

Classification: Public

Key Decision: No

Gravesham Borough Council

Report to: Report for Finance and Audit Committee

Date: 9 November 2022

Reporting officer: Assistant Director (Corporate Services)

Subject: General Fund Budget Monitoring Report
2022/23 – Quarter Two

Purpose and summary of report:

To provide Members with information on actual performance against the approved Revenue and Capital budgets for 2022/23, including projected variances agreed or identified through budgetary control activity.

To update Members on other key areas of financial performance that may impact on the Council's Medium Term Financial Strategy, Medium Term Financial Plan (MTFP), or Financial Statements.

Recommendation:

1. This report is for information only

| Key Implications: | |
|------------------------------------|--|
| Item | Implications |
| Legal | There are no specific legal matters arising from this report |
| Finance and Value for Money | The financial implications are contained within the body of the report |
| Corporate Plan | Strategic Objective #3 Progress; Sound Financial Management & Successfully Managing Key Business Risks |
| Climate Change | No direct implications |

1. INTRODUCTION

- 1.1. The Constitution of the Council requires Members to receive reports in respect of the Council's finances and financial performance. This report therefore provides an

assessment of performance against approved budgets for the 2022/23 financial year for the second quarter to 30 September 2022, as well as updating Members on other key areas of financial performance.

- 1.2. The Council continues to operate robust budgetary control actions to ensure good financial governance and respond to the pressures on the Council's finances. In addition to the reporting of financial performance through regular budget monitoring reports, these actions include:
 - Requiring all financial decisions and major acquisitions to be brought to Management Team for discussion and approval;
 - Appropriate controls in approving purchase orders;
 - Monitoring the delivery of activity under the Medium Term Financial Strategy (MTFS).
 - Requiring all recruitment activity to be considered and approved by Management Team.

2. EXECUTIVE SUMMARY

Revenue

- 2.1. Significant projected movements against budget during Quarter Two are detailed in the report, with the most notable items falling in the "All Directorate" section, and relating to Homelessness, within the Housing Directorate. The wider financial context is explored in section 3.11.
- 2.2. As reported in the 2021/22 Outturn Report, the Council ended the previous year in a favourable position, enabling budgets totalling £67,240 to be approved for carry forward into 2022/23.
- 2.3. The level of Working Balances at year-end is £9.05m, constituted of minimum working balances of £2.0m, the General Fund reserve of £3.25m and usable Working Balances of £3.8m.
- 2.4. Movements in the year are projected to result in a net decrease in earmarked reserves of £3.5m. Within this movement, £0.84m relates to a drawdown from the NNDR Collection Fund Equalisation Reserve and arises from Collection Fund accounting arrangements during 2021/22. Other significant movements, for example £0.9m within the Asset Enhancement Reserve, arise from 2021/22 budgets carried forward within the Capital Programme.

Capital

- 2.5 The General Fund Capital Programme working budget is £79.52m, including £45.5m relating to The Charter, £8.9m for the St George's Centre, £7.9m for a New Leisure Centre, and a combined £6.95m relating to Property/Land Acquisition schemes. Actual spend, as at the end of Quarter Two was £10.1m. Forecasted spend for 2022/23 as at Quarter 2 is £51.41m.

3. REVENUE

3.1. Budget 2022/23

- 3.1.1. The approved Original Budget Requirement for 2022/23 was £12,461,820, largely funded by a combination of retained Non-Domestic Rates, New Homes Bonus, and Council Tax. Additionally, there was a requirement to use £1,453,370 of Usable Working

Balances, in accordance with the Medium Term Financial Strategy, to produce an overall balanced budget.

- 3.1.2. The table below sets out the current assessment of performance against the Original Budget by Directorate, based on known and projected variances as at 30 September 2022.

| Directorate / Budget Heading | Original Budget 2022/23 (£) | Forecast 2022/23 (£) | Variation 2022/23 (£) |
|---|-----------------------------|----------------------|-----------------------|
| All Directorate | 0 | 1,018,970 | 1,018,970 |
| Chief Executive | 188,270 | 188,270 | 0 |
| Communities | 3,677,440 | 3,722,570 | 45,130 |
| Corporate Services | 3,523,010 | 3,708,580 | 185,570 |
| Environment | 5,764,280 | 5,764,280 | 0 |
| Housing | 1,422,000 | 2,472,000 | 1,050,000 |
| Items carried forward from 2021/22 | 0 | 67,240 | 67,240 |
| Non-Directorate Specific | 828,380 | 828,380 | 0 |
| Interest and Investment Income | (814,240) | (1,189,240) | (375,000) |
| Government Grant Funding | (2,152,290) | (2,152,290) | 0 |
| Transfers to/ (from) reserves | (1,856,090) | (1,901,990) | (45,900) |
| Transfers to/ (from) balances | 573,150 | 573,150 | 0 |
| Transactions below the line | 1,307,910 | 1,276,420 | (31,490) |
| BUDGET REQUIREMENT | 12,461,820 | 14,376,340 | 1,914,520 |
| Business Rates Income | (2,701,820) | (2,701,820) | 0 |
| Council Tax Income | (7,592,170) | (7,592,170) | 0 |
| Parish Precepts | (471,860) | (471,860) | 0 |
| New Homes Bonus | (573,150) | (573,150) | 0 |
| Lower Tier & Services Grants | (337,380) | (337,380) | 0 |
| Transfers to/(from) the Collection Fund | 667,930 | 667,930 | 0 |
| Use of Working Balances | (1,453,370) | (1,453,370) | 0 |
| BUDGET SHORTFALL/(UNDERSPEND) | 0 | 1,914,520 | 1,914,520 |

Table 1: General Fund Revenue Outturn by Directorate / Budget heading

3.2. ALL DIRECTORATE – £1,019k ADVERSE VARIANCE

- 3.2.1 A “Risks and Financial Pressures” paper was recently presented to Cabinet on 3 October 2022, updating Members on the financial challenges facing the Council from the current economic situation. A link to the paper is here: [Agenda for Cabinet on Monday, 3 October 2022, 7.30 pm – Gravesham Borough Council](#)
- 3.2.2 As the majority of these financial pressures are Council-wide, and not limited to specific directorates, for the purposes of disclosure within this budget monitoring report, they are included within the “All Directorate” section.
- 3.2.3 **Energy Costs: £190k adverse variance** – Wholesale energy costs have significantly increased in the last year, with continuing volatility anticipated in the short to medium term. The energy requirements of the Council are procured through LASER Energy, which is part of the Commercial Services Group, a company wholly owned by Kent County Council. Energy prices are currently fixed until October 2022, so the impact of

cost increases on unit price per kilowatt-hour is likely to be felt in the second half of the financial year.

- 3.2.4 LASER has mitigated against a large proportion of the market extremes through its flexible procurement approach by purchasing energy requirements for its customers in advance. However, prices remain substantially high. Initial analysis indicates additional costs for 2022/23 of £190k; this will continue to be monitored closely during the current budget-setting process.
- 3.2.5 **Fuel Costs: £80k adverse variance** – The Council operates over 120 vehicles in delivering a range of services to the residents of the borough. Fuel for vehicles is purchased at volume and stored at the Brookvale Depot site. Prices per litre have increased significantly over the last two years, from £0.88 per litre in March 2020, to £0.97 in March 2021 and £1.37 in March 2022. As at the end of August 2022, the price per litre of fuel was around £1.42. Given the pattern of price movements to date, it is anticipated that additional costs of around £80k will fall on the General Fund in 2022/23.
- 3.2.6 **Staff Pay: £749k adverse variance** – The Council, like many other local authorities, budgeted for a 2% pay award within the 2022/23 budget-setting process. The Final pay offer from the National Employers for Local Government Services made in July 2022 comprises of a basic salary increase on all scales of £1,925, plus an increase on other allowances of 4.04% for all grades up to Service Manager.
- 3.2.7 If adopted, the impact of this proposal on the Council's MTFP (including the effects on National Insurance and Pension Contributions and other allowances is estimated to be an additional cost of £749k in 2022/23 with subsequent inflationary impacts in future years. The existing budgetary provision within the MTFP allows for 2% year-on-year increases, and thus applying this to the revised base cost in 2022/23 over the 10-year period as whole, would result in additional costs of just over £8.1m.
- 3.3. **CHIEF EXECUTIVE'S DIRECTORATE – NIL VARIANCE**
- 3.3.1 There are no significant variances to report.
- 3.4. **COMMUNITIES DIRECTORATE – £45k ADVERSE VARIANCE**
- 3.4.1. **Leisure Services: £45k adverse variance** – In a similar fashion to general energy costs as described earlier, the Council's budget is also feeling the impact of rising energy costs through the Management Fee received from Gravesham Community Leisure Limited (GCLL). Earlier in the year, GCLL invoked the clause in its contract which places a legal obligation on the council to adjust the management fee should the unit cost of utilities rise. Following analysis by the Council's Finance Team, a reduction of £45k in the annual management fee for 2022/23 was agreed, with the situation continuing to be monitored going into the budget-setting period.
- 3.4.2. **Winter Light Festival: neutral variance** – During August, a funding application was made to the Arts Council England for monies to support the Council's Light Festival Programme. The bid has been successful with the Council due to receive £29,500 in grant funding to support this initiative. This funding will enable the Council to grow the activity of the inaugural event last year to encourage greater participation and involvement.
- 3.4.3 The project will see the Council working with around 60 creatives/delivery partners, across nine locations and aims to be the beginning of a longer lasting legacy of Light Festivals on the Estuary. The project culminates with 2 evenings of light and creativity

at the end of January that will draw footfall into the town centre, thereby supporting the local business community. Areas of focus are the High Street, Borough Market, St George's Arts Centre and gardens, the Pier, St Andrew's quayside and St Andrew's Arts Centre.

3.5 **CORPORATE SERVICES DIRECTORATE – £186k ADVERSE VARIANCE**

3.5.1 **Interest Payable: £186k adverse variance** – The Monetary Policy Committee (MPC) have continued to increase the Bank of England Base rate from an all-time low of 0.10% in December 2021 to the current rate of 2.25% and is expected to increase rates further to around 5% by the end of the financial year. This has pushed up borrowing rates to a level higher than was forecast at the time of setting the budget in February 2022 and considered at Quarter 1. Therefore, as a result, the current forecast cost of borrowing to support the General Fund proposed capital programme is currently resulting in an adverse variance of £186k. If projects do not progress as initially anticipated, this will reduce the need to borrow and the associated borrowing costs.

3.5.2 **Document Management: Neutral variance** – The Council's "Information at Work" document management system is used across a number of Council departments, with key users being the Planning Policy and Revenues and Benefits teams. A sum of £21k has been released from revenue grants not yet applied to facilitate the latest upgrade to the system, which brings it up to date with the security patches and support for the latest Microsoft technologies. Additionally, as the system is browser based, it reduces the software footprint installed on devices, and therefore helps support the Council's hybrid working practices.

3.6 **ENVIRONMENT DIRECTORATE – NIL VARIANCE**

3.6.1 **Cycling Infrastructure Plan: Neutral variance** – The Department for Transport has produced guidance on producing Local Cycling and Walking Implementation Plans, together with tools to help with the process and provide guidance on design standards. Local Authorities are expected to produce these plans setting out their priorities for routes for both walking and cycling, and priorities for their implementation. Funding for the work has been obtained from Kent County Council and National Highways Designated Funds, resulting in an overall neutral variance for the Council.

3.7 **HOUSING DIRECTORATE – £1,050k ADVERSE VARIANCE**

3.7.1 **Homelessness – Temporary Accommodation: £1,050k adverse variance** – There has been a steady increase of households requiring homeless assistance. Within the last quarter there were 434 households presenting as they were homeless or in threat of being homeless within 56 days. The numbers of households approaching in crisis has put a greater demand on temporary accommodation where the local authority owes legal duties to secure accommodation. There are a number of factors that have impacted the Councils temporary accommodation figures including:

- Relationship breakdown between couples (nonviolent), families & friends causing exclusions
- The Domestic Abuse Act 2021 – Since this Act was introduced on 5 July 2021 there has been more households presenting to the Council with the main reason of losing their last settled accommodation being domestic abuse or violence
- Increase in private sector evictions (potential to increase with the Rent Reform Act as landlords struggle to meet obligations expected of them and therefore sell homes has seen a steady flow of customers presenting Section 8 and Section 21 Notices.

- The cost of living increases making lower income households challenged with meeting their housing costs when in receipt of benefits and unable to afford the Private Rental Market

3.7.2 The Service Manager is reporting monthly to Management Team and the service have increased the use of their own stock, however, there continues to be a reliance upon privately rented nightly paid accommodation. Temporary accommodation options continue to be explored for longer-term solutions.

3.7.3 The Council received £352,470 Homeless Prevention Grant from Central Government, which alongside the existing original budget of £50,000 is being used to finance the cost of temporary accommodation. Additionally, income is being received from housing benefit receipts, however there is a substantial expenditure pressure which based on existing patterns to date, is projected to result in a net adverse variance of £1,050k in 2022/23.

3.8 ITEMS CARRIED FORWARD FROM 2021/22 – £67,240

3.8.1 The following items from 2021/22 were approved for carry forward to 2022/23 by the Section 151 Officer and the Council's Management Team:

| Summary of General Fund 2021/22 year-end carry-forward requests | | | |
|--|----------------------------|----------------|---|
| Directorate | Service | Amount | Reason for carry-forward request into 2022/23 |
| Environment | Allotments | £5,850 | Site clearance |
| Environment | Allotments | £3,500 | Wooden fencing damaged during Storm Eunice was temporarily replaced, but now requires a permanent solution. |
| Communities | Safer Stronger Communities | £4,250 | Grant funding from KPCC - approved carry forward to 2022/23 projects. If not spent on appropriate activities, grant funding would be required to be repaid. |
| Communities | Base Camp | £7,610 | External funding to be used for appropriate event focus on Armed Forces. If not spent (or spent appropriately), repayment would be due. |
| Communities | Altogether Stronger | £37,910 | External funding for food/music, community engagement events. If not spent (or spent appropriately), repayment would be due. |
| Communities | Art Project | £3,370 | To cover production costs 2022/23. |
| Housing | Homelessness | £4,750 | Grant funding relating to Syrian/Afghan refugees. If not spent in line with conditions, repayment would be likely. |
| Total carry-forward requests | | £67,240 | |

Table 2: Items Carried Forward from 2021/22

3.9 INTEREST AND INVESTMENT INCOME – £375k FAVOURABLE VARIANCE

3.9.1 Following the recent increases in the Bank of England Base Rate and forecast rate rises for the remainder of the financial year; the income from the internally managed investments has been reviewed and is now expected to result in a favourable variance of some £375k

3.10 FUNDING STREAMS – £77k FAVOURABLE VARIANCE

3.10.1 **Transfers to/(from) reserves & Transactions below the line: net neutral variance** – under accounting arrangements the corresponding entries relating to reserve-funded expenditure within services (the drawdown from the reserve and the transfer into the specific service) are shown here. The total of £46k relates to reserve funded items as described within the individual Corporate Service, and Environment Directorate sections above.

3.10.1 **Transactions Below the Line – Minimum Revenue Provision (MRP): £77k favourable variance** – the MRP charge for 2022/23 is based on the Council's cumulative capital spend that is financed from either internal or external borrowing up to the end of 2021/22. As the capital spend in 2021/22 on schemes financed from these sources was lower than anticipated at the time of setting the 2022/23 budget, there is a resulting projected favourable variance relating to MRP in 2022/23 of £77k.

3.11 Wider Unbudgeted Risks to the MTFP

3.11.1 The council continues to work within a very challenging and uncertain financial environment compounded by the cost-of-living crisis, which has seen unprecedented rises in everyday costs in recent months.

3.11.2 This continued uncertainty together makes medium term financial planning far more challenging than previously. The additional pressures listed below have not been reflected in the MTFP.

3.11.3 It has recently been announced that inflation surged to 10.1% at the end of September and is expected to climb further, with the Bank of England estimating that inflation could reach 11% by the end of October. The General Fund has a provision of £250k in 2022/23 to help tackle inflation increases, rising by £90k per annum thereafter. During the budget setting process for 2023/24 this will be reviewed to ensure an adequate provision is set for future years.

3.11.4 The resulting impact of high inflation will put extra pressure on the Bank of England to increase interest rates at its next meeting in November. This will affect the councils cost of future borrowing should interest rates rise substantially.

3.11.5 Increased external audit costs - the PSAA (Public Sector Audit Appointments) have recently published a report that suggests that it is highly likely that external audit costs could increase by up to 150% on current fees charges. For Gravesham this is likely to be an increased cost of around £65k, of which around £47k would fall on the General Fund, and £18k on the Housing Revenue Account.

3.11.6 The Council's refuse vehicles are aging and resultantly are requiring increased repairs and maintenance. Alongside this higher demand, the cost of replacing vehicle parts has increased substantially in recent months. Consequently, the freighter parts and materials budget has already been fully utilised as at quarter two, and thus if expenditure continues at the same rate for the remainder of 2022/23, then there will be a significant overspend.

3.11.7 St George's Centre – As reported during Q1 work continues to establish the correct accounting treatment of the Council's relationship with Aviva, the investor within the St George's Centre transaction. In particular, this includes interest costs derived from the

implicit interest rate within the arrangement, which are currently not included within the latest version of the MTFP. Once the accounting treatment is confirmed, updated projections for income and expenditure will be reflected within the MTFP, and reported in due course.

3.11.8 Town Pier and Pontoon – The impending sale of the Town Pier and Pontoon is still going through the final legal process and a completion date is awaited. At the point at which the Council no longer owns these assets, the day-to-day revenue costs will no longer fall upon the Council, resulting in ongoing revenue savings, as well as generating a capital receipt. The impact of these changes will be reflected within the MTFP once the transaction has completed.

3.12 WORKING BALANCES AND RESERVES

3.12.1 The variances and Carried Forward items outlined in this report have the following effect upon the General Fund working balances:

| Working Balances | £ |
|---|------------------|
| Balance Brought Forward from 2021/22 | 11,841,270 |
| New Homes Bonus (Straight to working balances) | 573,150 |
| Budgeted use of Working Balances to support the General Fund | (1,453,370) |
| Variances per budget report (Incl.items Bfwd from 2021/22) | (1,914,520) |
| Forecast Working Balances C/Fwd (as at 30 September 2022) including Minimum GF Working Balance | 9,046,530 |
| Less: Minimum GF balance | (2,000,000) |
| Less: Additional General Fund Reserve | (3,250,000) |
| Forecast Usable Working Balances C/Fwd (as at 30 September 2022) | 3,796,530 |

Table 3: Effect on General Fund Balances

3.12.2 The general working balance is supplemented by specific reserves, established to assist with future funding obligations or initiatives. The table below provides a summary of the projected movements on these specific reserves during the year.

| General Fund Earmarked Reserves | Opening Balance 01/04/2022 £'000 | Forecast Use of Reserve (Expenditure) £'000 | Forecast Contributions (Income) £'000 | Forecast Balance 31/03/2023 £'000 |
|--|---|--|--|--|
| Planning Policy Reserve | 599 | (46) | 50 | 603 |
| Asset Enhancement Reserve | 977 | (900) | 100 | 177 |
| Leisure Centres Reserve | 47 | (47) | | -- |
| Corporate Priorities Reserve | 587 | (128) | | 459 |
| Town Pier Pontoon Reserve | 136 | (24) | 12 | 124 |
| Elections Reserve | 137 | (5) | 35 | 167 |
| NNDR Collection Fund Equalisation Reserve | 2,188 | (841) | | 1,347 |
| IT Infrastructure Reserve | 252 | (170) | 125 | 207 |
| DSO Vehicle Capital Reserve | 441 | (573) | 132 | -- |
| Freighter Replacement Reserve | 1,032 | | 221 | 1,253 |
| NNDR Growth Fund Reserve | 510 | (376) | 369 | 503 |
| Lower Thames Crossing Reserve | 140 | | | 140 |
| Woodville Repairs Reserve | 240 | | 57 | 297 |
| Investment Interest Equalisation Reserve | 500 | | | 500 |
| Housing & Commercial Growth Fund | 700 | (500) | | 200 |
| Commercial Income Protection Reserve | 661 | | 97 | 758 |
| Playgrounds Reserve | 204 | (160) | 69 | 113 |
| Decriminalisation Reserve | 269 | (228) | | 41 |
| Enterprise Reserve | 173 | (358) | 350 | 165 |
| Climate Change Reserve | 423 | (61) | | 362 |
| Sub-total - Specific Earmarked Reserves | 10,216 | (4,417) | 1,617 | 7,416 |
| Revenue Grants not yet applied | 1,723 | (700) | | 1,023 |
| Total - All Earmarked Reserves | 11,939 | (5,117) | 1,617 | 8,439 |

Table 4: Analysis of Specific Reserves

3.12.3 New approved uses of reserves are already referred to within individual directorates – see sections 3.5.2 and 3.6.1

4. GENERAL FUND CAPITAL PROGRAMME

4.1. The following table details the position of General Fund Capital Programme as at the end of Quarter Two. This includes the revised original budget for 2022/23, taking into consideration adjustments for carried forward items as approved by the Section 151 Officer and the Council's Management Team.

| Scheme | 2022/23 Original Budget £ | 2022/23 Approved Carry Forwards £ | 2022/23 Working Budget £ | 2022/23 Actual Expenditure £ | Forecast as as at Quarter 2 £ | Variance as at Quarter 2 £ |
|---|------------------------------------|---|-----------------------------------|---------------------------------------|-------------------------------------|----------------------------------|
| Essential Repairs to Buildings | 435,000 | 430,430 | 865,430 | 113,474 | 865,430 | (751,956) |
| Gravesend Cemetery Improvements | 0 | 14,830 | 14,830 | 0 | 14,830 | (14,830) |
| Purchase of Vehicles (DSO Fleet) | 413,400 | 259,440 | 672,840 | 162,835 | 389,060 | (226,225) |
| Gatekeeper Replacement | 0 | 50,000 | 50,000 | 0 | 50,000 | (50,000) |
| New Wheeled Bins for Flat Recycling | 0 | 83,400 | 83,400 | 16,588 | 30,000 | (13,412) |
| Waste & Horticulture back office system | 0 | 59,860 | 59,860 | 20,245 | 30,000 | (9,755) |
| Replacement Playground Programme | 159,870 | 0 | 159,870 | 113,226 | 159,870 | (46,644) |
| Property Acquisition Programme | 0 | 4,000,000 | 4,000,000 | 3,500 | 2,940,000 | (2,936,500) |
| Land Acquisition Programme | 2,945,790 | 0 | 2,945,790 | 0 | 441,000 | (441,000) |
| Land Acquisition Dering Way | 3,590,190 | 0 | 3,590,190 | 0 | 0 | 0 |
| St George's Centre | 9,019,640 | (148,950) | 8,870,690 | 0 | 0 | 0 |
| Heritage Assets | 331,570 | 52,880 | 384,450 | 20,316 | 84,450 | (64,134) |
| Gym Equipment Leisure Centres | 0 | 47,800 | 47,800 | 0 | 47,800 | (47,800) |
| Parking Machines | 0 | 287,120 | 287,120 | 0 | 287,120 | (287,120) |
| LATCO development costs | 0 | 18,600 | 18,600 | 0 | 18,600 | (18,600) |
| LATCO working capital provision | 170,260 | 0 | 170,260 | 66,623 | 170,260 | (103,637) |
| Elizabeth Huggins Cottages – Loan | 1,364,000 | 0 | 1,364,000 | 514,502 | 1,380,410 | (865,908) |
| Parking Software | 0 | 18,570 | 18,570 | 0 | 0 | 0 |
| Purchase of Freighters | 0 | 0 | 0 | 98,460 | 98,460 | 0 |
| IT Infrastructure Assets | 100,000 | 70,340 | 170,340 | 0 | 80,000 | (80,000) |
| Rosherville Loan (The Charter) | 45,439,010 | 59,880 | 45,498,890 | 8,293,509 | 39,573,890 | (31,280,381) |
| Website Content Management System | 0 | 37,170 | 37,170 | 23,117 | 28,220 | (5,103) |
| New Leisure Centre | 7,632,590 | 285,270 | 7,917,860 | 180,357 | 2,500,000 | (2,319,643) |
| Electric Vehicle Charging Points | 0 | 127,170 | 127,170 | 0 | 61,000 | (61,000) |
| Disabled Facilities Grant | 832,800 | 1,285,640 | 2,118,440 | 510,882 | 2,118,440 | (1,607,558) |
| Alleyways | 45,000 | 0 | 45,000 | 0 | 45,000 | (45,000) |
| | 72,479,120 | 7,039,450 | 79,518,570 | 10,137,633 | 51,413,840 | (41,276,207) |

Table 5: General Fund Capital Programme 2022/23

- **Essential Repairs to Buildings** – The asbestos removal at Fort Gardens toilet facilities is complete, work has now started on the refurbishment of these toilets. Repairs and redecoration work at Fort Gardens bandstand is nearing completion. The Civic Centre lift doors have been replaced during quarter two and the work being undertaken to the workshop roof at Brookvale is in its final stages.
- **Gravesend Cemetery Improvements** – A number of improvements to the Cemeteries are currently underway and will be completed during 2022/23.
- **Purchase of Vehicles (DSO Fleet)** – Orders have been placed for 8 electric vans which are due to be delivered within the next few months. A new 10-year vehicle replacement plan is currently being finalised to ensure the Council's vans fleet is replaced to meet the Council Net Zero target.
- **Gatekeeper Replacement** – A trial for removal of buses from King Street will not now take place following a response from Arriva. As a consequence, KCC have been approached to include the King Street bus gate as part of their plans to undertake Automatic Number Plate Recognition (ANPR) once legislation changes enabling them to do so have been enacted this Summer.

- **New Wheeled Bins for Flat Recycling** – The installation of wheelie bins in flats for recycling is underway and the wheelie bins are being purchased on a block-by-block basis. Work will continue during 2022/23.
- **Waste & Horticulture Back Office System** – Officers are currently reviewing new digital systems for the allotment service and updating some of the hardware for the Waste back office Bartec System. Updated mobile devices have been purchased for the refuse collection vehicles.
- **Replacement Playground Programme** – Quarter Two saw the delivery of three new play sites at Rosherville Park, Istead Rise and Luddesdown. The remainder of the budget will be spent on new play equipment at the Warren and Culverstone.
- **Property Acquisition Programme** – The Property Acquisitions Cross Party Working Group met in May 2022 to consider a potential acquisition in the borough. Following this meeting officers have been progressing the acquisition, with completion likely to take place in October 2022.
- **Land Acquisition Programme** – As agreed by Cabinet in March 2021, the Council has been in discussion with the Ebbsfleet Development Corporation regarding the acquisition of land to enable the Council to bring forward a comprehensive housing development at the junction of Ordnance Road and Milton Place. During the quarter, activity regarding the purchase concluded, with the acquisition taking place in October 2022.
- **St George's Centre** – There are currently no further works planned, pending a decision on taking forward the St. Georges Square regeneration project at the rear of the shopping centre (formally St Georges Phase II).
- **Elizabeth Huggins Cottages** – Works continue at the site on Cross Lane West with funds continuing to be drawn down from the Council on a monthly basis.
- **Heritage Assets** – Expressions of Interest have been submitted to the National Lottery Heritage Fund, initially in respect of three assets, to inform next stages in respect of project applications. In response to these, the Heritage Fund have asked that the community engagement/audience development aspects be developed further prior to re-submission.
- **Gym Equipment Leisure Centres** – Gym memberships and subsequent usage of the gym areas continue to recover from the lasting effects of Covid-19. Officers are currently working with GCLL on proposals for part replacement of fixed weight equipment and some spin bike replacements that were not part of the original gym equipment replacement programme in 2021. This is to ensure that the quality and quantity of equipment remains in good condition up to the end of the current contract in 2025.
- **Parking Machines** – Installation of the new parking solutions will commence in January 2023, with Rathmore Road car park going live first. Implementation of the new equipment will commence in February 2023 for Milton Place/Ordnance Road car park and in March for Parrock Street. The purchase order was raised in September for the whole project.
- **LATCO Development Costs** – No requests to utilise these funds were received in the first half of 2022/23.

- **LATCO Working Capital Provision** – In accordance with the decision taken by Cabinet in March 2022, working capital of £67k has been provided to Rosherville Repairs & Maintenance Limited to assist with initial company set-up costs.
- **Electric Vehicle Charging Points** – As part of the Kent600 project with Connected Kerb there are three sites (total of 14 charge points) which are due to be completed by the end of October 2022 with another three sites (total of 10 charge points) due to be completed before the end of Q4. In addition to this BP Pulse are expected to complete the installation of an additional ten charging points in Parrock Street car park by the end of November 2022. Work has started on a new project to install a rapid charge point for use by taxis in Parrock Street.
- **Parking Software** – The parking back-office system and virtual permit system has been in operation for a year now and has been paid in full. The Environmental Enforcement module has not yet been implemented as the role of the Environmental Enforcement team has changed since the start of the project.
- **Purchase of Freighters** – The current replacement programme has been suspended until the results of the Consistency in Household Waste Consultation has been released so any potential effect to service delivery can be assessed. A replacement freighter ordered at the end of 2021/22 has been received in this financial year – the reserve draw down will be reviewed as part of the budget setting process.
- **IT Infrastructure Assets** – During the last quarter, the Council have procured a new firewall, and this is currently being installed. The Council have also avoided a cost of £100,000 in replacement VDI hardware by adopting an alternate solution which is part of the existing virtual infrastructure, and therefore did not require extra equipment.
- **Rosherville Loan (The Charter)** – Construction work continues on site with monthly drawdowns being made by Rosherville Property Development Limited in line with the expected cash flow projections. The site is expected to be complete in 2023.
- **Website Content Management System** – The website migration project is now complete.
- **New Leisure Centre** – The Council is currently working with the appointed design team on the preferred scheme for the forthcoming consultation process and planning application submission over the next few months.
- **Electric Vehicle Charging Points** – As part of the Kent600 project with Connected Kerb there are three sites (total of 14 charge points) which are due to be completed by the end of October 2022 with another three sites (total of 10 charge points) due to be completed before the end of Q4. In addition to this BP Pulse are expected to complete the installation of an additional ten charging points in Parrock Street car park by the end of November 2022. Work has started on a new project to install a rapid charge point for use by taxis in Parrock Street.
- **Alleyways (GF)** – The new alleyway programme has started with work commencing on the stage one programme. Alleys will be assessed during the year to determine whether they will require gating. The alley at Haynes Road has been cleared and a new gate installed. There are currently two alleys which have been cleared where residents are working on obtaining support from neighbours in the area to gate these alleys.

- **Disabled Facilities Grants** – There are 55 cases that have been received and processed within the first half of 2022/23. There have been 29 Hospital Discharge referrals, 20 of which have been completed. The service is seeing an increase in referrals and is currently looking at ways to ensure properties are maintained in an appropriate condition. Current expenditure across the overall programme is £511k, with several large DFG projects in progress with a committed spend of £110k. Due to the change in Energy Company Obligation and Sustainable Warmth funding no longer covering emergency boiler repair/replacement, the Council are offering a DFG heating grant for elderly and vulnerable clients without heating and hot water, who would have normally qualified for a DFG. This year the Council have funded 8 clients to a value of £42k.

5. CAPITAL RESOURCES

5.1 The table below shows the General Fund resources available to fund capital projects in the future:

| General Fund Capital Resources | Opening Balance 01/04/2022 £ | Actual Income 2022/23 £ | Anticipated Use of Funding 2022/23 £ | Projected Balance 31/03/2023 £ |
|---------------------------------------|---|--|---|---|
| Capital Receipts | (355,080) | (88,670) | 181,830 | (261,920) |
| S106 Capital Contributions | (832,170) | 0 | 52,000 | (780,170) |
| Capital Grants unapplied | (96,390) | 0 | 0 | (96,390) |
| Total Capital Resources | (1,283,640) | (88,670) | 233,830 | (1,138,480) |

Table 6: General Fund Capital Resources 2022/23

| Capital Grants Unapplied | Opening Balance 01/04/2022 £ | Actual Income 2022/23 £ | Anticipated use of Funding 2022/23 £ | Projected Balance 31/03/2023 £ |
|---------------------------------------|---|--|---|---|
| Localised Council Tax Support | (41,390) | 0 | 0 | (41,390) |
| Land at South of Hever Court Road | (55,000) | 0 | 0 | (55,000) |
| Total Capital Grants Unapplied | (96,390) | 0 | 0 | (96,390) |

Table 7: Capital Grants Unapplied 2022/23

5.2 The table below lists the S106 developer contributions currently held by the council. These contributions are treated as specific grants as they have conditions attached to their use.

| S106 Developer Contributions | General Fund £ | HRA £ | Third Party Contributions £ | Total S106 Income 2022/23 £ | Purpose of S106 |
|---|-------------------|-----------------|-----------------------------------|--------------------------------------|--|
| Infrastructure Maintenance Depot (IMD) Compensation fund | (2,590) | 0 | 0 | (2,590) | This grant fund was established by money secured from Union Rail the developers of the Channel Tunnel Rail Link. The original contribution was £242,000. Its aim is to support the delivery of landscape access, wildlife and recreation schemes in the Wards and Parishes affected by the development. The money can be spent on Singlewell Ward to deliver mitigation requested by Leisure Services. |
| Land at the South of Hever Court Road | 0 | 0 | (80,000) | (80,000) | Highways contribution. |
| Whitehill Open Space | (52,000) | 0 | 0 | (52,000) | Towards qualitative improvements to the wider Whitehill amenity space. These funds might be put towards a number of potential opportunities including, for example, new seating, footpath improvements, new planting and/or the levelling of the retained amenity space to the north of the proposed development. |
| Land South of Dalefield Way, Dering Way | (17,000) | 0 | 0 | (17,000) | Flood Risk Management - £12,000, Bus Shelter - £5,000. |
| Whitehill Road | 0 | 0 | (2,670) | (2,670) | Funding is for a Traffic Regulation Order linked to parking. |
| Springhead Leisure Contribution | (150,000) | 0 | 0.00 | (150,000) | To provide additional and/or improved play facilities at the Recreational ground and if not expended in 7 years after payment any unspent sum should be repaid |
| Bluewater - Gravesend Town Centre Improvements | (37,790) | 0 | 0 | (37,790) | A scheme to improve or enhance the environmental setting, visitor and shopper experience, and / or attractiveness of Gravesend Town Centre. |
| Dover Road - Open space | (50,000) | 0 | 0 | (50,000) | For use by Gravesend Council leisure for Springhead Recreation Ground pitch improvements at Dover Road Development, Includes levelling works to make 'pitch' 2 more usable to accommodate junior markings and potential 5V5 pitch. |
| Cold Harbour Road | (184,000) | 0 | 0 | (184,000) | To be used to fund projects to improve and enhance the Fleet Leisure Centre or such other leisure facilities situated within 5 miles of the Site. |
| Meopham Police Station | 0.00 | (24,500) | 0 | (24,500) | Payable towards the provision of or major upgrade, refurbishment or improvement of Affordable Housing in the Borough of Gravesham. |
| Rosherville Property Development - NHS Contribution | 0.00 | 0 | (155,230) | (155,230) | Refurbishment, configuration and/or extension of either Gravesend medical centre or the Springhead Health Centre |
| Rosherville Property Development - St Andrews Gardens | (285,260) | 0 | 0 | (285,260) | Towards the improvement of landscaping at St Andrew's Gardens. |
| Heritage Funds | (29,030) | 0 | 0 | (29,030) | Purpose of implementing measures to enhance the interpretation of heritage assets. |
| Total S106 Contributions | (807,670) | (24,500) | (237,900) | (1,070,070) | |

Table 8: S106 Contributions 2022/23

| Secondary Implications | |
|--|--|
| Risk Assessment | The purpose of this report is to demonstrate financial performance as at 30 September against the original budget set for the 2022/23 financial year, and assess full year projections to 31 March 2023. It also illustrates how the projected position affects the Working Balances and Earmarked Reserves held by the Council. |
| Data Protection Impact Assessment | <i>A data protection impact assessment (DPIA) should be carried out at the start of any major project involving the use of personal data or if you are making a significant change to an existing process.</i> |
| | a. Does the project/change being recommended through this paper involve the processing of personal data or special category data or criminal offence data ? A definition of each type of data can be found on the Information Commissioner's Office website via the above links. N/A |
| | b. If yes to question a, have you completed and attached a DPIA including Data Protection Officer advice? N/A |
| | c. If no to question b, please seek advice from your nominated DPIA assessor or the Information Governance Team at gdpr@medway.gov.uk . N/A |
| Equality Impact Assessment | a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community? If yes, please explain answer. No decision – paper is for information only. |
| | b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality? If yes, please explain answer. No decision – paper is for information only. |
| | <i>In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above</i> |
| Crime and Disorder | No direct implications |
| Digital and website implications | No direct implications |
| Safeguarding children and vulnerable adults | No direct implications |