

<b>Cabinet</b>	
<b>Meeting Date</b>	<b>2 March 2016</b>
<b>Report Title</b>	<b>Financial Management Report – April – December 2015</b>
<b>Cabinet Member</b>	<b>Cllr Duncan Dewar-Whalley, Cabinet Member for Finance</b>
<b>SMT Lead</b>	<b>Nick Vickers, Head of Finance</b>
<b>Head of Service</b>	<b>Nick Vickers, Head of Finance</b>
<b>Lead Officer</b>	<b>Phil Wilson, Chief Accountant</b>
<b>Key Decision</b>	<b>Yes</b>
<b>Classification</b>	<b>Open</b>
<b>Forward Plan</b>	<b>Reference number: 8</b>
<b>Recommendations</b>	<ol style="list-style-type: none"> <li>1. To note the projected revenue underspend on services of £943,300 for 2015/16.</li> <li>2. To note the projected capital underspend for 2015/16 of £650,000 to end of December 2015.</li> </ol>

## **1. Purpose of Report and Executive Summary**

- 1.1 This report shows the revenue and capital projected outturn for 2015/16 as at the end of December 2015. The report is based on service activity up to the end of December 2015, and is collated from monitoring reports from budget managers.
- 1.2 The headline figures are:
  - total forecast revenue underspend of £943,300; and
  - capital expenditure of £1,252,104 to end of December 2015.

## **2. Background**

- 2.1 The Council operates a monthly budget monitoring process at Head of Service level, with reports each month to the Strategic Management Team.
- 2.2 Financial monitoring reports are presented to Cabinet on a quarterly basis, as well as to Scrutiny Committee.

### 3. Proposal

#### Revenue Outturn

3.1 The second quarter (April – September) variance reported to Cabinet was an underspend of £785,915, a movement of £157,385. Table 1 details this movement (items over £30,000).

**Table 1:**

	£'000	£'000
<b>Variance to Cabinet (April to September)</b>		<b>(786)</b>
<b>Economy &amp; Communities</b>		
Members Localism Grant	(30)	
Net other variations	(45)	
<b>Total Movement - Economy &amp; Communities</b>		<b>(75)</b>
<b>Resident Services</b>		
Housing Development & Strategy – Salary underspend and additional income	(33)	
Housing Options, Stay Put – Salary overspend and Bed & Breakfast landlord payments	81	
Ring fenced grants	(59)	
<b>Total Movement – Resident Services</b>		<b>(11)</b>
<b>Planning</b>		
Net other movements	45	
<b>Total Movement – Planning</b>		<b>45</b>
<b>Commissioning &amp; Customer Contact</b>		
Client & Amenity etc. salaries	(46)	
Leisure Contract savings (net) off set by additional maintenance costs	(42)	
Net other movements	2	
Cemeteries and Closed Churchyards	33	
Harbour & Quays, Seafront & Coast Protection	38	
<b>Total Movement – Comm. &amp; Customer Contact</b>		<b>(15)</b>
Property, Internal Audit, Environmental Health & Communications		<b>(72)</b>
Net other movements		<b>( 29)</b>
<b>Total Movement</b>		<b>(157)</b>
<b>Variance to Cabinet (April to December)</b>		<b>(943)</b>

3.2 The main areas of under/overspend as at the end of December are as follows (items over £30,000 and not attributable to specific grants):

**Table 2:**

Service/Contract	Reason for variance	£'000
<b>Underspends:</b>		
Economy & Communities	Members Localism Grant	(30)
Housing Development & Strategy	Underspend on salaries	(39)

<b>Service/Contract</b>	<b>Reason for variance</b>	<b>£'000</b>
Commissioning & Customer Contact – Client & Amenity Services	Net underspend on salaries	(77)
Housing Benefits	Net underspend due to additional income in Housing Benefit overpayments debts raised, partially offset by an increase in the provision for bad debt.	(100)
Council Tax	Underspend on recovery of council tax court costs	(80)
Council Tax	New Burdens Grant	(30)
Chief Executive/Policy	Underspend mainly on salaries	(33)
Strategic Directors	Regeneration Director and Thames Gateway – net underspend on salaries (offset by reduced reimbursement)	(38)
Leisure & Sports Centres	Net savings on leisure contracts	(150)
Leisure & Sports	Additional income commuted sums	(47)
Cleansing	Net underspend on salaries	(33)
Waste Contract	Underspend on street cleansing contract	(44)
Waste Contract	Underspend on refuse & recycling contract	(37)
Waste Contract	Additional income enabling payments	(54)
Waste Contract	Additional income garden waste brown bins	(82)
Property	Additional depot rental income	(47)
Corporate Items	Additional external interest, pensions adjustment to KCC and additional grant	(86)
<b>Overspends:</b>		
Homelessness	Bed & Breakfast budget	108
Revenues & Benefits	Increased debit/credit card commissioning costs	34
Revenues & Benefits	Discretionary Housing Payments	30
Development Control	Projected shortfall on S106 monitoring fee income	35
Development Services	Net salary pressure	47
Leisure & Sports	Additional non-contract grounds maintenance	40
Refuse Collection / Street Cleansing	Additional wheeled bins	60

3.3 Table 3 shows the projected outturn position by service, with most services showing an underspend. The line-by-line variations are explained in Table 4.

**Table 3: Underspend by Service**

	Service Manager	Working Budget	Projected Outturn 2015/16	Projected Variance
		£	£	£
Chief Executive	A. Kara	258,450	237,970	(20,480)
Policy	D. Clifford	204,010	187,420	(16,590)
Economy & Communities	E. Wiggins	2,211,340	2,117,310	(94,030)
Communications	S. Toal	228,840	193,890	(34,950)
Resident Services	A. Christou	1,537,500	1,444,920	(92,580)
Planning	J. Freeman	882,940	937,040	54,100
Commissioning & Customer Contact	D. Thomas	5,827,950	5,424,550	(403,400)
Director of Corporate Services & Director of Regeneration	M. Radford / K. Carr	400,200	397,940	(2,260)
Information Technology	A. Cole	1,123,410	1,123,410	0
Audit	R. Clarke	155,520	141,750	(13,770)
Environmental Health	T. Beattie	472,820	467,090	(5,730)
Finance	N. Vickers	1,398,940	1,396,650	(2,290)
Human Resources	D. Smart	351,180	367,180	16,000
Legal	J. Scarborough	370,730	370,730	0
Democratic Services	K. Bescoby	921,250	922,420	1,170
Property	A. Adams	559,500	452,540	(106,960)
Variances to be met from underspend		0	12,000	12,000
Corporate Provision for Bad Debt		(465,930)	(565,930)	(100,000)
Minimum Revenue Provision		318,040	318,040	0
Corporate Items		1,169,310	1,035,780	(133,530)
<b>SERVICE EXPENDITURE</b>		<b>17,926,000</b>	<b>16,982,700</b>	<b>(943,300)</b>
<b>Financed by:</b>				
Revenue Support Grant		(2,929,000)	(2,929,000)	0
Business Rates		(5,040,000)	(6,180,000)	(1,140,000)
Collection Fund Surplus		(176,200)	(176,200)	0
New Homes Bonus		(2,824,000)	(2,824,000)	0
Council Tax Freeze Grant		(159,000)	(159,000)	0
Council Tax Surplus		0	0	0
Council Tax Requirement		(6,855,800)	(6,855,800)	0
<b>NET EXPENDITURE</b>		<b>(58,000)</b>	<b>(2,141,300)</b>	<b>(2,083,300)</b>
<b>Put Business Rate Underspend to Volatility Reserve</b>			<b>1,140,000</b>	<b>1,140,000</b>
Contribution to General Fund		58,000	58,000	0
<b>NET EXPENDITURE</b>		<b>0</b>	<b>(943,300)</b>	<b>(943,300)</b>

**Table 4: Main Variations by Service**

<b>Projected Net (Under)/Overspend / Income Shortfall as at end of December 2015</b>		
<b>Service – Cabinet Member (Head of Service)</b>		
	<b>£'000</b>	<b>Explanation</b>
<b>CHIEF EXECUTIVE – Cllr A. Bowles (Abdool Kara)</b>		
Chief Executive & Corporate Costs	(20)	Staff costs savings £16k, net other savings £4k.
Policy	(17)	Staff vacancy saving.
<b>TOTAL</b>	<b>(37)</b>	
<b>ECONOMY AND COMMUNITIES – Cllrs M. Cosgrove, M. Whiting &amp; K. Pugh (Emma Wiggins)</b>		
Environmental Services	7	Staff costs pressure.
Other Environmental	4	Environmental Initiatives loss of income re graffiti cleaning £1k, Pest Control additional income £1k, Dog Warden Service staff costs pressure £4k.
CCTV	10	Additional monitoring service costs.
Community Safety	(12)	Staff costs savings £2k and fees & charges savings £10k.
Local Engagement Forum	(30)	Underspend of Members' Localism Grants.
Economic Development	(12)	Net staff costs savings £9k and rates savings £3k.
Sittingbourne Town Centre Development	(10)	Sittingbourne Masterplan consultancy specialist advice underspend.
Learning & Skills	(5)	Net salary costs savings (apprentices).
Regeneration	(12)	High Street Innovation Fund grant unspent.
Remembrance and Commemoration – WW1 events	(6)	Underspends on WW1 commemorative activities – Peace Project £3K and Youth/Education Project £3k.
Markets	(12)	Net reduced rates.
Sports Development	(13)	Net staff costs savings £8k and 'SD-KCC Satellite Club' grant unspent £5k.
Other Economic Development and Community Service	(3)	Community halls and centres additional fees received £4k and additional utility costs incurred £2k, Culture & Liveability staff costs pressure £3k and Youth Diversion Project underspend £4k.
<b>TOTAL</b>	<b>(94)</b>	(Total net staff costs savings £10k)
<b>COMMUNICATIONS – (Sara Toal)</b>		
Corporate Costs	(4)	Additional advertising income.
Category Management	(10)	Saving on advertising & promotion.
Communications	(21)	Net staff costs savings.
<b>TOTAL</b>	<b>(35)</b>	
<b>RESIDENT SERVICES – (Amber Christou)</b>		
Housing Development and Strategy	(50)	£39k underspend on salaries due to vacant posts; £9k additional income and £2k due to miscellaneous savings.
Private Sector Housing	(12)	£9k mileage underspend; £2k additional licencing fees and miscellaneous other underspends £1k.

<b>Projected Net (Under)/Overspend / Income Shortfall as at end of December 2015</b>		
<b>Service – Cabinet Member (Head of Service)</b>		
	<b>£'000</b>	<b>Explanation</b>
Stay Put Scheme	(18)	£10k underspend on the stay put salary budget; £6k additional grants received; £2k miscellaneous pressures offset by a projected £10k pressure on the DFG fee income budget. We have also received health grants that have not been fully spent totalling £14k. The underspend is due to the lack of referrals from Health.
Housing Options	74	£108k projected overspend on the Bed & Breakfast budget, £20k expected underspend on the homeless hostel costs, additional grants £22k; £4k pressure on rental income and £4k miscellaneous pressures.
Revenues & Benefits & Council Tax	(86)	£334k pressure on the housing benefits admin subsidy budget which has been offset by an underspend on salary costs of £100k and the balance of £234k is being funded from reserves. £34k overspend as a result of increased card commissioning costs and bank charges, £80k underspend for the recovery of council tax court costs, £10k additional recovery of business rates collection fund costs, £30k projected overspend on Discretionary Housing payments; £5k miscellaneous overspend; £20k has been spent on an Empty Property review which is offset by additional council tax income and grants totalling £85k.
<b>TOTAL</b>	<b>(92)</b>	
<b>PLANNING – Cllr G. Lewin (James Freeman)</b>		
Building Control	(6)	£4k underspend on the building control contract and £2k underspend on dangerous structures.
Development Control	13	Additional planning fees currently projected to be £28k, this is offset by a projected shortfall on S106 monitoring fee income of £35k and a £20k pressure on pre-application planning fees. £8k underspend expected on the advertisement budget; £9k underspend on enforcement salaries and £3k miscellaneous overspends.
Development Services	52	£47k net salary pressure, and £5k additional cost of recruiting.
Local Land Charges	(14)	£16k additional Land Charges income forecast offset by fees of £2k.
Local Planning & Conservation	0	No variance reported.
Planning Mid Kent Planning Service (MKPS)	9	Forecast overspend for the Mid Kent Planning Support service in 15/16 offset by the 14/15 recharge being less than anticipated. This variance includes Land Charges.
<b>TOTAL</b>	<b>54</b>	

<b>Projected Net (Under)/Overspend / Income Shortfall as at end of December 2015</b>		
<b>Service – Cabinet Member (Head of Service)</b>		
	<b>£'000</b>	<b>Explanation</b>
<b>COMMISSIONING &amp; CUSTOMER CONTACT – (Dave Thomas)</b>		
Commissioning & Customer Contact (C&CC), Client & Amenity Services (C&A) and Customer Service Centre (CSC)	(103)	Net staff costs savings £77k (including vacant post savings £71k), additional rent and rates re Alexander Centre £5k, Gateway fees & services and contract savings £25k, car user lump sum and mileage costs savings £5k, mobile phone costs savings £2k and minor CSC net additional costs £1k.
Parking Management	-	Nil variance reported.
Cemeteries and Closed Churchyards	33	Additional off-contract grounds maintenance costs re footpath repairs and tree work £28k, additional rates costs £1k, reduced non-burial income £11k and additional burial income £7k.
Harbour & Quays, Seafront and Coast Protection	38	Reduced mooring fees income £3k, savings on seafront staff £1k, reduced beach hut rental income £14k, additional non-contract grounds maintenance costs £10k, miscellaneous seafront additional costs £6k and agreed overspend on coast protection re Eastchurch Gap grant £6k.
Leisure & Sports	(97)	Net leisure contracts savings £150k (including operating fee and utility costs savings, increased recharge re Central House and reduced indexation increases), additional non-contract grounds maintenance (multiple areas) £40k, sports facilities additional consultancy costs £3k and reduced fees income £2k, Milton Country Park additional equipment hire/purchase costs £3k, Bartons Point additional cesspool emptying costs £5k, Open Spaces additional forestry work costs £6k, net savings for play areas equipment maintenance/purchase £9k, and other net miscellaneous additional costs £3k.
Cleansing	(31)	Net staff costs savings.
Refuse Collection / Street Cleansing	(58)	Net additional income special/bulky collections £28k, overspend for additional wheeled bins (not covered by waste contract) £60k, net increased bin sales £19k, reduced clinical waste recharge £11k, net waste contract saving (including Street Cleansing) £82k largely due to negative indexation. Note: £100k budget has been vired to fund major communication programme to improve recycling rates (assumed total spend in year) and £10k vired to fund Netcall (improved automated answering service in respect of payments for garden waste bin subscriptions).
Public Conveniences	(11)	Savings from retendered hygiene contract £11k and closed PC's £2k offset by staff costs overspend £2k.
Recycling & Waste Minimisation	(137)	Additional income from garden waste brown bins £82k and 'Enabling Payments' £54k and scrap metal costs savings £1k. (Under the new Waste contract, 'Enabling Payments' have compensated SBC for the income previously received from KCC re Recycling Credits.)

<b>Projected Net (Under)/Overspend / Income Shortfall as at end of December 2015</b>		
<b>Service – Cabinet Member (Head of Service)</b>		
	<b>£'000</b>	<b>Explanation</b>
Highways	(16)	Footway lighting utility costs and contractor costs savings £3k, Highways additional income £4k and General Improvement Areas contractor costs savings £9k.
Grounds Maintenance Contract	(21)	Savings on reduced area/no. of sports pitches £4k, open spaces £5k and cemeteries £12k.
<b>TOTAL</b>	<b>(403)</b>	
<b>DIRECTOR OF CORPORATE SERVICES – (Mark Radford)</b>		
Corporate Costs	-	Nil variance reported.
Licensing	(7)	Additional licensing income.
<b>TOTAL</b>	<b>(7)</b>	
<b>EMERGENCY PLANNING – (Della Fackrell)</b>		
Emergency Planning	-	Nil variance reported.
<b>TOTAL</b>	<b>-</b>	
<b>DIRECTOR OF REGENERATION – (Kathryn Carr)</b>		
Strategic Directors	5	Additional recruitment costs.
<b>TOTAL</b>	<b>5</b>	
<b>IT SERVICES – Cllr D. Dewar-Whalley (Andy Cole)</b>		
IT MKIP	-	Nil variance reported.
GIS	-	Nil variance reported.
<b>TOTAL</b>	<b>-</b>	
<b>ENVIRONMENTAL HEALTH – Cllr. D. Simmons (Tracey Beattie)</b>		
Environmental Services MKIP	(6)	£10k variance additional costs from shared service partners, additional MKIP mileage, offset by additional fees and charges and grant income.
<b>TOTAL</b>	<b>(6)</b>	
<b>INTERNAL AUDIT – Cllr D. Dewar-Whalley (Rich Clarke)</b>		
Audit Services	(14)	14/15 underspend of £9k and projected underspend for the shared service in 15/16 of £5k.
<b>TOTAL</b>	<b>(14)</b>	
<b>FINANCE – Cllr D. Dewar-Whalley (Nick Vickers)</b>		
Financial Services	(2)	Net minor variation.
<b>TOTAL</b>	<b>(2)</b>	
<b>HUMAN RESOURCES – (Dena Smart)</b>		
MKIP Charges for HR Services	16	£15k savings on MKIP charges for HR not achieved due to Tunbridge Wells BC not joining the HR shared service. £1k additional costs.
<b>TOTAL</b>	<b>16</b>	
<b>LEGAL – (John Scarborough)</b>		
External Legal Fees	-	No variance reported.



<b>Projected Net (Under)/Overspend / Income Shortfall as at end of December 2015</b>		
<b>Service – Cabinet Member (Head of Service)</b>		
	<b>£'000</b>	<b>Explanation</b>
Legal MKLS	-	As a result of increased demand for legal services a performance fund bid was submitted. This has been now approved.
<b>TOTAL</b>	-	
<b>DEMOCRATIC SERVICES – (Katherine Bescoby)</b>		
Democratic Process	23	Increased National Insurance on members travel following changes in HMRC taxation legislation.
Other Democratic costs	(22)	Underspend on salaries £7k, net underspend on election costs £15k.
<b>TOTAL</b>	<b>1</b>	
<b>PROPERTY – (Anne Adams)</b>		
Property Services	(34)	Underspend on salaries £23k due to vacant posts; £6k underspend on paper and £5k miscellaneous underspends.
Property Management	(55)	Additional depot rental income £47k; rental income received for back rent £10k; £2k additional licence fee income and a £4k overspend on rates due to empty properties.
Admin Buildings	(17)	£5k saving due to reduced energy costs; £5k underspend on equipment maintenance; £4k underspend on Sheerness District Office; £5k overspend on rates; £6k additional income for the recharge of Swale House office space and £2k underspend for the Guildhall.
Health & Safety	(2)	Underspend on books and e-resources.
Electric Pool Car	1	The electric pool car is likely to cost £1k in 2015/16.
<b>TOTAL</b>	<b>(107)</b>	
<b>OTHER VARIATIONS (TO BE MET FROM TOTAL UNDERSPEND)</b>		
Remembrance & Commemoration	12	Commemorations in respect of the 30,000 <sup>th</sup> Last Post.
<b>NON-SERVICE BUDGETS</b>		
Corporate Provision for Bad Debts	(100)	Net underspend due to additional income in Housing Benefit overpayments debts raised, partially offset by an increase in the provision for bad debt.
<b>Other Variations:</b>		
Play Areas Commuted Sums	(47)	To be transferred to reserves.
Corporate Items	(87)	Accounting adjustments - Grant received £27k, Insurance contract £10k overspend and additional external interest offset by pensions adjustment.
	<b>(943)</b>	<b>NET EXPENDITURE (Projected Variance)</b>

## Sensitivity Analysis

- 3.4 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. The main volatile budgets are detailed below.
- 3.5 Planning Fees – we have currently received a slight increase above the forecast but the budget is subject to income from a small number of major applications, the S106 contributions and pre-application fees received are below budget.
- 3.6 Planning Agency Costs - these costs relate to the commissioning of consultants and agency staff with the aim of reducing the back-log of planning applications and to handle the recent increase in significant 'major' planning applications.
- 3.7 Bed & Breakfast - There is potentially an increased risk to this volatile budget due to the known increases in homelessness and the reduction in availability of private rented housing.
- 3.8 Council Tax recovery of costs - it is difficult to project this income as it is difficult to predict the amount of recovery action that will be taken and the likelihood of debtors paying their costs within a period of time.
- 3.9 Housing Benefits - This is an extremely volatile budget and could vary by +/- £100,000 at year-end on a gross budget of £57m.

## Business Rates

- 3.10 The headline figures for total Business Rates income are:

2014/15 NNDR3 (outturn)	£44,122,000
2015/16 Budget	£44,960,000
2015/16 NNDR1 (Forecast)	£46,494,000

This shows a strong growth in projected business rates with higher income than budget due to additional rateable values coming from, for example Neats Court.

- 3.11 The Council retains about 10% of total business rates and 40% of any growth over the 1 April 2013 base position. The Council has agreed to budget a year in arrears for business rates growth and any surplus goes into the Business Rates Volatility Reserve. The reserve currently stands at £1.2m and any surplus business rates for 2015/16 will be put to this reserve in order to be able to address any future volatility of income.
- 3.12 The Council set aside £5.6m for business rate appeals. This includes a provision for £0.9m as a result of a national tribunal ruling on business rates for purpose-built GP surgeries appeals which has resulted in substantial reductions in rateable value. This is a demonstration of how business rate income can vary greatly as a result of a decision on interpreting business rate legislation.

- 3.13 The table below shows the spread of the Council's business rate income for 2014/15. As can be seen, 14 properties make up 27% of the business rate taxbase. Therefore any changes to business rate appeals relating to a relatively small number of properties could have a significant effect on the total business rates collected.

**Table 7: Business Rateable Value for 2014/15**

Rateable Value Range	Rateable Values	No. of Properties
> £2,000,000	£2,752,220.00	1
> £1,000,000 < £2,000,000	£1,233,920.00	1
> £500,000 < £1,000,000	£8,256,660.00	12
> £250,000 < £500,000	£2,940,200.00	8
> £100,000 < £250,000	£5,903,054.00	39
> £50,000 < £100,000	£5,085,485.60	73
> £25,000 < £50,000	£5,805,473.10	164
> £10,000 < £25,000	£6,738,214.97	428
< £10,000	£6,457,848.40	3,468
<b>Grand Total</b>	<b>£45,173,076.07</b>	<b>4,194</b>

- 3.14 At time of writing the report there were 637 appeals outstanding with 353 not due to be decided upon until 2017/18. Given the sums involved this can make forecasting appeals a difficult issue and therefore use will have to be made of the business rate volatility reserve to continue to deal with any resulting variances.
- 3.15 A consultation on the changes to the new business rate retention system will be issued in the summer 2016, but it is intended that there will be engagement with authorities in the months running up to the consultation. There will also be a revaluation of business rates as at 1 April 2017.
- 3.16 DCLG have confirmed agreement to a business rate pool for 2016/17 consisting of KCC and ten district/ borough councils – Sevenoaks remains outside, Dartford comes in and Dover leaves.

### Improvement and Regeneration Funds

- 3.17 Table 8 below details the balance as at the end of December 2015 on the Improvement and Regeneration Funds:

**Table 8: Improvement and Regeneration Funds**

	Balance unallocated as at 1 April 2015	Transfers from reserve in year	Balance unallocated as at 31 December 2015
Funds:	£	£	£
Performance	519,208	184,743	334,465
Regeneration	347,647	81,806	265,841
Communities	89,027	55,623	33,404
Transformation	293,338	5,960	287,378
Local Loan Fund	193,805	0	193,805
<b>TOTAL</b>	<b>1,443,025</b>	<b>328,132</b>	<b>1,114,893</b>

- 3.18 The Regeneration Fund was topped up by £250,000 from the 2015/16 budget.
- 3.19 The Communities and Transformation Funds were topped up by £66,400 and £100,000 respectively from the 2014/15 underspend.
- 3.20 Further details of the approved allocations to the end of December 2015 are available in Appendix I.

### Usable Reserves

- 3.21 At 31 March 2015 the Council's usable reserves totalled £15.017m.
- 3.22 For 2015/16 to date the reserves have funded expenditure of £899,111 on revenue and £119,678 on capital. This use of reserves is mainly due to spend on approved projects from the improvement and regeneration funds or from the approved rollovers from the 2014/15 underspend.

### Capital Expenditure

- 3.23 This report details the latest position on the 2015/16 capital programme and highlights any variations between the revised 2015/16 capital budget and expenditure to the end of December 2015.
- 3.24 Actual expenditure to end of December 2015 is £1,252,104. This represents 43% of the revised budget. An underspend of £650,000 is forecast on the capital budget for projects which will now take place in 2016/17. Further details are set out in Appendix II.
- 3.25 At Cabinet on 15 July Members approved a number of capital rollover requests totalling £319,550 to be spent in 2015/16 to be released from the underspend of 2014/15.

### Funding of the 2015/16 Capital Programme

- 3.26 The 2015/16 capital programme expenditure to end of December 2015 is to be funded as set out in Table 9.

**Table 9: Capital Programme Funding**

	<b>2015/16 Revised Budget</b>	<b>2015/16 Actual to end of December 2015</b>
	<b>£</b>	<b>£</b>
Use of partnership funding (including S106 Grants) to fund capital expenditure	1,802,070	1,044,112
Use of earmarked reserves to fund capital expenditure	365,680	119,678
Use of repayment of long term debtors / third party loans to fund capital expenditure	0	32,712
Use of capital receipts to fund capital expenditure	713,680	55,602
<b>Total Funded</b>	<b>2,881,430</b>	<b>1,252,104</b>

3.27 The latest monitoring position is shown in Table 10.

**Table 10: Capital programme – main projected variances**

<b>Variance</b>	<b>Specific Issues</b>
Managed Underspends	<u>Disabled Facilities Grants £100k</u> - these grants will all be committed by the end of 2015/16 but payments are unlikely to be made until early 2016/17.
Pending Projects	<u>Sittingbourne Skate Park £200k</u> - The criteria for proceeding have yet to be met. <u>Faversham Creek £200k</u> - At this stage some of the conditions for this funding have yet to be met including the approval of the Faversham Neighbourhood Plan. <u>Refurbishment of Faversham Pools £150k</u> – The condition that the Swimming Pools Management Committee becomes an incorporated body is outstanding at this stage.

### Payment of Creditors

**Table 11: Invoice payment**

	<b>Target 2015/16</b>	<b>Cumulative year to date</b>	<b>December 2015</b>
Invoices paid in 30 days	97.00%	98.98%	98.48%

### Debtors

**Table 12: Recovery of debt raised in 2015/16**

	<b>Cumulative year to date</b>
In year recovery rate	93%

3.28 Tables 13, 14 and 15 analyse the debt outstanding.

3.29 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.

3.30 It should be noted that the number of debts raised is increasing as we are now required to formally raise debts for all of our grants receivable from Kent County Council, NHS, etc.

**Table 13: Debt outstanding by due date (not including Rent Deposit Scheme)**

	<b>December 2015</b>	<b>September 2015</b>	<b>December 2014</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Not Due	114	288	220
1-2 Months	165	95	242
2-6 Months	38	65	52
6-12 Months	32	20	21
1-2 Years	9	10	5
2-3 Years	4	4	10
3-4 Years	8	9	19
4-5 Years	18	25	18
5-6 Years	17	10	6
6 Years +	16	15	13
<b>Total</b>	<b>421</b>	<b>541</b>	<b>606</b>
<b>Total Due</b>	<b>307</b>	<b>253</b>	<b>386</b>
<b>% Total Due</b>	<b>73%</b>	<b>47%</b>	<b>64%</b>

**Table 14: Debt outstanding by due date (including Rent Deposit Scheme)**

	<b>December 2015</b>	<b>September 2015</b>	<b>December 2014</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Not Due	116	288	220
1-2 Months	165	99	242
2-6 Months	49	73	51
6-12 Months	43	32	2
1-2 Years	29	34	38
2-3 Years	27	24	14
3-4 Years	13	15	27
4-5 Years	31	45	262
5-6 Years	169	154	6
6 Years +	16	15	13
<b>Total</b>	<b>658</b>	<b>779</b>	<b>875</b>
<b>Total Due</b>	<b>542</b>	<b>491</b>	<b>655</b>
<b>% Total Due</b>	<b>82%</b>	<b>63%</b>	<b>75%</b>

**Table 15: Total of invoices unpaid (including Rent Deposit Scheme)  
by Head of Service**

	<b>December 2015</b>	<b>September 2015</b>	<b>December 2014</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Rent Deposit Scheme	237	238	269
Commissioning & Customer Contact	43	137	98
Property	168	168	210
Residents Services	59	59	135
Legal (MKLS)	0	1	0
Economy & Communities	12	13	112
Planning	1	10	17
Regeneration	0	0	0
Communications	2	2	0

	<b>December 2015</b>	<b>September 2015</b>	<b>December 2014</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Environmental Health	1	2	2
Finance	0	119	0
Policy	2	2	3
Other	133	28	29
<b>Total</b>	<b>658</b>	<b>779</b>	<b>875</b>

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

## 7 Appendices

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

Appendix I – Improvement and Regeneration Fund allocations as at end of December 2015;

Appendix II – Capital Programme – Projected outturn as at end of December 2015.

## 8 Background Papers

8.1 The Budget 2015/16 and Medium Term Financial Strategy 2015/16 to 2017/18

**IMPROVEMENT AND REGENERATION FUND ALLOCATIONS TO THE END OF DECEMBER 2015**

	<b>Amount £</b>
<b>Performance Fund</b>	
Fixed Penalty Notices pilot tackling anti-social behaviour	25,000
Cabinet Member ICT Equipment	9,000
Customer Service Excellence 2015/16	5,000
Investors in People Assessment January 2016	10,000
Leisure Development Officer	35,000
Kent Channel Shift Project 15/16	5,000
Local Area Perception survey	12,000
Additional resources in licensing 15/16	60,000
Additional resources for Mid Kent Legal Services	20,743
Review of Parking Fees & Charges	3,000
<b>Total Approved as at December 2015</b>	<b>184,743</b>
<b>Regeneration Fund</b>	
Members Regeneration Grants	47,000
The Meads Community Centre	11,000
Further development of 'Swale Means Business' website	8,100
Small Business Saturday 2015	3,500
Taking North Kent to the next level	5,000
Swale Means Business Conference	7,206
<b>Total Approved as at December 2015</b>	<b>81,806</b>
<b>Communities Fund</b>	
Swale Trustee Network Event 2015/16	4,400
Volunteers' Week Billboards 2015/16	1,168
Meads Community Centre Grant	22,500
Grantfinder Software – 3 year Licence	12,555
Culture Grants 2015/16	10,000
Sport in the Park - Hall Hire	250
Volunteer Swale Awards 2015/16	3,250
The Salt Giveaway 2015/16	1,500
<b>Total Approved as at December 2015</b>	<b>55,623</b>



## CAPITAL PROGRAMME

	Funding SBC / P	2015/16 Original Budget	Approved Rollovers	Other Adjustments	2015/16 Working Budget	2015/16 Actual to End of December 2015	2015/16 Projected Variance
		£	£	£	£	£	£
<b>SUMMARY</b>							
<b><u>PARTNERSHIP FUNDING SCHEMES</u></b>							
Economy & Communities	P	0	0	522,200	522,200	489,003	0
Commissioning & Customer Contact	P	18,000	129,810	0	147,810	445	0
Housing	P	1,040,000	92,060	0	1,132,060	546,184	-100,000
Property	P	0	0	0	0	0	0
<b>TOTAL PARTNERSHIP FUNDING SCHEMES</b>	<b>P</b>	<b>1,058,000</b>	<b>221,870</b>	<b>522,200</b>	<b>1,802,070</b>	<b>1,035,632</b>	<b>-100,000</b>
<b><u>SWALE BOROUGH COUNCIL FUNDING SCHEMES</u></b>							
Commissioning & Customer Contact	SBC	30,000	74,920	36,000	140,920	34,357	0
Economy & Communities	SBC	15,000	0	581,000	596,000	0	-550,000
Housing	SBC	0	0	200,000	200,000	41,193	0
Finance	SBC	0	22,760	0	22,760	21,244	0
Development Control	SBC	0	0	119,680	119,680	119,678	0
<b>TOTAL SBC FUNDING SCHEMES</b>	<b>SBC</b>	<b>45,000</b>	<b>97,680</b>	<b>936,680</b>	<b>1,079,360</b>	<b>216,472</b>	<b>-550,000</b>
<b>TOTAL CAPITAL PROGRAMME</b>		<b>1,103,000</b>	<b>319,550</b>	<b>1,458,880</b>	<b>2,881,430</b>	<b>1,252,104</b>	<b>-650,000</b>

## CAPITAL PROGRAMME

	Funding SBC / P	2015/16 Original Budget £	Approved Rollovers £	Other Adjustments £	2015/16 Working Budget £	2015/16 Actual to End of December 2015 £	2015/16 Projected Variance £
<b>DEVELOPMENT CONTROL - J. FREEMAN</b>							
Wylie Court Slabbing over gas main - General Reserve	SBC	0	0	119,680	119,680	119,678	0
<b>TOTAL DEVELOPMENT CONTROL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>119,680</b>	<b>119,680</b>	<b>119,678</b>	<b>0</b>
<b>ECONOMY &amp; COMMUNITIES - E.WIGGINS</b>							
The Mill Project, Sittingbourne Skate Park - Capital Receipts	SBC	0	0	200,000	200,000	0	-200,000
Faversham Creek Basin Regeneration Project - Capital Receipts	SBC	0	0	200,000	200,000	0	-200,000
CCTV - Repairs & Renewals Reserve	SBC	15,000	0	0	15,000	0	0
Faversham Pools refurbishment	SBC	0	0	150,000	150,000	0	-150,000
Kemsley Community Facilities - S106	P	0	0	4,870	4,870	4,865	0
Easthall Farm Community Centre - S106	P	0	0	50,000	50,000	33,670	0
The Meads Community Centre- S106	P	0	0	417,330	417,330	417,330	0
The Meads Community Centre- KCC Grant	P	0	0	50,000	50,000	33,138	0
The Meads Community Centre- Regeneration Fund	SBC	0	0	31,000	31,000	0	0
<b>TOTAL ECONOMY &amp; COMMUNITIES</b>		<b>15,000</b>	<b>0</b>	<b>1,103,200</b>	<b>1,118,200</b>	<b>489,003</b>	<b>-550,000</b>
<b>FINANCE - N. VICKERS</b>							
Cash Receipting System - Replacement - Capital Receipts	SBC	0	22,760	0	22,760	21,244	0
<b>TOTAL FINANCE AND PERFORMANCE PORTFOLIO</b>		<b>0</b>	<b>22,760</b>	<b>0</b>	<b>22,760</b>	<b>21,244</b>	<b>0</b>

## CAPITAL PROGRAMME

	Funding SBC / P	2015/16 Original Budget £	Approved Rollovers £	Other Adjustments £	2015/16 Working Budget £	2015/16 Actual to End of December 2015 £	2015/16 Projected Variance £
<b>COMMISSIONING &amp; CUSTOMER CONTACT - D.THOMAS</b>							
Cemeteries - future burial provision in the borough - Capital Receipts	SBC	0	22,040	0	22,040	0	0
Milton Creek Footpath & Viewing platform - Capital Receipts	SBC	0	5,190	11,000	16,190	0	0
Tree Works in Cemeteries - Capital Receipts	SBC	30,000	7,690	0	37,690	34,357	0
Customer Service Centre telephony system - Capital Receipts	SBC	0	40,000	25,000	65,000	0	0
Thistle Hill Community Woodland - Trim Trail - S106	P	0	35,000	0	35,000	0	0
New Play Area - Iwade Schemes - S106	P	0	92,200	0	92,200	0	0
Faversham Recreation Ground Improvements- S106	P	0	2,610	0	2,610	0	0
Oare Village Hall - S106	P	9,000	0	0	9,000	445	0
Oare Gunpowder Works - S106	P	9,000	0	0	9,000	0	0
<b>TOTAL COMMISSIONING &amp; CUSTOMER CONTACT</b>		<b>48,000</b>	<b>204,730</b>	<b>36,000</b>	<b>288,730</b>	<b>34,802</b>	<b>0</b>
<b>HOUSING - A. CHRISTOU</b>							
DFG Mandatory Grants (CLG)	P	1,040,000	92,060	0	1,132,060	546,184	-100,000
DFG Mandatory Grants	SBC	0	0	0	0	0	0
HRG - Housing Repair Grants Over 60	SBC	0	0	0	0	8,480	0
HRG - DFG Remedial	SBC	0	0	0	0	0	0
RHB2 - Decent Home Loans Owner Occupier	SBC	0	0	0	0	32,713	0
Temporary Accommodation - Reserves				200,000	200,000	0	0
<b>TOTAL HOUSING</b>		<b>1,040,000</b>	<b>92,060</b>	<b>200,000</b>	<b>1,332,060</b>	<b>587,377</b>	<b>-100,000</b>