

## **Item 7 – Financial Monitoring 2023/24 – to the end of January 2024**

The attached report was considered by the Finance & Investment Advisory Committee on 9 April 2024. The relevant Minute extract is below.

### **Finance & Investment Advisory Committee (9 April 2024, Minute 56)**

The Head of Finance presented the report, which set out the Council's financial position to January 2024, and the forecast position until March 2024. The forecast deficit had been reduced to an unfavourable variance of £195,000. The unfavourable variances included the pay award, which equated to an average increase of 5.7% from April 2023. They further included the Direct Services unfavourable forecast, which was largely due to the post-pandemic levels of waste, though a number of measures had been implemented in 2023/24 to partly offset this. There were additional costs associated with planning appeals, and it had been agreed that reserves could be used to fund this unplanned expenditure by way of a supplementary estimate.

Favourable variances included investment income receipts, though it was noted that the core value of the investments in the Multi Asset Income Funds had reduced. Unfilled vacancies resulted in a favourable variance of £791,000. Some of the vacancies were being offset by agency and consulting costs, and others were used to reduce the overall deficit. The capital programme was forecast to have expenditure of £10.7million against a budget of £33million. This was due to the re-evaluation of the Bevan Place scheme, and the delayed start to the White Oak residential scheme.

Members discussed the report and asked questions regarding specific budgets. The officer explained that a review of the Swanley Business Hub was ongoing to address funding solutions, and a report would be presented to Members. Implementing direct debits required the employment of consultants as the council's financial software was complex and integrated with a number of other systems. The Burlington Mews project had initially been approved with a budget to construct the properties, with a later budget added for ongoing maintenance. The maintenance budget was never required. The White Oak Leisure Centre showed a £700,000 underspend as savings were identified after the budget was revised.

Members discussed the cost implications of agency staffing and pressures on Direct Services. The Chief Officer for Finance & Trading explained that a large number of the issues within Direct Services had been addressed within the 2024/25 budget process. A recruitment freeze was implemented across the council, where only critical recruitment could take place. That meant this year had an exceptionally high rate of vacancies and agency staffing compared with previous years.

10 new staff were being recruited to Direct Services to reduce the cost of agency staff.

Members were advised that the Council had written to Government regarding the proposed grant for the implementation of a food waste service, as the grant was well below the costs of setting-up and running the service.

The final deficit for the year would be offset by the government grant of £165,000 which was announced in the Local Government Finance Settlement. The remainder would be funded from reserves and repaid over the 10-year budget period.

Resolved: That the report be noted.