

## FINANCIAL MONITORING 2022/23: PROVISIONAL OUTTURN

Finance and Investment Advisory Committee - 19 June 2023

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

**Status:** For Consideration

**Also considered by:**

- Cabinet - 13 July 2023

**Key Decision:** No

**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 This report provides the Provisional Financial Outturn figures for 2022/23 (Appendix B) which show an unfavourable variance of £100,000 (2021/22 unfavourable variance £43,000). The outturn is provisional until the accounts have been audited at which time it will become final subject to any required changes.
- 2 A provisional figure of £250,000 has been included for additional business rates accrued due to the council being a beneficiary of the Kent & Medway Business Rates Pool. Final figures are yet to be received which may impact on the final outturn position.

- 3 During the year in order to meet the additional pay award costs which were £643,000 above budget assumptions, members agreed in September 2022 that the business rates detailed above and £390,000 from the Budget Stabilisation Reserve would be used to meet these in year costs with the reserve to be reimbursed through the next budget setting process.
- 4 In addition we have seen the impact of global events increase costs across the board and in particular utility costs. To meet this budgetary pressure, in year savings of £142,000 were identified.

#### **Areas of Note**

- 5 As mentioned above the 2022/23 pay award was approved at an overall increase of 5.8%, which is £643,000 above what was assumed in the 2022/23 budget.
- 6 Investment Returns - the Council made the decision to invest £5m for a 5 year period on multi-asset investment funds which has resulted in excellent returns resulting in a favourable variance of £127,000.
- 7 Retained Business Rates - Income of £2.476m forms part of the 2022/23 budget. Any receipts over and above this amount will be transferred to the Budget Stabilisation Reserve with the exception of the additional income from the Kent Business Rates Pool, as detailed above.

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

- 8 Miscellaneous Finance is reporting the favourable variance of £540,000 which includes the use of the Budget Stabilisation Reserve to fund the pay award as well as the in years savings mentioned above. Service budgets were not increased to allow for the higher pay award.
- 9 Corporate management is reporting a favourable variance of £209,000. This includes a government grant of £140,000 that was received to offset the cost of the additional employers National Insurance. The increase in National Insurance was later reversed by government but the grant remained. There were also underspends on consultants of £29,000 and £22,000 on services.
- 10 Corporate Other is reporting a favourable variance of £177,000 which is the result of higher contributions from service budgets to the vacancy savings pot.
- 11 The legal function is reporting a favourable variance of £37,000 due to staff vacancies and savings on professional services.
- 12 Leisure Contract is reporting a favourable variance of £36,000 where the management fee due to Sencio being retained as they did not meet all of the terms required for payment.

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

- 13 Direct Services are reporting an overall unfavourable variance of £940,000. This includes £331,000 due to the pay award being higher than budgeted as explained above. The remaining variance is due to a number of reasons including the higher refuse volumes than pre-pandemic which has contributed to the additional cost of agency staff and the requirement to hire vehicles where existing vehicles are being repaired due to the increased wear and tear. There has also been an underachievement of the increased income budget for commercial services which was put in place prior to the pandemic.
- 14 Planning Conservation is reporting an unfavourable variance of £56,000 due to the additional investment required to deliver the service.
- 15 Planning Appeals is reporting an unfavourable variance of £51,000 due to the costs of active planning appeals.
- 16 Planning - Enforcement is reporting an unfavourable variance of £110,000 due to the cost of running the service.
- 17 Land Charges is reporting an unfavourable variance of £86,000 due to a downturn in volumes of searches and corresponding income.
- 18 Asset Maintenance is reporting an unfavourable variance due to emergency repair works at the leisure facilities.
- 19 Print Shop is reporting an unfavourable variance of £85,000 due to underachievement of income due to the reduction of external business demand.
- 20 Swanley Meeting Point - Business Hub is reporting an unfavourable variance of £68,000 due to set up costs being incurred which were not in the 2022/23 budget.

## **Other Variances**

- 21 Investment Property Income is reporting an unfavourable variance of £160,000. This reflects the current occupation levels of the portfolio and the resulting impact of the council incurring Business Rates.

## **Future Issues and Risk Areas**

- 22 An early indications report is also being presented at both the Finance and Investment Advisory Committee and Cabinet which sets out the financial risks that may impact the council in 2023/24 and future years.

## **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 - March 2023 Budget Monitoring Commentary

Appendix B - Provisional Outturn - March 2023 Financial Information

### **Background Papers**

None

**Adrian Rowbotham**

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