

Classification: Public

Key Decision: No

Gravesham Borough Council

Report to: Report for Cabinet
Report for Finance and Audit Committee

Date: 6 November 2023 / 8 November 2023

Reporting officer: Assistant Director (Corporate Services)

Subject: General Fund Budget Monitoring Report
2023/24 – Quarter Two

Purpose and summary of report:

To provide Members with information on actual performance against the approved Revenue and Capital budgets for 2023/24, 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 | One Council: a well-run and innovative authority, defined by its skilled and valued workforce, committed to developing its local social impact. Financial responsibility: a financially sustainable authority, driven by a strong Medium Term Financial Strategy, enforced by a suite of effective financial monitoring controls. |
| 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 2023/24 financial year for the second quarter to 30 September 2023, 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;
 - Requiring recruitment activity which impacts on either budgetary provision or results in a permanent change to the staffing establishment to be considered and approved by Management Team
 - Monitoring the delivery of activity under the Medium Term Financial Strategy (MTFS).

2. EXECUTIVE SUMMARY

Revenue

- 2.1. Significant projected movements against budget during Quarter Two are detailed in the report. The financial pressure in particular relating to spend on temporary accommodation continues into Quarter Two and is outside of the Council's control. As previously reported, in response to the financial challenges the Council has put in place a 5-year Medium Term Financial Strategy with initiatives to help improve the financial position. This is explained in section 3.10 "Wider Risks to the MTFP".
- 2.2. As at Quarter Two there is a forecast overspend of £1,089k.
- 2.3. The level of Working Balances at year-end is projected to be £4.97m, constituted of minimum working balances of £2.0m, with the projected overspend of £1,089k leaving the General Fund reserve balance at £2.97m, this is below the recognised level of £3.25m as stated in the MTFS.
- 2.4. The opening balance of £7.82m has been re-stated to incorporate additional interest charges in prior years relating to the St George's Shopping Centre transaction (subject to external audit). However, upon exiting the deal with Aviva in October 2023 and the financial arrangements relating to the St George's Shopping Centre, the council secured a significant saving on the final settlement sum than originally anticipated.
- 2.5. Movements in the year are projected to result in a net decrease in earmarked reserves of £3.6m. Within this movement, £0.7m relates to a drawdown from the NNDR Collection Fund Equalisation Reserve, arising from Collection Fund accounting arrangements during 2022/23, £0.8m relates to a projected drawdown for asset enhancement works (primarily within the capital programme), and £0.8m to support the Waste Freighter Replacement programme.

Capital

2.6. The General Fund Capital Programme working budget is £84.1m, including £43.2m relating to The Charter, £3m for the St George's Centre, £27m for a New Leisure Centre, and a combined £3.5m relating to Property/Land Acquisition schemes. Actual spend, as at the end of Quarter Two was £7.6m. Forecasted spend for 2023/24 as at Quarter Two is £29.8m.

3. REVENUE

3.1. Budget 2023/24

3.1.1. The approved Original Budget Requirement for 2023/24 was £14,127,930, largely funded by a combination of retained Non-Domestic Rates, New Homes Bonus, and Council Tax. Additionally, there was a requirement to use £2,262,090 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 2023.

| Directorate / Budget Heading | Original Budget 2023/24 (£) | Forecast 2023/24 (£) | Variation 2023/24 (£) |
|---|-----------------------------|----------------------|-----------------------|
| Chief Executive | 422,090 | 422,090 | 0 |
| Communities | 4,254,740 | 5,369,530 | 1,114,790 |
| Corporate Services | 3,821,720 | 3,455,970 | (365,750) |
| Environment | 6,386,630 | 6,346,630 | (40,000) |
| Housing | 2,395,360 | 3,395,360 | 1,000,000 |
| Items carried forward from 2022/23 | 0 | 7,610 | 7,610 |
| Non-Directorate Specific | 528,730 | 528,730 | 0 |
| Interest and Investment Income | (832,000) | (1,488,830) | (656,830) |
| Government Grant Funding | (1,184,260) | (1,184,260) | 0 |
| Transfers to/ (from) reserves | (2,701,810) | (2,701,810) | 0 |
| Transfers to/ (from) balances | 500,560 | 500,560 | 0 |
| Transactions below the line | 536,170 | 628,640 | 92,470 |
| BUDGET REQUIREMENT | 14,127,930 | 15,280,220 | 1,152,290 |
| Business Rates Income | (3,374,230) | (3,437,230) | (63,000) |
| Revenue Support Grant | (112,450) | (112,450) | 0 |
| Council Tax Income | (7,915,920) | (7,915,920) | 0 |
| Parish Precepts | (515,720) | (515,720) | 0 |
| New Homes Bonus | (500,560) | (500,560) | 0 |
| Lower Tier & Services Grants | (387,350) | (387,350) | 0 |
| Transfers to/(from) the Collection Fund | 940,390 | 940,390 | 0 |
| Use of Working Balances | (2,262,090) | (2,262,090) | 0 |
| BUDGET SHORTFALL/(UNDERSPEND) | 0 | 1,089,290 | 1,089,290 |

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

3.2. CHIEF EXECUTIVE'S DIRECTORATE – NIL VARIANCE

3.2.1 There are no significant variances to report.

3.3. COMMUNITIES DIRECTORATE – £1,115k ADVERSE VARIANCE

3.3.1 **Energy Costs: £200k favourable variance** – At the time of setting the 2023/24 budget, energy prices were volatile and to reflect this increased provision was factored into electricity and gas budgets based upon usage and pricing trends at the time.(electricity day and night unit prices rising by 17% and 45% respectively in October 2022. Similarly, gas unit prices rose by 58% in October 2022).

3.3.2 In 2023/24 electricity day and night unit prices have fallen by 22% and 18% respectively from April, which combined with lower than budgeted usage, has led to a projected underspend for the year of £100k. Similarly, gas unit prices have fallen by 36% from April, which combined with lower reduced usage, has also led to a projected underspend of £100k.

3.3.3 The combined projected underspend for energy for 2023/24 is £200k, although this continues to be closely monitored given price uncertainty in the market. Updated projections are being worked upon for inclusion in the 2024/25 budget-setting process, and will be reported to Members in due course.

3.3.4 **Events budget: £104k favourable variance** – This is a result of a budget rationalisation exercise as part of the balancing the budget activity and utilising funding from the enterprise zone for events as approved by Cabinet in June 2023. Within this £63k is being utilised from Enterprise Zone business rates funds.

3.3.5 **Fibre Optics: £14k favourable variance** – There is no longer a requirement for fibre optic cables for CCTV purposes, decommissioning these has resulted in an annual saving of £14k.

3.3.6 **Civic Fountains: £10k favourable variance** – This relates to decommissioning of fountains in Community Square. Costs of reinstating the fountains after a period of closure during the COVID Pandemic were deemed prohibitive. This variance has resulted in subsequent savings in running costs.

3.3.7 **Gateway License: £11k adverse variance** – Loss of income relating to The Department of Work and Pensions terminating their licence to occupy desks and a meeting room on the ground floor of the civic centre in July 2023.

3.3.8 **Street Lighting: £20k adverse variance** – Following the completion of upgrade works, there is additional expenditure of £20k relating the ongoing maintenance of Council Street Lighting-stock.

3.3.9 **Leisure Services: £500k adverse variance.** This relates to the ongoing support provided to Gravesham Community Leisure Limited (GCLL). In March 2023 the council agreed to waive the £250k Management Fee payable in response to the significant increases in energy costs and GCLL invoking a clause in their contract. As set out in the contract, GCLL are responsible for overall consumption costs associated with gas, electricity and water charges, whereas the Council are responsible for increases in the unit cost of utilities, this resulted in support of a further £250k equating to an overall adverse variance of £500k. This level of support will be monitored during the course of the year to ensure it is reflective of any downward movement in energy unit costs.

3.3.10 **St George's Centre – net rental income: £912k adverse variance** – Rental of units in shopping centres continues to be challenging, particularly post the Covid-19 pandemic and in the current Cost of Living crisis coupled with changing customer behaviour and business delivery models. As a result there has been a significant downward pressure on rents, and a number of vacant units within the Centre for which the Council continues to incur service charges and business rates which would otherwise have been chargeable to tenants. There is however, significant progress on attracting new tenants, with all units at the centre either under offer or for earmarked uses that will help reduce the council's liabilities for services charges and business rates. Currently, the position stands at a projected net adverse variance for 2023/24 of £912k.

3.4 **CORPORATE SERVICES DIRECTORATE – £366k FAVOURABLE VARIANCE**

3.4.1 **Interest Payable: £256k favourable variance** – There are several items of expenditure within this budget line that has resulted in the forecast position

- Delays to The Charter Development have resulted in higher interest costs as external debt is now at higher interest rates and for longer than originally envisaged.
- The original budget included an assumption that The Charter development would reach practical completion during the year and on refinancing interest costs incurred during the development phase would be reimbursed. Given the issues with the development, practical completion has been delayed resulting in refinancing and subsequent reimbursement also being delayed to 2024/25.
- Financing options for the new Leisure centre are being reviewed.
- The net impact of the interest charges on the new PWLB loans which has replaced the Aviva transaction less the budgeted charge for the Aviva interest, has the overall effect of resulting in a net favourable variance of £256k.

3.4.2 **Housing Benefit Subsidy – £223k favourable variance** – Housing Benefit budgets have been reviewed as part of the budget rationalisation exercise. This has resulted in some changes in subsidy estimates in future years based on caseload reductions as a result of the implementation of Universal Credit.

3.4.3 **Corporate Inflation – £115k favourable variance** – In October 2022 the rate of inflation stood at over 11%. The current rate of inflation (October 2023) is 6.7% with the bank of England forecasting that this rate could fall further by the end of the year and to fall to 2% in the first half of 2025. To reflect this £115k has been released in Quarter Two to cover general inflation pressures across the General Fund services.

3.4.4 **Internal Audit: £27k adverse variance** – The Internal Audit Shared Service is hosted at Medway Council, who have opted out of the National Joint Council (NJC) pay structure in favour of a local pay structure known as MedPay. The most recent review of this pay structure concluded that there will be additional Shared Service costs attributable to Gravesham in 2023/24 of £27k.

3.4.5 **Treasury Management: £202k adverse variance** – There are two areas of spend which have resulted in an adverse variance. The Council engaged ArlingClose to undertake negotiations with Aviva Investors to exit the legal and financial arrangements relating to the St Georges shopping centre. ArlingClose achieved a significant saving for the Council as a result of those negotiations. The Council has also incurred brokers fees when securing external borrowing for The Charter development. This is a timing issue as these costs will be recovered as part of the refinancing exercise once the development reaches practical completion.

3.5 ENVIRONMENT DIRECTORATE – £40k FAVOURABLE VARIANCE

3.5.1 **Fuel Costs: £40k favourable variance** – following analysis of recent trends of fuel usage and costs compared to when the budget was originally set, a £40k favourable variance is currently anticipated in 2023/24. This primarily relates to the Waste and Street Cleansing vehicles. Fuel costs will continue to be closely monitored as there is still ongoing uncertainty surrounding fuel prices.

3.6 HOUSING DIRECTORATE – £1,000k ADVERSE VARIANCE

3.6.1 As previously reported cost pressures of the Homelessness Service, in particular relating to Temporary Accommodation continue to be a serious budget pressure for the council.

3.6.2 The Local Government Association published an article in July stating that Councils in England face a funding gap of almost £3 billion over the next two years with the main financial pressure being spend on Homelessness. The Council's original net budget for temporary accommodation was £883k and the current projected net expenditure is £1.883m. Thus, the predicted net overspend on homelessness at year end is £1m.

3.6.3 The Housing Options Managers are progressing various initiatives to reduce the cost of temporary accommodation which includes the on-going work to create a social lettings agency which is due to come online in October. This will enhance our work within the private sector and enable move on from temporary accommodation by working with registered social landlords and exploring procurement/leasing with larger housing providers. Officer level case work is also being targeted to ensure the service is maximising income via housing benefits, making prompt legal housing decisions and maximising move on plans out of nightly paid accommodation.

3.6.4 The number of households presenting to the service either as homeless or in threat of being homeless is not reducing. There continues to be scrutiny around processes and procedures to ensure that the council are robust with assessments and placements. The table below shows the number of homeless approaches within the last two quarters and details the number placed in Temporary Accommodation.

| | April | May | Jun | Jul | Aug | Sep |
|---------------------------|-------|-----|-----|-----|-----|-----|
| No of Homeless Approaches | 141 | 162 | 163 | 182 | 162 | 139 |
| No of TA placements | 20 | 11 | 21 | 17 | 20 | 19 |

3.7 CARRIED FORWARD FROM 2022/23 – £7,610

3.7.1 An amount of £7,610 was approved for carry forward to 2023/24 by the Section 151 Officer and the Council's Management Team, this is in relation to external funding received for 'Base Camp' an event focused on Armed Forces.

3.8 INTEREST AND INVESTMENT INCOME – £657k FAVOURABLE VARIANCE

3.8.1 Spend on the capital programme in the current and previous financial year has been slower than was anticipated at budget setting which has resulted in the Council having higher cash balances for longer. This coupled with the increasing Bank of England base rate has had a positive impact on the income generated by the Council's investments. Assumptions about the level and speed of interest rate rises at budget setting were

much more modest than has been experienced to date, as the Bank of England attempts to control rising inflation.

3.9 FUNDING STREAMS – £29k ADVERSE VARIANCE

- 3.9.1 The minimum revenue provision (MRP) budget for the year is based on the forecast capital spend in the preceding year. At budget setting, there was an expectation that capital schemes which were being funded through either external or internal borrowing would be at a certain level. However, as the level of spend in 2022/23 was higher than these expectations, the MRP charge in the current year is higher as a direct consequence, resulting in an adverse variance of £29k.
- 3.9.2 Under accounting arrangements, the corresponding entries relating to reserve-funded expenditure within service (the drawdown from the reserve and transfer into the specific service) are shown here. £63k of additional business rates income has been generated from the Enterprise Zone (as reflected within the business rates line), and has been transferred via the Enterprise Zone reserve to contribute to the Events Programme within the Communities directorate.

3.10 Wider Unbudgeted Risks to the MTFP

- 3.10.1 During the budget-setting process consideration was given to known financial challenges, the council continues to work within an uncertain financial environment which is compounded by the continuing cost-of-living crisis and high interest rates. The challenges reported at Quarter One have continued into Quarter Two. Increasing demand for the services the council provides coupled with continued budget pressures which mainly fall outside of the council's control puts the MTFP in a challenging position.
- 3.10.2 The latest MTFP shows a budget gap £1.086m. To meet this budget gap, the council will need to utilise all of its available working balances in 2023/24 and based on current projections draw a further £282k from the General Fund Reserve. Action is underway to pro-actively manage this position with further reports added to the Cabinet agenda for 6th November. There are other unknown budgetary pressures emerging that are likely to negatively impact the MTFP during 2023/24 some of which are shown below.
- 3.10.3 On 21st September the Bank of England continued to hold interest rates at 5.25%, the highest rate since 2008. This will undoubtedly impact on the cost of borrowing for the council going forward and could affect projects that require a high level of borrowing.
- 3.10.4 St George's Centre – The work to establish the correct accounting treatment of the Council's relationship with Aviva, the investor within the St George's Centre transaction has now been determined. A decision was given by Cabinet in September 2023 to end the arrangement with Aviva which resulted in the Council exiting the deal in October 2023. Although this arrangement has now ended, the transaction is subject to external audit scrutiny.
- 3.10.5 Staffing Costs – During the budget-setting process for 2023/24, an allowance was made for a general pay award of 5%. This covered all pay scales, allowances with subsequent impacts on employer national insurance and pension contributions. The pay settlement for 2023/24 still remains unresolved, with the National Joint Council (NJC) full and final offer to the unions representing an increase of £1,925 (pro rata for part-time employees) to be paid as a consolidated, permanent addition on all NJC pay points, equating to a percentage increase of between 9.42% and 3.88% across the salary scales.

3.10.6 In response to the financial challenges the Council continues to face, in February 2023 Full Council approved a revised five-year Medium-Term Finance Strategy building on the 5 key initiatives set out in February 2022 to help improve the financial position. Officers continue to actively monitor progress against these 5 key areas.

3.10.7 The initiatives set out in the MTFS are:

Reviewing Fees and Charges

This has seen favourable variances in the areas of planning application fees and garden waste.

Budget Rationalisation

Reviewing consistent underspends, particularly in the area of reprographics

Trading and Commercial

Rent reviews & income from our Local Authority Trading Company

Asset Optimisation

Maintaining an optimum portfolio and obtaining best value from our assets

Continuous service reviews

Looking at ways to increase income, reduce costs and improve efficiency. Options for consideration as a result of these reviews will be brought to members in due course.

3.11 WORKING BALANCES AND RESERVES

3.11.1 As mentioned above in 2.3 the level of working balances brought forward from 2022/23 has been adjusted to reflect the impact of the additional interest charges as a result of the St George's Transaction, this however is subject to external audit scrutiny.

3.11.2 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 2022/23 | 7,818,520 |
| New Homes Bonus (Straight to working balances) | 500,560 |
| Budgeted use of Working Balances to support the General Fund | (2,262,090) |
| Variances per budget report (Incl.items Bfwd from 2022/23) | (1,089,290) |
| Working Balances C/Fwd (as at 31 March 2024) including Minimum GF Working Balance | 4,967,700 |
| Less: Minimum GF balance | (2,000,000) |
| Less: Additional General Fund Reserve (after release of £282,300) | (2,967,700) |
| Usable Working Balances C/Fwd (as at 31 March 2024) | 0 |

Table 3: Effect on General Fund Balances

3.11.3 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 01/04/2023 £'000 | Forecast Use of Reserve (Expenditure) £'000 | Forecast Contributions (Income) £'000 | Forecast Balance 31/03/2024 £'000 |
|--|---|--|--|--|
| Planning Policy Reserve | 545 | (232) | 50 | 363 |
| Asset Enhancement Reserve | 988 | (807) | 100 | 281 |
| Leisure Centres Reserve | 28 | (28) | | -- |
| Corporate Priorities Reserve | 600 | (235) | 121 | 486 |
| Elections Reserve | 225 | (163) | | 62 |
| NNDR Collection Fund Equalisation Reserve | 2,102 | (721) | | 1,381 |
| IT Infrastructure Reserve | 457 | (44) | 25 | 438 |
| DSO Vehicle Capital Reserve | 344 | (246) | 132 | 230 |
| Freighter Replacement Reserve | 1,156 | (800) | 221 | 577 |
| NNDR Growth Fund Reserve | 408 | (110) | | 298 |
| Lower Thames Crossing Reserve | 140 | | | 140 |
| Woodville Repairs Reserve | 122 | | 57 | 179 |
| Investment Interest Equalisation Reserve | 500 | | | 500 |
| Housing & Commercial Growth Fund | 700 | | | 700 |
| Commercial Income Protection Reserve | 758 | | 13 | 771 |
| Playgrounds Reserve | 109 | (130) | 69 | 48 |
| Decriminalisation Reserve | 141 | (141) | | -- |
| Enterprise Reserve | 1,177 | (560) | 422 | 1,039 |
| Climate Change Reserve | 498 | (122) | | 376 |
| Sub-total - Specific Earmarked Reserves | 10,998 | (4,339) | 1,210 | 7,869 |
| Revenue Grants not yet applied | 1,468 | (509) | 8 | 967 |
| Total - All Earmarked Reserves | 12,466 | (4,848) | 1,218 | 8,836 |

Table 4: Analysis of Specific Reserves

3.11.4 New approved uses of reserves include:

- £121k released from the Corporate Priorities Reserve to facilitate the set-up of a Social Lettings Agency within the Homelessness service as mentioned in above in 3.6.3 (projected to be added back to the reserve from a reduced call on nightly paid bed & breakfast temporary accommodation).

- £63k released from the Enterprise Zone Reserve to contribute to the financing of the Council's Events programme.
- £110k released from the Growth Fund Reserve to fund "Design for Gravesham" – a borough wide design code to advise on sustainable new development and regeneration.

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 2023/24, taking into consideration adjustments for carried forward items as approved by the Section 151 Officer and the Council's Management Team.

| Scheme | 2023/24 Original Budget £ | 2023/24 Approved Carry Forwards £ | 2023/24 Working Budget £ | 2023/24 Actual Expenditure £ | Forecast as at Quarter 2 £ | Variance as at Quarter 2 £ |
|---|------------------------------|--------------------------------------|-----------------------------|---------------------------------|-------------------------------|-------------------------------|
| Essential Repairs to Buildings | 595,000 | 65,230 | 660,230 | 89,910 | 660,230 | 0 |
| Purchase of Vehicles (DSO Fleet) | 346,500 | 0 | 346,500 | 46,480 | 346,500 | 0 |
| Gatekeeper Replacement | 50,000 | 0 | 50,000 | 0 | 50,000 | 0 |
| New Wheeled Bins for Flat Recycling | 58,400 | 8,410 | 66,810 | 7,420 | 66,810 | 0 |
| Waste & Horticulture back office system | 11,490 | 8,960 | 20,450 | 5,960 | 20,450 | 0 |
| Replacement Playground Programme | 130,000 | 0 | 130,000 | 0 | 130,000 | 0 |
| Property Acquisition Programme | 3,564,790 | 0 | 3,564,790 | 0 | 0 | (3,564,790) |
| St George's Centre | 2,982,530 | 0 | 2,982,530 | 0 | 0 | (2,982,530) |
| Heritage Assets | 0 | 157,580 | 157,580 | 0 | 157,580 | 0 |
| Gym Equipment Leisure Centres | 0 | 28,150 | 28,150 | 0 | 28,150 | 0 |
| Parking Machines | 0 | 173,070 | 173,070 | 0 | 173,070 | 0 |
| LATCO development costs | 0 | 18,600 | 18,600 | 0 | 0 | (18,600) |
| LATCO working capital provision | 0 | 103,640 | 103,640 | 41,870 | 0 | (103,640) |
| Elizabeth Huggins Cottages – Loan | 288,140 | 345,380 | 633,520 | 461,230 | 633,520 | 0 |
| Purchase of Freighters | 800,000 | 0 | 800,000 | 586,590 | 800,000 | 0 |
| IT Infrastructure Assets | 40,000 | 0 | 40,000 | 6,260 | 6,250 | (33,750) |
| Rosherville Loan (The Charter) | 35,584,850 | 7,635,110 | 43,219,960 | 5,738,030 | 22,243,180 | (20,976,780) |
| New Leisure Centre | 27,001,610 | 0 | 27,001,610 | 79,140 | 379,000 | (26,622,610) |
| Disabled Facilities Grant | 1,019,600 | 1,205,110 | 2,224,710 | 543,890 | 2,224,710 | 0 |
| Springhead Sports Pitches | 150,000 | 0 | 150,000 | 0 | 150,000 | 0 |
| UK Prosperity Fund | 25,470 | 15,000 | 40,470 | 0 | 40,470 | 0 |
| Mobile Polling Station | 0 | 13,300 | 13,300 | 6,930 | 13,300 | 0 |
| Electric Vehicle Charging Point | 69,650 | 0 | 69,650 | 0 | 69,650 | 0 |
| Multi-Play Sports Equipment | 192,570 | 0 | 192,570 | 0 | 192,570 | 0 |
| St Andrews Garden Landscaping | 285,260 | 0 | 285,260 | 11,250 | 285,260 | 0 |
| Public Access to the River | 1,000,000 | 0 | 1,000,000 | 0 | 1,000,000 | 0 |
| AV Equipment for Council Chambers | 0 | 0 | 150,000 | 0 | 150,000 | 0 |
| | 74,195,860 | 9,777,540 | 84,123,400 | 7,624,960 | 29,820,700 | (54,302,700) |

Table 5: General Fund Capital Programme 2023/24

- **Essential Repairs to Buildings** – Resurfacing work at Gravesend Cemetery has been completed and the refurbishment of the office toilets at Brookvale are underway, works at Gordon Lodge commenced during August.
- **Purchase of Vehicles (DSO Fleet)** – A review of the current fleet is taking place to determine which vehicles are in need of replacing as vehicles near their end of useful life. Once this exercise is completed, orders will be placed for relevant vehicles taking account of climate change commitments. At the time of writing the councils is awaiting delivery of two vehicles.

- **Gatekeeper Replacement** – Capital works remain dependent on the Arriva bus company's timetable for removing bus stop infrastructure. Negotiations are underway to agree a timetable and financial contribution from BGC.
- **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.
- **Waste & Horticulture Back Office System** – The team are reviewing new digital systems for the allotment service.
- **Replacement Playground Programme** – A £10,000 donation to Cobham Parish Council towards new play equipment delivered in August 2023 was made. Plans were underway during Quarter Two to replace the Adizone area at the Gordon Promenade.
- **Property Acquisition Programme** – No property acquisitions were undertaken in the first half of the year.
- **St George's Centre** – As agreed by Cabinet, the council removed itself from the leasing structure in place with Aviva Investors relating to the St Georges in October 2023. No works are currently planned for the shopping centre during the year and this scheme will be removed from the capital programme.
- **Gym Equipment Leisure Centres** – Leisure and Property officers continue to work with the Head of Operations (GCLL) on additional gym equipment renewal items (eg. Spin bikes etc), as well as other potential priority equipment options as part of the planned preventative maintenance (PPM) schedule of works in 2023/24.
- **Parking Machines** – The council has paid 50% of the costs for the roll-out of the new off-street parking system and the remainder is due to be paid in-year.
- **LATCO Development Costs** – No requests for development funding have been received in the first half of the year.
- **LATCO Working Capital Provision** – Working capital of £41,871 was provided in the first quarter of the year to provide financial support to Rosherville Limited and its subsidiaries in line with the company business plan.
- **Elizabeth Huggins Cottages – Loan** – Construction has now concluded on site and the charity are expected to make their final drawdown requests in the third quarter of the year. The charity are now commencing repayment of the funding provided by the council in line with the agreed repayment schedule.
- **Purchase of Freighters** – Three new refuse collection vehicles were delivered during Quarter 1. Before procuring further vehicles, the service will need to consider options for future service delivery models given the government intention to introduce consistency in collections.
- **IT Infrastructure Assets** – Payment for some items of new members IT equipment fell into the first half of the year, but other than this, there are no significant items of infrastructure expected during 2023/24.
- **Rosherville Loan (The Charter)** – Work on the Charter development temporarily paused in June after the main construction contractor, Henry Construction, went into administration. Work was restarted on site in August by Statom Group and the council is

currently working with Rosherville Property Development Limited to understand the revised project programme. The site will bring forward 242 build-to-rent apartments, which will be marketed local first and deliver much needed homes for the local community.

- **New Leisure Centre** – The Council has embarked on the process of delivering new leisure centre provision at its Cascades site. A number of ongoing viability and financial stress tests have been undertaken so as to estimate operational revenue returns, which would be required to offset the capital build costs for the new centre.
- **Disabled Facilities Grants** – For the first two quarters spend has totalled £526,673. Out of a total grant of £2,280,019 of which £1,177,669 is these years allocated budget. With the remainder from previous years. In the next two quarters there will be a full review of the additional services we fund such as the Homestraight service and hospital discharge to ensure that we provide exceptional services that are good value for money.
- **Springhead Sports Pitches** – The recent open tendering process for pitch groundworks did not produce a preferred contractor, and so the council is now working with the Grounds Management Association to find a specialist company/s through a direct award.
- **UK Prosperity Fund** – Approval for a revised profile for UKSPF year two funding is currently being sought. Likely to require further carry-forward into 2024/25 if government approval is given.
- **Mobile Polling Station** – This station has been purchased and was used for the elections in May 2023. There are some updates being made to the station at the current time.
- **Electric Vehicle Charging Points** – Installation has commenced on the new EV charging points at the depot.
- **Multi-Play Sports Equipment** – Plans were agreed for the refurbished MUGA at Wombwell Park to be delivered in quarter 3.
- **St Andrews Garden Landscaping** – An engagement day took place during Quarter Two to feed into the long term plans for St Andrews Gardens. Due to the size and importance of the project it is unlikely that it will be concluded and delivered in 2023/24.
- **Public Access to the River** – A feasibility report has been undertaken by Beckett Rankine to appraise the potential of enhancing public river access at the Promenade in Gravesend. Several options have been explored, with both an improved and new slipway considered. Given current economic conditions and pressures on budgets the project is deferred, while external funding sources can be identified. The council remains committed to improving river access and the quality of riverside spaces and will continue working with stakeholders to identify funding sources to support these ambitions. A feasibility study has been commissioned for this work.
- **Audio Visual Equipment for Council Chamber** – In October, Full Council agreed to an in year adjustment of £150k as an addition to the approved capital programme. This is to enable the procurement of audio visual equipment to allow live streaming of meetings.

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 01/04/2023 £ | Forecast Income 2023/24 £ | Projected Use of Funding 2023/24 £ | Closing Balance 31/03/2024 £ |
|---------------------------------------|---|--|---|---|
| Capital Receipts | (1,542,450) | (838,460) | 1,463,310 | (917,600) |
| S106 Capital Contributions | (589,890) | 0 | 619,260 | 29,370 |
| Capital Grants Unapplied | (96,390) | 0 | 0 | (96,390) |
| Total Capital Resources | (2,228,730) | (838,460) | 2,082,570 | (984,620) |

Table 6: General Fund Capital Resources 2023/24

| Capital Grants Unapplied | Opening Balance 01/04/2023 £ | Actual Income 2023/24 £ | Use of Funding 2023/24 £ | Closing Balance 31/03/2024 £ |
|---------------------------------------|---|--|---|---|
| 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 2023/24

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 2023/24 £ | Purpose of S106 |
|---|-------------------|-------------|-----------------------------------|--------------------------------------|--|
| Infrastructure Maintenance Depot (IMD) Compensation fund | (2,590) | 0.00 | 0.00 | (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 South of Dalefield Way, Dering Way | (17,000) | 0.00 | 0.00 | (17,000) | Flood Risk Management - £12,000, Bus Shelter - £5,000. |
| Springhead Leisure Contribution | (150,000) | 0.00 | 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) | 0.00 | 0.00 | (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) | 0.00 | 0.00 | (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. |
| Coldharbour Road | (229,000) | 0.00 | 0.00 | (229,000) | 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. |
| Rosherville Property Development - NHS Contribution | 0.00 | 0.00 | (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) | 0.00 | 0.00 | (285,260) | Towards the improvement of landscaping at St Andrew's Gardens. |
| Heritage Funds | (29,030) | 0.00 | 0.00 | (29,030) | Purpose of implementing measures to enhance the interpretation of heritage assets. |
| King Street, Gravesend | (42,840) | 0.00 | (58,050) | (100,890) | GBC contribution towards improvements at one or both of the sites known as the Riverside Leisure Centre, Gordon Promenade Gravesend and Windmill Hill Gardens, Windmill Hill, Gravesend. Third Party contribution towards NHS; Library; Schools; Youth and community learning. |
| Builders Yard, Lower Range Road | (16,380) | 0.00 | (20,860) | (37,240) | GBC contribution for improvement works at Waterton Park, Park Place, the Riverside Leisure Area, Canal Road. Third Party contribution towards the provision of additional library book stock in Kings Farm Library, 100 Sun Lane and a contribution towards Phase 1 of the expansion of Gravesend Grammar School. |
| Total S106 Contributions | (859,890) | 0.00 | (234,140) | (1,094,030) | |

Table 8: S106 Contributions 2023/24

6. TREASURY MANAGEMENT INDICATORS

6.1 The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management 2021 recommends that members be updated on treasury management activities at least quarterly.

6.2 For Quarter two 2023/24, these are incorporated into the Treasury Management Strategy Statement Mid-Year review which will be presented to the Finance and Audit Committee on 8 November 2023 and subsequently to Full Council on 5 December 2023.

| | |
|--|---|
| | |
| Risk Assessment | The purpose of this report is to demonstrate financial performance as at 30 September against the original budget set for the 2023/24 financial year, and assess full year projections to 31 March 2024. It also illustrates how the projected position affects the Working Balances and Earmarked Reserves held by the Council. |
| Data Protection Impact Assessment | <p><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></p> <p>a. Does the project/change being recommended through this paper involve the processing of personal data or special category data or criminal offence data?</p> <p>A definition of each type of data can be found on the Information Commissioner’s Office website via the above links.</p> <p>N/A</p> <p>b. If yes to question a, have you completed and attached a DPIA including Data Protection Officer advice?</p> <p>N/A</p> <p>c. If no to question b, please seek advice from your nominated DPIA assessor or the Information Governance Team at gdpr@medway.gov.uk.</p> <p>N/A</p> |
| Equality Impact Assessment | <p>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.</p> <p>No decision – paper is for information only.</p> <p>b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality? If yes, please explain answer.</p> <p>No decision – paper is for information only.</p> <p><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></p> |
| Crime and Disorder | No direct implications |
| Digital and website implications | No direct implications |
| Safeguarding children and vulnerable adults | No direct implications |

