

## FINANCIAL MONITORING 2023/24: TO THE END OF NOVEMBER 2023

Finance and Investment Advisory Committee – 11 January 2024

**Report of:** Deputy Chief Executive and Chief Officer – Finance & Trading

**Status:** For Consideration

**Also considered by:**

- Cabinet – 18 January 2024

**Key Decision:** No

**Executive Summary:** This report provides information on the current financial position of the authority and the forecast to March 2024.

**This report supports the Key Aim of:** Effective Management of Council Resources

**Portfolio Holder:** Cllr. Kevin Maskell

**Contact Officers:** Alan Mitchell, Ext. 7483

Adrian Rowbotham, Ext. 7153

**Recommendation to Finance and Investment Advisory Committee:**

- (a) To note this report and forward any comments to Cabinet.

**Recommendation to Cabinet:**

- (a) To note this report and consider any comments from Finance and Investment Advisory Committee.

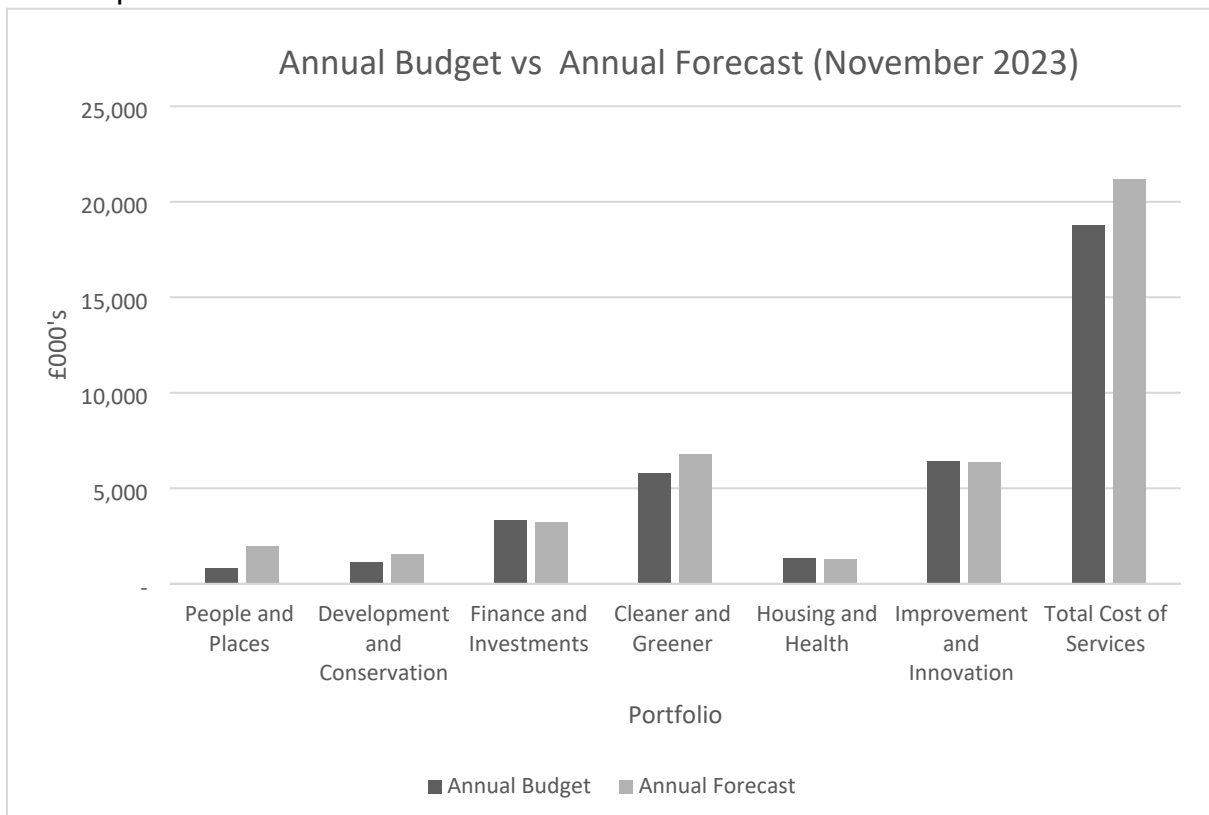
### Introduction and Background

- 1 At the May meeting of the Finance and Investment Advisory Committee a report was presented outlining areas of financial pressure that might materialise during the year ahead (Financial Monitoring 2023/24 – Early Indications).
- 2 The pay award has now been agreed and paid to staff in December. The Pay Award was agreed at £1,925 per person or 3.88% on SCP43 and above and that allowances would also increase by 3.88% and the actual cost was £597,000 above budget. The previous forecast had included a £750,000 but this was

based on all staff receiving the award but due to vacancies the actual cost was lower.

- 3 Officers have undertaken a number of actions to reduce the forecasted variance from the unfavourable variance of £1.489m reported in July 2023 to an unfavourable of £334,000 at the end of November 2023.
- 4 The graph below shows the Net Service Expenditure forecast against the budget for each portfolio.

Graph 1



- 5 The main areas for the current forecast are summarised in the table below and are detailed in the report.

Service	Summary	£000's
Corporate - Other	Vacancy pot contributions	(76)
Car Parks	Overachieved income	(251)
CCTV	Staffing and transmission costs	99
Refuse Collection	Agency costs	585
Trade Waste	Agency costs	266
Green Waste	Underachieved income	164
Cesspool Emptying	Underachieved income	90
Depots	Transport repair and income reduction	53
Markets	Contract renewal	78
Planning - Appeals	Appeal costs	136
Planning - Development Management	Service investment and salary costs	107
Planning - Enforcement	Agency costs	79
Swanley Meeting Point	Underachieved income and salary costs	60
Leisure Contract - Interim	Impact of the interim leisure contract	1,338
Leisure Contract - Interim	Funded from Reserves	(1,338)
Leisure Contract	Grant received	(188)
Interest Receipts	Higher Interest rates	(565)
Business Rates	Expected to be above safety net level	(91)
Planning Services	Provisional Supplementary Estimate	(120)
Other	small variances	(60)
Pay award	Cost in addition to budget	597
Salaries	Vacancies	(629)
Total Forecasted Deficit		334

### Areas of Note

- 6 Interest Receipts – the Council made the decision to invest £5m for a 5 year period on multi-asset income funds which has resulted in excellent returns resulting in a favourable forecast variance of (£565,000).
- 7 The interim Leisure Contract is showing an unfavourable forecast of £1.338m but as agreed by members in at Council in April 2023 this is part of the approved £1.83m budget over two years. This is being funded initially from the Budget Stabilisation Reserve, so the net effect is £0 on the bottom line forecasted position.

- 8 Leisure Contracts is forecasting a favourable variance of £188,000 due to a grant of £132,000 being received from the Government's Swimming Pool Support Fund to contribute to running costs and also income for the White Oak Leisure Centre contract.

#### **Net Service Expenditure - Favourable Variances**

- 9 There have been a number of staff vacancies this year (£629,000). These include General Admin (Post/Scanning) , Private Sector Housing and Support – Contact Centre. The savings forecasted are partly being used to offset agency costs used to cover the vacancies and contribute to the overall financial position.
- 10 This saving is in addition to £76,000 over the budgeted vacancy pot contributions of £160,000.

#### **Net Service Expenditure - Unfavourable Variances**

- 11 Direct Services are reporting an overall unfavourable net variance of £1.0m after additional car parking income. This forecast reflects the cost of running the service at current waste levels and service delivery standards. It reflects higher agency staff costs and commercial waste, pest control and cesspool emptying not achieving income targets and the cost of maintaining a large fleet. Officers are producing a plan to manage or mitigate this future position and members are being engaged as part of that process.
- 12 Planning – Development Management are forecasting an unfavourable variance of £107,000 due to the additional investment required to deliver the service and salary costs.
- 13 Planning Appeals is reporting an unfavourable variance of £136,000 due to the Council losing the appeal on the Oakhill Road planning application. Also £20,000 was spent to clear dangerous trees on the site due to the council owning the site for longer than planned. These costs are proposed to be offset by the utilisation of supplementary estimates which reflects that this expenditure is outside the scope of the budget process.
- 14 Print Shop is reporting an unfavourable variance of £60,000 due to underachievement of external business income and salary costs.
- 15 Swanley Meeting Point – Business Hub is reporting an unfavourable variance of £21,000 due to an overspend of salaries as the hub becomes settled and income streams are established.

#### **Capital Programme**

- 16 The Capital programme budget for 2023/24 is £33m. Current Progress on the projects is shown within Appendix B and the forecast position is currently £10.7m.

- 17 The difference between forecast and budget is due to revision of the planned Affordable Housing acquisition and a delay in the Bevan Place and White Oak Residential schemes.

### **Future Issues and Risk Areas**

- 18 As mentioned above the early indications report was presented at both the Finance and Investment Advisory Committee and Cabinet in May and set out the financial risks that may impact the council in 2023/24 and future years. Many of those issues have been covered within this report and will continue to be monitored and reported on as well as forming part of the 2024/25 budget setting process.

### **Key Implications**

#### Financial

The financial implications are set out elsewhere in this report.

#### Legal Implications and Risk Assessment Statement

Under Section 151 of the Local Government Act 1972, the Section 151 officer has statutory duties in relation to the financial administration and stewardship of the authority.

Detailed budget monitoring is completed on a monthly basis where all variances are explained. Future risk items are also identified.

#### Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

#### Net Zero Implications

The decisions recommended through this paper have a remote or low relevance to the council's ambition to be Net Zero by 2030. There is no perceived impact regarding either an increase or decrease in carbon emissions in the district, or supporting the resilience of the natural environment.

**Appendices**

Appendix A – November 2023 Budget Monitoring Commentary

Appendix B – November 2023 Financial Information

**Background Papers**

None

**Adrian Rowbotham**

**Deputy Chief Executive and Chief Officer - Finance & Trading**