

FINANCIAL MONITORING 2023/24: TO THE END OF SEPTEMBER 2023

Finance and Investment Advisory Committee – 2 November 2023

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

Status: For Consideration

Also considered by:

- Cabinet - 14 December 2023

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

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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.

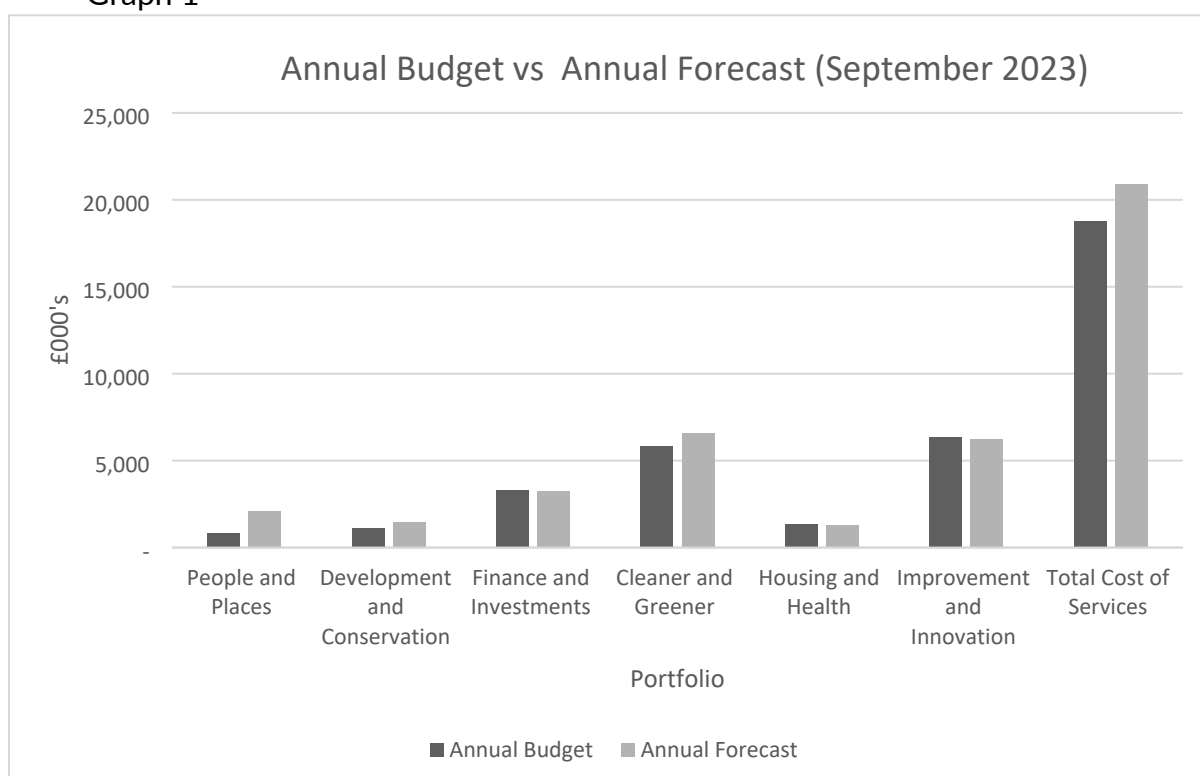
Introduction and Background

- 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 There has been no progress on the 2023/24 pay award and so the forecast is still showing an variance of £750,000 based on the current offer is £1,925 per person or 3.88% on SCP43 and above and that allowances would also increase by 3.88%. This equates to an average increase of 5.7% in the Council's staff costs against a budget assumption of 2%. This has been included in the forecast

on the assumption that it would be the minimum cost the Council could expect to incur.

- 3 Officers have undertaken a number of actions to reduce the forecasted variance from the unfavourable variance of £1.489m reported in July to an unfavourable of £971,000 at the end of September 2023.
- 4 The graph below shows the 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 below.

Table 1

Service	Summary	£000's
Pay award - April 2023	Current estimate	750
Direct Services	Net position of service	684
Planning	Appeals, Development Management & enforcement	235
Investment Property	Rental Void period and Business rates	166
Markets	Contract renewal	78
All services	Other smaller variances	74

Investments	Treasury Management	(322)
All services	Staff Vacancies	(409)
Investment Property Reserve	Reserve set up to fund void periods	(166)
Planning	Supplementary estimates	(116)
		<u>971</u>

Areas of Note

- 6 Interest Receipts – 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 forecast variance of £474,000.
- 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.

Net Service Expenditure – Favourable Variances

- 8 There are a number of vacancies not currently being filled across the organisation, (£409,000). These include General Admin (Post/Scanning) (£62,000), Private Sector Housing (£46,000) and Support – Contact Centre (£51,000). The savings forecasted are being used to offset agency or consultant costs used to cover the vacancies contributing to the overall financial position.
- 9 Corporate Management is forecasting a favourable variance £36,000 due to vacancy savings and also a reduction in external services spend.
- 10 Corporate Other is forecasting a favourable variance of £50,000 which is the result of higher contributions from service budgets to the vacancy savings pot.
- 11 Economic Development is forecasting a favourable variance of £60,000 due to current underspends within the service that were utilised on The Place Campaign last year but there has been no planned spend this year.

Net Service Expenditure – Unfavourable Variances

- 12 Direct Services are reporting an overall unfavourable net variance of £684,000 after additional car parking income. This forecast reflects the cost of running the service at current waste levels and service delivery standards. It also reflects higher agency costs and the lower income levels on 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.
- 13 Planning – Development Management are forecasting an unfavourable variance of £129,000 due to the additional investment required to deliver the service and salary costs.

- 14 Planning Appeals is reporting an unfavourable variance of £116,000 due to the Council losing the Appeal on the Oakhill Road Appeal. Also £20,000 was spent to clear dangerous trees on the site. This has been offset by the utilisation of supplementary estimates which reflects that this expenditure is outside the scope of the budget process.
- 15 Print Shop is reporting an unfavourable variance of £43,000 due to underachievement of external business income.
- 16 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.

Other Variances

- 17 Investment Property Income is reporting an unfavourable variance of £203,000. This is partly due to a longer than expected contract negotiations for Pembroke Road which has resulted in reduced income and the council incurring Business Rates. This loss of income has been offset by the utilisation of the Property Investment Reserve.

Capital Programme

The Capital programme budget for 23/24 is £33m. Current Progress on the projects is shown within Append B and the forecast position is current £18.3m.

The difference between forecast and budget is due to revision of the planned Affordable Housing acquisition and a delay in the Bevan Place scheme.

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 – September 2023 Budget Monitoring Commentary

Appendix B – September 2023 Financial Information

Background Papers

None

Adrian Rowbotham

Deputy Chief Executive and Chief Officer - Finance & Trading