4,550 | 4,550 | 4,554 | 0 |
| TOTAL PROPERTY | | 0 | 26,470 | 121,805 | 148,275 | 88,487 | -25,853 |