

Cabinet Meeting	Agenda Item: 6
Meeting Date	10 September 2014
Report Title	Financial Management Report: April – June 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 of £406,000. 2. To approve the capital allocations for Love Lane Cemetery Chapel, Milton Creek Footpath, the Sittingbourne War Memorial and Tree Works at all three Cemeteries. 3. Agree the amendments to the earmarked reserves.

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 3, covering the period from April to June 2014. The report is based on service activity up to the end of June 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 £406,000 is projected for the period April 2014 to June 2014 (three months).
- 2.2 Financial monitoring reports will be 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 £406,000 is forecast.

3.2 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	253,900	253,900	0
Policy	D. Clifford	203,900	203,900	0
Economy & Communities	E. Wiggins	1,913,620	1,925,620	12,000
Communications	E. Wiggins	230,690	235,690	5,000
Housing	A. Christou	1,105,180	1,110,180	5,000
Planning	J. Freeman	914,990	878,990	(36,000)
Commissioning & Customer Contact	D. Thomas	6,875,330	6,574,330	(301,000)
Service Delivery	B. Planner	(681,700)	(707,700)	(26,000)
Director of Corporate Services & Director of Regeneration	M. Radford / P. Raine	348,830	348,830	0
Information Technology	A. Cole	978,290	978,290	0
Audit	R. Clarke	150,760	150,760	0
Environmental Health	T. Beattie	458,080	458,080	0
Finance	N. Vickers	653,770	653,770	0
Human Resources	D. Smart	366,820	366,820	0
Legal	J. Scarborough	330,010	330,010	0
Democratic Services	K. Bescoby	808,100	808,100	0
Property	A. Adams	655,190	590,190	(65,000)
NNDR Discretionary Relief		146,980	146,980	0
KCC Second Homes Discount		(46,000)	(46,000)	0
Provision for Bad Debts		(434,930)	(434,930)	0
Corporate Items		2,989,190	2,989,190	0
TOTAL SERVICE EXPENDITURE		18,221,000	17,815,000	(406,000)
Contribution to/ (from) General Fund (after requests for roll forward of ring fenced grants)		63,000	63,000	0
NET EXPENDITURE		18,284,000	17,878,000	(406,000)
Financed by:			0	
Business Rates		(4,556,000)	(4,556,000)	0
Revenue Support Grant		(4,117,000)	(4,117,000)	0
New Homes Bonus		(2,269,000)	(2,269,000)	0
Preceptors Council Tax Support		(125,000)	(125,000)	0
Council Tax Freeze Grant		(349,000)	(349,000)	0
Council Tax Surplus		(178,360)	(178,360)	0
Council Tax		(6,689,640)	(6,689,640)	0
NET EXPENDITURE		0	(406,000)	(406,000)

3.3 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 June 2014		
Service – Cabinet Member (Head of Service)	£'000	Explanation
CHIEF EXECUTIVE - Cllr A. Bowles (Abdool Kara)		
Chief Executive	0	Nil Variance reported.
Corporate Costs	0	Nil Variance reported.
Policy	0	Nil Variance reported.
TOTAL	0	
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 Halls/Centres	3	Quinton Hall additional costs (rates £1.5k and estimated utility costs £1.5k).
Learning & Skills	(3)	Minor underspend.
TOTAL	12	
COMMUNICATIONS, PRINTING, ADVERTISING & PROMOTION – Cllrs M. Cosgrove, M. Whiting & K. Pugh (Emma Wiggins)		
Communications	5	Staff costs savings from vacant posts not probable.
TOTAL	5	
HOUSING – Cllr J. Wright (Amber Christou)		
Stay Put Scheme	13	Overspend on small repairs offset by additional Primary Care Trust grant.
Housing Options	(8)	Minor underspend on salaries and additional grants.
TOTAL	5	
PLANNING - Cllr G. Lewin (James Freeman)		
Development Control	(14)	Additional planning fees.
Development Services	(22)	Additional staff costs recovery from other authorities for part year of Head of Planning and full year for s106 post.
TOTAL	(36)	

Projected Net (Under)/Overspend / Income Shortfall as at end of June 2014		
Service – Cabinet Member (Head of Service)	£'000	Explanation
COMMISSIONING AND CUSTOMER CONTACT – Cllrs D. Simmons & M. Whiting (Dave Thomas)		
Cemeteries and Closed Churchyards	26	Additional grounds maintenance required to trees and footpaths in cemeteries.
Commissioning & Customer Contact	19	Overspend on salaries.
Cleansing	(5)	Minor underspend on salaries.
Public Conveniences	(9)	Underspend on contract costs and energy costs.
Refuse & Street Cleansing	(332)	Change in recycling credits has resulted in a saving.
TOTAL	(301)	
SERVICE DELIVERY – Cllr D. Simmons (Brian Planner)		
Parking Management	10	Increase in contract cost.
Service Delivery	(36)	Salary underspend on Head of Service Delivery post.
TOTAL	(26)	
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	0	Nil variance reported to date.
TOTAL	0	
DIRECTOR OF REGENERATION (Pete Raine)		
Strategic Directors	0	Nil variance reported to date.
TOTAL	0	
IT SERVICES – Cllr D. Dewar-Whalley (Andy Cole)		
GIS	0	Nil variance reported to date.
Computer Equipment & Materials	0	Nil variance reported to date.
IT MKIP	0	Nil variance reported to date.
TOTAL	0	
INTERNAL AUDIT – Cllr D. Dewar-Whalley (Rich Clarke)		
Audit Services	0	Nil variance reported to date.
TOTAL	0	
ENVIRONMENTAL HEALTH – Cllr D. Simmons (Tracey Beattie)		
Environmental Services	0	Nil variance reported to date.
TOTAL	0	

Projected Net (Under)/Overspend / Income Shortfall as at end of June 2014		
Service – Cabinet Member (Head of Service)	£'000	Explanation
FINANCE – Cllr D. Dewar-Whalley (Nick Vickers)		
Financial Services	0	Nil variance reported to date.
TOTAL	0	
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	0	Nil variance reported to date.
TOTAL	0	
DEMOCRATIC SERVICES – Cllr A. Bowles (Katherine Bescoby)		
Democratic Process	0	Nil variance reported to date.
Administration	0	Nil variance reported to date.
Elections & Electoral Registration	0	Nil variance reported to date.
TOTAL	0	
PROPERTY – Cllr D. Dewar-Whalley (Anne Adams)		
Health & Safety	0	Nil variance reported to date.
Property Services	(2)	Underspend on salaries.
Administrative Buildings	(13)	Variance reported on rates and energy costs.
Property Management	(50)	Additional property rental income based on 13/14 outturn.
TOTAL	(65)	
NET EXPENDITURE	(406)	

Improvement and Regeneration Funds

3.4 The balance as at the end of June 2014 on these funds is shown in Table 3 below:

Table 3: Improvement & Regeneration Funds

	Balance Unallocated as at 1 April 2014	2014/15 Approved Allocations	Balance Unallocated as at 30 June 2014
Funds:	£	£	£
Performance	579,984	27,022	552,962
Regeneration	368,290	47,000	321,290
Localism	35,813	2,236	33,577
Transformation	252,418	69,964	182,454
Local Loan Fund	250,000	0	250,000
TOTAL	1,486,505	146,222	1,340,283

3.5 The Regeneration Fund was topped up by £250,000 from the 2014/15 budget.

3.6 Further details of the approved allocations to the end of June 2014 are available in Appendix I.

3.7 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

3.8 The below earmarked reserves are no longer needed and require Members' approval to be added back to the General Fund.

Table 4: Reserves

Reserve	Head of Service	Description	Balance as at 30 June 2014 £
Earmarked Capital Programme	Nick Vickers	This reserve was set up from the 2010/11 under spend. Its purpose was to fund those capital schemes that were funded from revenue but which slipped from 2010/11 capital programme. This funding is no longer required due to the capital projects coming in under budget.	42,380
Vehicle Leasing Costs for Pest Control/ Wardens	Brian Planner	To fund the cost of a new van. The cost of the van came in under budget.	2,079
Election Booths	Katherine Bescoby	The cost of the new election booths was less than forecast.	1,215
TOTAL			45,674

Capital Expenditure

- 3.9 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 3 (June 2014).
- 3.10 Actual expenditure to end of June 2014 (month 3) is £305,094. This represents 18.1% of the working budget (as per Appendix II).
- 3.11 Some additional capital schemes have been identified which require the allocation of capital monies:
- Love Lane Cemetery Chapel, Faversham - £25,300 is requested to connect the Chapel to the mains electricity supply (Head of Service – Dave Thomas);
 - Sittingbourne War Memorial - £8,100 is required to undertake capital works relating to WW1 and in particular the setting of a new commemorative VC stone for Donald Dean within the Sittingbourne War Memorial and the relocation of four existing VC stones to the Sittingbourne War Memorial for the dedication service on Sunday 9 November 2014 (Head of Service – Emma Wiggins);
 - Milton Creek Footpath - £30,000 is required for repairs to the footpath following tidal surge and subsequent storm damage (Head of Service – Dave Thomas);
 - Tree Works identified as high risk following a tree survey in all three cemeteries - £45,000 (Head of Service – Dave Thomas);
 - Tree works identified as medium risk following a tree survey in all three cemeteries - £10,000 (Head of Service – Dave Thomas).

The above are to be funded from capital receipts.

- 3.12 Table 5 details the movement from the Original 2014/15 budget to the Working Budget 2014/15.

Table 5: 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	97,090
Capital Receipts	80,480
Earmarked Reserve	25,000
Total Working Budget	1,681,460
Actual to end of June 2014	305,094
Variance to date	(1,376,366)
Projected Variance	0

- 3.13 Further details are available in Appendix II.

Capital Receipts

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

Payment of Creditors

3.15 The latest monitoring position is shown in Table 6.

Table 6: Invoice payment

	Target 2014/15	Cumulative year to date	June 2014	May 2014	April 2014
Invoices paid in 30 days	97.25%	98.33%	97.61%	97.97%	99.15%

Debtors

3.16 Tables 7, 8 and 9 analyse the debt outstanding. 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.

Table 7: Debt outstanding by due date (not including Rent Deposit Scheme)

	Current Year		Previous Year
	June 2014	March 2014	June 2013
	£'000	£'000	£'000
0 – 2 Months	166	325	133
2 – 6 Months	243	75	1,137
6 – 12 Months	18	188	17
1 – 2 Years	21	25	21
2 – 3 Years	15	14	25
3 – 4 Years	25	24	14
4 – 5 Years	13	11	4
5 – 6 Years	4	5	2
6 Years +	28	27	27
Total	533	694	1,380
Total Over 2 Months	367	369	1,247

Table 8: Debt outstanding by due date (including Rent Deposit Scheme)

	Current Year		Previous Year
	June 2014	March 2014	June 2013
	£'000	£'000	£'000
0 – 2 Months	164	284	132
2 – 6 Months	206	81	1,138
6 – 12 Months	37	217	21
1 – 2 Years	43	32	27
2 – 3 Years	21	23	53
3 – 4 Years	51	71	276
4 – 5 Years	258	238	4
5 – 6 Years	4	5	2
6 Years +	28	27	27
Total	812	978	1,680
Total Over 2 Months	648	694	1,548

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

	June 2014	March 2014
	£'000	£'000
Rent Deposit Scheme	279	282
Commissioning and Customer Contact	232	210
Property	164	126
Housing	51	46
Legal	36	43
Economy and Communities	30	27
Planning	14	63
Environmental Health	9	0
Service Delivery	6	40
Finance	0	14
Communications	0	11
Democratic Services	0	4
Director of Regeneration	0	94
Other	(9)	16
Total	812	976

Business Rates Monitoring

3.17 In 2013/14 the Council had a surplus of £450,000 on its business rates income. Given that once again Small Business Rate Relief was not taken into the base budget we would expect a similar figure to the 2013/14 surplus. We are not formally updating that figure until the half year business rate return is undertaken in October. This figure will then inform the 2015/16 projected income which will be taken into the base in that year.

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
Risk Management and Health and Safety	None identified at this stage
Equality and Diversity	None identified at this stage
Sustainability	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 June 2014;
- Appendix II – Capital Programme - Projected outturn as at end of June 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 3)

	Amount £
Performance Fund	
Communications Service Interim Support	10,027
Grove toilets, Leysdown	4,995
Local Area Perception Survey 2014/15	12,000
Total Approved as at June 2014	27,022
Regeneration Fund	
Members Regeneration Grants	47,000
Total Approved as at June 2014	47,000
Localism Fund	
Volunteer Week Campaign	1,186
Funding Fair	1,050
Total Approved as at June 2014	2,236
Transformation Fund	
Redundancy Payments 2014/15	69,964
Total Approved as at June 2014	69,964
TOTAL APPROVED AS AT JUNE 2014	146,222

CAPITAL MONITORING TO END OF JUNE 2014 (PERIOD 03)

Appendix II

	Funding SBC / P	2014/15 Original Budget £	Approved Roll overs £	Other Adjustments £	2014/15 Working Budget £	2014/15 Budget to end of period 03 June 2014 £	2014/15 Actual to end of period 3 June 2014 £	2014/15 Variance to end of period 3 June 2014 £	% of Revised Budget Spent to End of June 2014 %
<u>SUMMARY</u>									
<u>PARTNERSHIP FUNDING SCHEMES</u>									
Economy & Communities	P	0	0	72,540	72,540	18,135	33,736	15,601	46.51
Commissioning & Customer Contact	P	0	127,200	0	127,200	31,800	67,065	35,265	52.72
Housing	P	926,740	0	0	926,740	231,685	163,763	-67,922	17.67
Corporate Services	P	0	0	20,000	20,000	5,000	6,216	1,216	31.08
Property Services	P	0	0	4,550	4,550	1,138	0	-1,138	0.00
TOTAL PARTNERSHIP FUNDING SCHEMES	P	926,740	127,200	97,090	1,151,030	287,758	270,780	-16,978	
<u>SWALE BOROUGH COUNCIL FUNDING SCHEMES</u>									
Commissioning & Customer Contact	SBC	35,000	39,760	0	74,760	18,691	0	-18,691	0.00
Economy & Communities	SBC	15,000	0	0	15,000	3,750	0	-3,750	0.00
Housing	SBC	100,000	152,150	0	252,150	63,038	34,314	-28,724	13.61
Finance	SBC	30,000	26,570	0	56,570	14,143	0	-14,143	0.00
Property	SBC	0	26,470	60,480	86,950	21,739	0	-21,739	0.00
Service Delivery	SBC	0	0	45,000	45,000	11,250	0	-11,250	0.00
TOTAL SBC FUNDING SCHEMES	SBC	180,000	244,950	105,480	530,430	132,611	34,314	-98,297	
TOTAL CAPITAL PROGRAMME		1,106,740	372,150	202,570	1,681,460	420,369	305,094	-115,275	

	Funding SBC / P	2014/15 Original Budget £	Approved Roll overs £	Other Adjustments £	2014/15 Working Budget £	2014/15 Budget to end of period 03 June 2014 £	2014/15 Actual to end of period 3 June 2014 £	2014/15 Variance to end of period 3 June 2014 £	% of Revised Budget Spent to End of June 2014 %
ECONOMY & COMMUNITIES - Cllrs M. Crosgrove, M. Whiting & K. Pugh (HoS E. Wiggins)									
<i>CCTV (R&R)</i>	<i>SBC</i>	15,000	0	0	15,000	3,750	0	-3,750	0
<i>Capital Expansion of CCTV service</i>	<i>P</i>	0		38,800	38,800	9,700	0	-9,700	0
<i>Meads Community Centre</i>	<i>P</i>	0	0	33,740	33,740	8,435	33,736	25,301	99.99
TOTAL ECONOMY & COMMUNITIES		15,000	0	72,540	87,540	21,885	33,736	11,851	100
CORPORATE SERVICES - Cllrs D. Dewar-Whalley & T. Wilcox (DIR M. Radford)									
<i>Miscellaneous I.T Equipment - Scanners</i>	<i>P</i>	0	0	20,000	20,000	5,000	6,216	1,216	31.08
TOTAL CORPORATE SERVICES		0	0	20,000	20,000	5,000	6,216	1,216	31
COMMISSIONING & CUSTOMER CONTACT - Cllrs D. Simmons & M. Whiting (HoS D. Thomas)									
<i>Cemeteries - future burial provision in the borough</i>	<i>SBC</i>	0	32,590	0	32,590	8,148	0	-8,148	0
<i>Waste Collection and Recycling (Wheelie bins) (R&R)</i>	<i>SBC</i>	35,000	0	0	35,000	8,750	0	-8,750	0
<i>Beach Huts, Minster Leas, Sheppey</i>	<i>SBC</i>	0	7,170		7,170	1,793	0	-1,793	0
<i>Thistle Hill Community Woodland - Trim Trail</i>	<i>P</i>	0	35,000	0	35,000	8,750	0	-8,750	0
<i>New Play Area - Iwade Schemes</i>	<i>P</i>	0	92,200		92,200	23,050	0	-23,050	0
<i>Kemsley Community Facilities</i>	<i>P</i>	0	0	0	0	0	4,866	4,866	0
<i>S106 - Kemsley West</i>	<i>P</i>	0	0	0	0	0	62,199	62,199	0
TOTAL COMMISSIONING & CUSTOMER CONTACT		35,000	166,960	0	201,960	50,491	67,065	16,574	0

	Funding SBC / P	2014/15 Original Budget £	Approved Roll overs £	Other Adjustments £	2014/15 Working Budget £	2014/15 Budget to end of period 03 June 2014 £	2014/15 Actual to end of period 3 June 2014 £	2014/15 Variance to end of period 3 June 2014 £	% of Revised Budget Spent to End of June 2014 %
SERVICE DELIVERY - Cllr D. Simmons (HoS B. Planner)									
Ground Floor Reception Area - Revenue Funding	SBC	0	0	25,000	25,000	6,250	0	-6,250	0
Ground Floor Reception Area - Capital Receipts	SBC	0	0	20,000	20,000	5,000	0	-5,000	0
TOTAL SERVICE DELIVERY		0	0	45,000	45,000	11,250	0	-11,250	0
HOUSING - Cllr J. Wright (HoS A. Christou)									
DFG Mandatory Grants	SBC	100,000	152,150	0	252,150	63,038	0	-63,038	0
<i>DFG Mandatory Grants (CLG)</i>	<i>P</i>	<i>926,740</i>	<i>0</i>	<i>0</i>	<i>926,740</i>	<i>231,685</i>	<i>163,763</i>	<i>-67,922</i>	<i>17.67</i>
HRG - Housing Repair Grants Over 60	SBC	0	0	0	0	0	5,298	5,298	0
HRG - DFG Remedial	SBC	0	0	0	0	0	2,717	2,717	0
RHB2 - Decent Home Loans Owner Occupier	SBC	0	0	0	0	0	25,849	25,849	0
Housing - Emergency Accommodation	SBC	0	0	0	0	0	450	450	0
TOTAL HOUSING		1,026,740	152,150	0	1,178,890	294,723	198,077	-96,646	18

	Funding SBC / P	2014/15 Original Budget £	Approved Roll overs £	Other Adjustments £	2014/15 Working Budget £	2014/15 Budget to end of period 03 June 2014 £	2014/15 Actual to end of period 3 June 2014 £	2014/15 Variance to end of period 3 June 2014 £	% of Revised Budget Spent to End of June 2014 %
FINANCE - Cllr D. Dewar-Whalley (HoS N. Vickers)									
Agresso Upgrade	SBC	0	26,570	0	26,570	6,643	0	-6,643	0
Cash Receipting System - Replacement (Cap Receipts)	SBC	30,000	0	0	30,000	7,500	0	-7,500	0
TOTAL FINANCE AND PERFORMANCE PORTFOLIO		30,000	26,570	0	56,570	14,143	0	-14,143	0
PROPERTY - Cllr D. Dewar-Whalley HoS A. Adams)									
Swale House Window Rep & Blding Refurbishment	SBC	0	26,470	0	26,470	6,618	0	-6,618	0
Central Plaza Sittingbourne	SBC	0	0	25,740	25,740	6,435	0	-6,435	0
Folder Inserter Machine	SBC	0	0	15,970	15,970	3,993	0	-3,993	0
<i>Folder Inserter Machine</i>	<i>P</i>	<i>0</i>	<i>0</i>	<i>4,550</i>	<i>4,550</i>	<i>1,138</i>	<i>0</i>	<i>-1,138</i>	<i>0</i>
Committee Room Adaptations	SBC	0	0	18,770	18,770	4,693	0	-4,693	0
TOTAL PROPERTY		0	26,470	65,030	91,500	22,877	0	-22,877	0