

FINANCIAL MONITORING 2023/24: TO THE END OF JANUARY 2024

Finance and Investment Advisory Committee – 9 April 2024

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

Status: For Consideration

Also considered by:

- Cabinet – 18 April 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:

To note this report and forward any comments to Cabinet.

Recommendation to Cabinet:

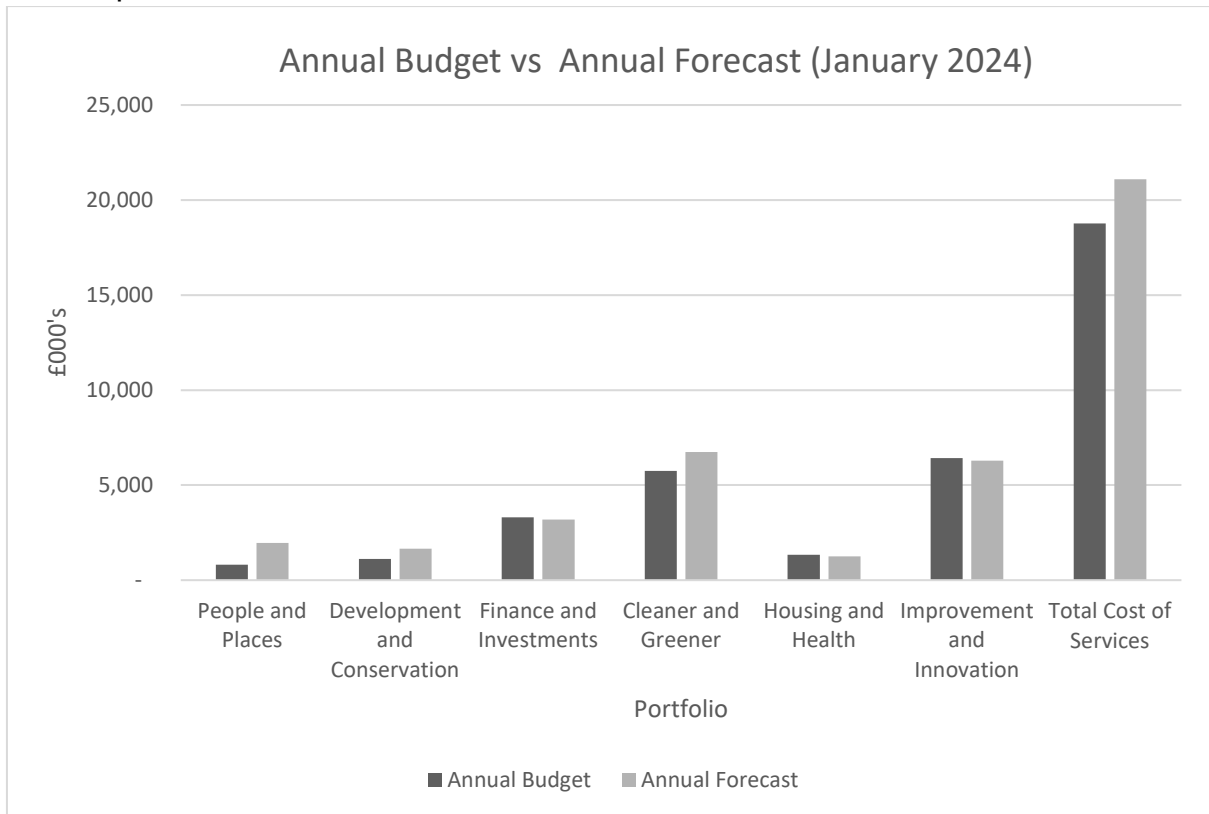
To note this report and consider any comments from Finance and Investment Advisory Committee.

Introduction and Background

- 1 This report covers the period to January 2024 and the forecasted position as at March 2024.
- 2 During the reporting period the Council has encountered significant financial pressures including the 22/23 pay award at a cost of £597,000 above budget assumptions, which was only agreed in November 2023. The cost of delivering waste services in an economic climate where both collection and disposal costs have increased.

- 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 variance of £195,000 detailed in this report as at January 2024.
- 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
Pay award - April 2023	Pay increase above budget assumption	597
Direct Services	Net position of service	1,011
Planning	Appeals, Development Management & enforcement	391
Markets	Contract renewal	78
All services	Other smaller variances	(408)
Investments	Treasury Management	(563)
All services	Staff Vacancies	(791)
Planning	Supplementary estimates	(120)
		195

Areas of Note

- 6 Interest Receipts – The rise in interest rates and the decision to invest £5m for a 5-year period on multi-asset income funds has resulted in excellent returns resulting in a favourable forecast variance of (£563,000).
- 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 received from the Government’s Swimming Pool Support Fund to contribute to running costs and income for the White Oak Leisure Centre contract.

Net Service Expenditure – Favourable Variances

- 9 There has been a number of staff vacancies this year (£791,000). These include General Admin (Post/Scanning) , Private Sector Housing, Economic Development and Support – Contact Centre. The savings forecasted are partly being used to offset agency costs to cover the vacancies and contribute to the overall financial position.
- 10 This saving is in addition to the £160,000 contribution to the vacancy pot budget. This is £90,000 above the budgeted contribution of £160,000.

Net Service Expenditure – Unfavourable Variances

- 11 Direct Services are reporting an overall unfavourable net variance of £1.1m 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. A number of actions have been implemented as part of the 24/25 budget process and Officers continue to monitor the situation.

- 12 Planning – Development Management are forecasting an unfavourable variance of £132,000 due to lower than budgeted income and the additional investment required to deliver the service.
- 13 Planning Appeals are forecasting an unfavourable variance of £139,000 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 offset by the utilisation of a supplementary estimate which reflects that this expenditure is outside the scope of the budget process.
- 14 Print Shop is reporting an unfavourable variance of £49,000 due to underachievement of external business income.
- 15 Swanley Meeting Point – Business Hub is reporting an unfavourable variance of £60,000 due to an overspend of salaries as the hub and lower than budgeted income.

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 timing of the Affordable Housing budget and a delay in the Bevan Place and White Oak Residential schemes.

Future Issues and Risk Areas

- 18 Future issues and Risk Areas are detailed within each portfolio in Appendix A.

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 monthly 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 – January 2024 Budget Monitoring Commentary

Appendix B – January 2024 Financial Information

Background Papers

None

Adrian Rowbotham

Deputy Chief Executive and Chief Officer - Finance & Trading