

FINANCIAL MONITORING 2023/24: DRAFT OUTTURN MARCH 2024

Finance and Investment Advisory Committee – 21 May 2024

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

Status: For Consideration

Also considered by:

- Cabinet – 13 June 2024

Key Decision: No

Executive Summary: This report provides information on the draft financial position for the year ended 31 March 2024.

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

Portfolio Holder: Cllr. Kevin Maskell

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Recommendation to Finance and Investment Advisory Committee:

To note this report and forward any comments to Cabinet.

Recommendation to Cabinet:

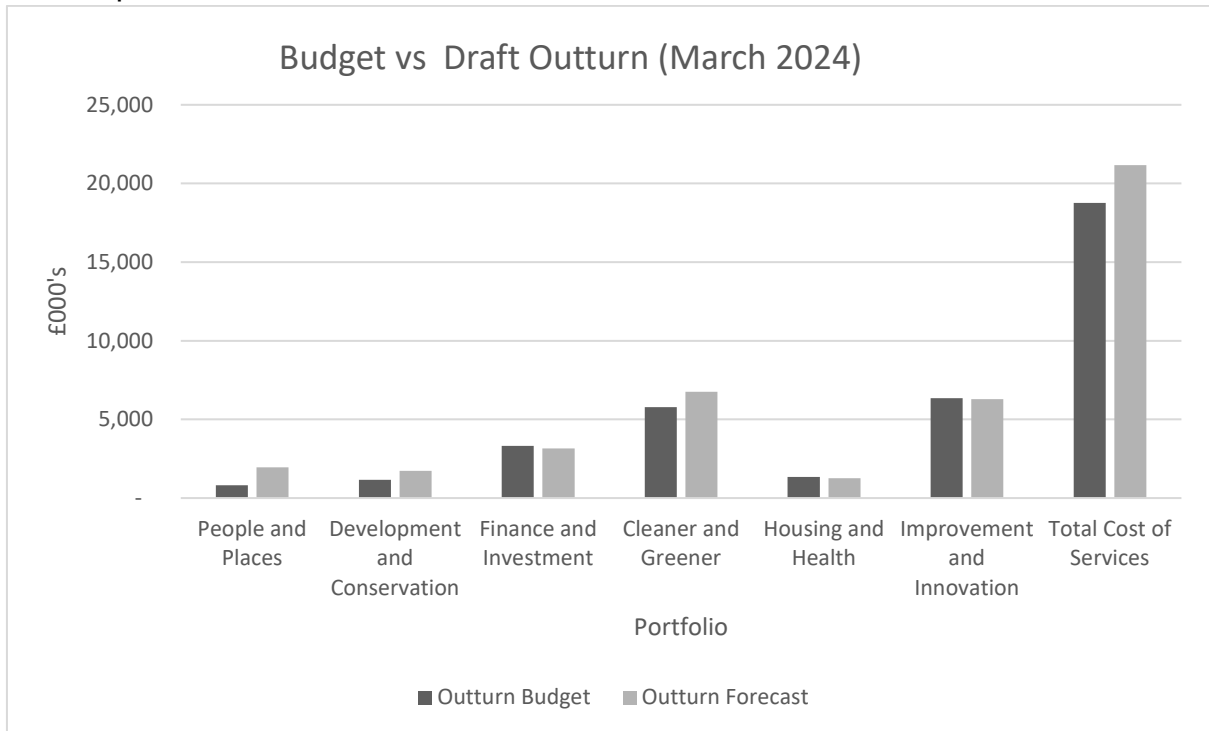
To note this report and consider any comments from Finance and Investment Advisory Committee.

Introduction and Background

- 1 This report provides the Provisional Financial Outturn figures for 2023/24 (Appendix B) which show an unfavourable variance of £209,000. The outturn is provisional until the accounts have been audited at which time it will become final subject to any required changes.
- 2 As part of the 2024/25 Budget process, the Council agreed that £165,000 additional grant funding from Government would be used to offset the 2023/24 deficit which results in a revised unfavourable outturn of £44,000.

- 3 The position at the start of the year forecasted a potential budget gap of £1.4m but through continued review and budget saving exercises that gap has been reducing continually throughout the year. This is thanks to significant cross organisational collaboration and innovative solutions to reduce costs with minimal impact on service delivery and is a testament to the sound financial controls in place at the Council.
- 4 The graph below shows the Net Service Expenditure forecast against the budget for each portfolio.

Graph 1



- 5 The main areas for the draft outturn position 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 | 1,121 |
| Planning | Appeals, Development Management & enforcement | 357 |
| All services | Other smaller variances | (556) |
| Investments | Treasury Management | (615) |
| All services | Staff Vacancies | (575) |
| Planning | Supplementary estimate | (120) |
| | | 209 |

Areas of Note

- 6 The April 2023 pay award, agreed in November 2023, cost £597,000 above budget assumptions. This has been funded through savings identified throughout the year.
- 7 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 variance of (£615,000).
- 8 The interim Leisure Contract is showing an unfavourable forecast of £1.05m and includes £132,000 received from the Government's Swimming Pool Support. 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 2023/24 bottom-line.

Net Service Expenditure – Favourable Variances

- 9 There has been a number of staff vacancies this year (£575,000). These include General Admin (Post/Scanning) , Private Sector Housing, Economic Development and Support – Contact Centre. The savings reported are partly being used to offset agency costs to cover the vacancies and contribute to improving the overall financial position.
- 10 In addition, total contributions to the vacancy saving pot were £257,000 against a budget of £160,000 resulting in a favourable variance of £97,000.

Net Service Expenditure – Unfavourable Variances

- 11 Direct Services are reporting an overall unfavourable net variance of £1.1m after additional car parking income. This unfavourable variance 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 2024/25 budget process.

- 12 Planning – Development Management are reporting an unfavourable variance of £72,000 due to lower than budgeted income and the additional investment required to deliver the service.
- 13 Planning Appeals are reporting an unfavourable variance of £137,000 due to the Council losing the appeal on the Oakhill Road planning application, £120,000. 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 £50,000 due to underachievement of external business income.
- 15 Swanley Meeting Point – Business Hub is reporting an unfavourable variance of £57,000 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 for as at February 2024 as the Capital outturn has not been completed by this report deadline. At that time the forecast expenditure was £10.7m.
- 17 The difference between the February forecast and the 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. This is not expected to change as part of the year end 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 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 - Draft Outturn March 2024 Budget Monitoring Commentary

Appendix B - Draft Outturn March 2024 Financial Information

Background Papers

None

Adrian Rowbotham
Deputy Chief Executive and Chief Officer - Finance & Trading