

Classification: Public

Key Decision: No

Gravesham Borough Council

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

Date: 29 January 2024 / 12 February 2024

Reporting officer: Director (Corporate Services)

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

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.

To inform Members of a proposed in-year addition to the 2023/24 Capital Programme.

Recommendation:

Cabinet is requested to:

1. Note the report.
2. Approve the addition of the Tech Hub Flexible Working Space to the current year capital programme as set out in sections 4.2 and 4.3 of this report.

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 third quarter to 31 December 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. At the end of Quarter Three there is an overall improved position for 2023/24 compared to Quarter Two. The report sets out a predicted underspend in the year of £125k, albeit a significant contribution of some £2m from working balances will still be required to meet planned expenditure for the year. The movement between Quarter Two and Quarter Three is as a result of revised expected income from the Business Rates Retention Scheme (now that the consequences of the 2023 Revaluation exercise are clearer), a projected in-year salary underspend and the realisation of proactive budget rationalisation work the council is undertaking to balance its budget.
- 2.2. Financial pressures experienced by the council continued into Quarter Three; a specific paper on these issues was presented to Cabinet in November 2023.
- 2.3. During the Quarter the council exited the financial arrangements with Aviva Investors relating to the St George's Shopping Centre. The council was able to secure a beneficial saving on the final settlement sum than that originally anticipated.

- 2.4. The level of Working Balances at year-end is projected to be £6.18m, constituted of minimum working balances of £2.0m, the General Fund reserve of £3.25m and usable Working Balances of £0.93m.
- 2.5. Movements in the year are projected to result in a net decrease in earmarked reserves of £3.7m. 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 Original Budget for 2023/24 incorporated a programme of around £84.1m, including spend associated with the Property/Land Acquisition Programme of £3.6m, works to the St George's Centre of £3m, drawdown of the loan facility for The Charter of £43.2m and commencement of works associated with a new Leisure Centre of £27m.
- 2.7. Increased costs of borrowing and challenges in the construction industry have required a reprofiling of planned schemes into 2024/25, which have been considered via the budget-setting process. Forecasted spend for 2023/24 now stands at £17.8m (as adjusted through the current working budget). Actual spend as at the end of Quarter Three was £9.7m with the largest movements compared to the Original Budget relating to delays in construction works of The Charter and a revised timescale for works at the new Leisure Centre.

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 next table sets out the current assessment of performance against the Original Budget by Directorate, based on known and projected variances as at 31 December 2023.

Directorate / Budget Heading	Original Budget 2023/24 (£)	Forecast 2023/24 (£)	Variation 2023/24 (£)
All Directorate - Salaries	0	(300,000)	(300,000)
Chief Executive	422,090	407,490	(14,600)
Communities	4,254,740	5,243,110	988,370
Corporate Services	3,821,720	3,419,520	(402,200)
Environment	6,386,630	6,300,130	(86,500)
Housing	2,395,360	3,335,360	940,000
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)	(2,526,940)	(1,342,680)
Transfers to/ (from) reserves	(2,701,810)	(2,504,390)	197,420
Transfers to/ (from) balances	500,560	500,560	0
Transactions below the line	536,170	628,640	92,470
BUDGET REQUIREMENT	14,127,930	13,550,990	(576,940)
Business Rates Income	(3,374,230)	(2,922,080)	452,150
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	(124,790)	(124,790)

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

3.2. ALL DIRECTORATE – £300k FAVOURABLE VARIANCE

3.2.1 The Council's original budget for 2023/24 included a projected general pay award of 5% for all staff. Following negotiations between the Local Government Organisation and the Unison, Unite and GMB Unions, agreement was reached in November resulting in an average pay increase of 5.54% for employees, with the average increase in employer costs being 7.26% (taking into account resultant increases in employers National Insurance and pension contributions). When factoring in the Senior Management restructure commencing in June 2023, and natural turnover as well as posts held vacant pending the re-design of services, the net budgetary impact for 2023/24 is a projected favourable variance of £300k.

3.3. CHIEF EXECUTIVE'S DIRECTORATE – £15k FAVOURABLE VARIANCE

3.3.1 **Budget Rationalisation: £15k favourable variance** – As part of the Council's Balancing The Budget activity designed to address the ongoing financial challenges, beginning during the second quarter of 2023/24 and concluding during the third quarter, budget holders were initially asked to carry out a wholistic review of budgets within their areas. This was to identify immediate areas for budgetary reduction – through a combination of reduced expenditure and/or increased income opportunities. Within the Chief Executive's Directorate, this process has identified £15k worth of favourable variances which are now being released in the council's MTFP.

- 3.4. **COMMUNITIES & INCLUSIVE GROWTH DIRECTORATE – £988k ADVERSE VARIANCE**
- 3.4.1 **Energy Costs: £230k 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).
- 3.4.2 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 £130k. 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.
- 3.4.3 The combined projected underspend for energy for 2023/24 is £230k, although this continues to be closely monitored given price uncertainty in the market.
- 3.4.4 **Events budget: £104k favourable variance** – This variance has arisen as 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.
- 3.4.5 **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.
- 3.4.6 **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.
- 3.4.7 **Gateway License: £11k adverse variance** – This variance relates to the 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.
- 3.4.8 **Street Lighting: £20k adverse variance** – Following the completion of upgrade works, there is additional expenditure of £20k relating to the ongoing maintenance of Council Street Lighting-stock.
- 3.4.9 **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 projected further support of £250k as at Quarter Two, equating to an overall adverse variance of £500k.
- 3.4.10 Officers have continued to monitor the potential level of support required, noting that the previously anticipated gas unit cost rises in October 2023 did not happen (the price in fact fell), with further unit cost reductions forecast from April 2024. It is therefore hoped that the Council may receive a £50k Management Fee, payable at the end of 2023/24 – this is currently not reflected in the overall adverse variance due to its uncertainty but is nevertheless included here by way of an update and wider information for Members.

- 3.4.11 Officers will continue to monitor the situation, with any eventual Management Fee payable reported as part of the year-end budget monitoring outturn report.
- 3.4.12 **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 currently either under offer or earmarked for 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.
- 3.4.13 **Budget Rationalisation: £97k favourable variance** – In a similar fashion as described within the Chief Executive's Directorate, the equivalent exercise within Communities has delivered a favourable variance of £97k. This comprises of a number of items across the directorate including a rationalisation of the Cultural Events Programme and various equipment, materials and stationery budgets.

3.5 **CORPORATE SERVICES DIRECTORATE – £402k FAVOURABLE VARIANCE**

- 3.5.1 **Interest Payable: £256k favourable variance** – There are several items of expenditure within this budget line that have 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.
- 3.5.2 **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.
- 3.5.3 **Corporate Inflation – £115k favourable variance** – In October 2022 the rate of inflation stood at over 11%. The latest figures released (November 2023) show inflation at 3.9% with the bank of England forecasting that this rate could fall further by the end of the financial year. To reflect this easing of inflationary pressures, £115k has been released to date across the General Fund services.
- 3.5.4 **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.

3.5.5 **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 beneficial 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.

3.5.6 **Budget Rationalisation: £37k favourable variance** – The recent budget rationalisation exercise within Corporate Services has identified £37k worth of favourable variances. This comprises various running expenses across the directorate including equipment, travelling and court cost budgets.

3.6 **ENVIRONMENT DIRECTORATE – £86k FAVOURABLE VARIANCE**

3.6.1 **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.

3.6.2 **Garden Waste Income: £30k favourable variance** – The service continues to grow with additional demand for the subscription service during 2023/24. This has led to a projected favourable year-end variance of £30k.

3.6.3 **Budget Rationalisation: £16k favourable variance** – The recent budget rationalisation exercise has identified £16k favourable variance across the Environment directorate.

3.7 **HOUSING DIRECTORATE – £940k ADVERSE VARIANCE**

3.7.1 **Homelessness – Temporary Accommodation: £1m adverse variance** – The financial situation continues to be challenging, and Gravesham, like many other councils, continues to face significant challenges in delivering agreed outcomes within budget parameters for the Homelessness service.

3.7.2 The Local Government Association published an article earlier in 2023/24 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. This was updated to £4 billion in December 2023 after the announcement of the Provisional Local Government Finance Settlement. 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.

3.7.3 Officers are continuing to work hard to reduce the in-year overspend and continue to identify savings moving forward. The Housing Options Manager is progressing several initiatives to reduce the cost of temporary accommodation the creation the GBC Lettings is contributing towards this goal. The work undertaken at officer level continues to be scrutinised to ensure the service is maximising income via housing benefit, moving households on from expensive nightly paid accommodation. The vital work undertaken by the dedicated Income Officer has resulted in significant reduction in arrears levels for households in temporary accommodation and an increase in income recovery. In addition, the Officer now allows the Council the opportunity to take the appropriate legal action against households who do not pay their rent in a timely manner.

- 3.7.4 The number of households approaching for housing assistance to the service is not reducing. There is continued scrutiny around processes and procedure to ensure the council continue to be robust with all assessments and placements. The table below shows the number of households approaching for assistance within the last three quarters and details the number placed in temporary accommodation.

Homelessness Data Table	April	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
No of Homeless Approaches	141	162	163	182	162	139	182	152	102
No of TA placement	20	11	21	17	20	19	23	13	12

- 3.7.5 **Wrotham Road Income: £35k favourable variance** – The recoverable service charge element attributable to the Housing Benefit process at 147 Wrotham Road, is projected to generate an additional £35k compared to the original budget in 2023/24.
- 3.7.6 **Budget Rationalisation: £25k favourable variance** – The recent budget rationalisation exercise has identified a £25k favourable variance across the Housing directorate.

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

- 3.8.1 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.

3.9 INTEREST AND INVESTMENT INCOME – £657k FAVOURABLE VARIANCE

- 3.9.1 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.

3.10 FUNDING STREAMS – £601k FAVOURABLE VARIANCE

- 3.10.1 **Government Grant Funding & Business Rates Income: Net £891k favourable variance** – Due to timing differences between completion of the statutory NNDR1 form in January 2023 and the finalisation of the budget-setting process for 2023/24, impacted by the revaluation exercise that was implemented in April 2023, estimates were made to assess Business Rates income, and Central Government Section 31 grants receivable in-lieu of direct business rates receipts. Based on grant payments received to date, the expected pattern for the remainder of 2023/24, in conjunction with direct Business Rates income received and analysis of business rates conducted as part of the budget setting process, there is a net projected favourable variance of £891k. This also includes £197k related to the Enterprise Zone referred to below.
- 3.10.2 **Transfers to/from Reserves: £197k additional contribution** – In a similar fashion to above, additional business rates income from the Enterprise Zone is being realised in 2023/24 compared to the NNDR1 form estimates. Under arrangements for Enterprise

Zone accounting, this income is transferred to an earmarked reserve and held in the Council's balance sheet pending drawdown for expenditure.

- 3.10.3 **Transactions below the line: £93k adverse variance** – 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.
- 3.10.4 Under accounting arrangements, the corresponding entries relating to reserve-funded expenditure within services (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 and Inclusive Growth directorate.
- 3.10.5 Thus the total reported for Transactions below the line is a combination of the MRP and Enterprise Zone items described above.

3.11 **Wider Unbudgeted Risks to the MTFP**

- 3.11.1 In November 2023, Cabinet considered a report updating on the current financial challenges facing the Council, the General Fund Budget and Medium Term Financial Plan (MTFP) and drawing attention to the activity to be undertaken to manage the council's ongoing financial sustainability, which will also be reflected in the budget proposals presented to all Members in February 2024.
- 3.11.2 Whilst the in-year position has improved, with current projections indicating that the council will not be required to draw from its General Reserve, a significant contribution of some £2m from working balances will still be required to meet planned expenditure for the year. The council continues to have a structural budget gap.
- 3.11.3 The Autumn Statement offered little relief for local government, indicating that there will be no change in the overall planned increase in Resource Departmental Expenditure (RDEL) of 1% in real terms beyond the current Spending Review period (i.e. 2025/26 to 2028/29). This would indicate likely real-terms cuts for unprotected services, including most of local government. The Chancellor also announced the intention to apply more pressure on the public sector through the setting of 0.5% annual productivity improvement targets.
- 3.11.4 In a similar vein, the Provisional Local Government Finance Settlement 2024/25 announced on 18th December was for one year only. This is the sixth year where a one year settlement has been announced, stifling the ability for effective financial planning to extend much further beyond just one year.
- 3.11.5 Following an incident in Parrock Street Car Park in December 2023, damage occurred to the electrical junction box by the Parrock Street exit affecting the Sagoss Parking System. The council is applying pressure on UK Power Networks to carry out the works to reinstate the junction box, alongside pursuing an insurance claim for lost income and equipment repair costs. The duration of the outage and outcome of any insurance claim is currently unknown, but the incident is a financial risk to the level of expected income in 2023/24.

3.12 WORKING BALANCES AND RESERVES

3.12.1 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 remains subject to final external audit confirmation.

3.12.2 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)	124,790
Working Balances C/Fwd (as at 31 March 2024) including Minimum GF Working Balance	6,181,780
Less: Minimum GF balance	(2,000,000)
Less: Additional General Fund Reserve	(3,250,000)
Usable Working Balances C/Fwd (as at 31 March 2024)	931,780

Table 3: Effect on General Fund Balances

3.12.3 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	Transfers Between Reserves £'000	Forecast Balance 31/03/2024 £'000
Planning Policy Reserve	545	(232)	50		363
Asset Enhancement Reserve	988	(807)	100	122	403
Leisure Centres Reserve	28	(28)			--
Corporate Priorities Reserve	600	(385)	121		336
Elections Reserve	225	(163)			62
NNDR Collection Fund Equalisation Reserve	2,102	(721)			1,381
IT Infrastructure Reserve	457	(34)	25		448
DSO Vehicle Capital Reserve	344	(246)	132		230
Freighter Replacement Reserve	1,156	(800)	221		577
NNDR Growth Fund Reserve	408	(180)			228
Lower Thames Crossing Reserve	140	(140)			--
Woodville Repairs Reserve	122	(57)	57	(122)	--
Investment Interest Equalisation Reserve	500				500
Housing & Commercial Growth Fund	700				700
Commercial Income Protection Reserve	758		13		771
Playgrounds Reserve	109	(30)	69		148
Decriminalisation Reserve	141	(141)			--
Enterprise Reserve	1,177	(560)	619		1,236
Climate Change Reserve	498	(122)			376
Sub-total - Specific Earmarked Reserves	10,998	(4,646)	1,407	--	7,759
Revenue Grants not yet applied	1,468	(509)	19		978
Total - All Earmarked Reserves	12,466	(5,155)	1,426	--	8,737

Table 4: Analysis of Specific Reserves

3.12.4 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 Three. 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 as at Quarter 3 £
Essential Repairs to Buildings	595,000	65,230	660,230	327,040	660,230
Purchase of Vehicles (DSO Fleet)	346,500	0	346,500	176,590	346,500
Gatekeeper Replacement	50,000	0	50,000	13,300	50,000
New Wheeled Bins for Flat Recycling	58,400	8,410	66,810	10,710	66,810
Waste & Horticulture back office system	11,490	8,960	20,450	5,960	20,450
Replacement Playground Programme	130,000	0	30,000	14,930	30,000
Property Acquisition Programme	3,564,790	0	1,700,000	0	1,700,000
St George's Centre	2,982,530	0	0	0	0
Heritage Assets	0	157,580	157,580	0	157,580
Gym Equipment Leisure Centres	0	28,150	28,150	0	28,150
Parking Machines	0	173,070	173,070	172,340	173,070
LATCO development costs	0	18,600	18,600	0	18,600
LATCO working capital provision	0	103,640	103,640	41,870	103,640
Elizabeth Huggins Cottages – Loan	288,140	345,380	633,520	611,930	633,520
Purchase of Freighters	800,000	0	800,000	665,590	800,000
IT Infrastructure Assets	40,000	0	30,000	6,260	30,000
Rosherville Loan (The Charter)	35,584,850	7,635,110	10,000,000	5,738,030	10,000,000
New Leisure Centre	27,001,610	0	300,000	300,160	300,000
Disabled Facilities Grant	1,019,600	1,205,110	2,224,710	1,229,470	2,224,710
Springhead Sports Pitches	150,000	0	0	0	0
UK Prosperity Fund	25,470	15,000	40,470	0	40,470
Mobile Polling Station	0	13,300	13,300	6,930	13,300
Electric Vehicle Charging Point	69,650	0	69,650	64,770	69,650
Multi-Play Sports Equipment	192,570	0	192,570	156,500	192,570
St Andrews Garden Landscaping	285,260	0	14,200	14,200	14,200
Public Access to the River	1,000,000	0	0	0	0
AV Equipment for Council Chambers	0	0	150,000	143,460	150,000
Tech hub Flexible working space	0	0	50,000	0	50,000
	74,195,860	9,777,540	17,873,450	9,700,040	17,873,450

Table 5: General Fund Capital Programme 2023/24

- **Essential Repairs to Buildings** – Works at Fort Gardens and Brookvale have been completed. Significant elements of works arising from KFRS assessments are complete with KFRS satisfied with progress to date. Works at Gordon Lodge are to be completed this financial year, with work yet to commence at the New Tavern Fort and Brookvale Server room. St Peter's and St Paul's Church wall repairs have been pushed forward into 24/25 as the works are weather dependent.
- **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 their operational life. Once this exercise is completed, orders will be placed for relevant vehicles taking account of operational requirements and climate change commitments. At the time of writing the council is awaiting delivery of two vehicles.
- **Gatekeeper Replacement** – Negotiations are on-going with KCC around bus stop removals. A meeting is planned with KCC to discuss quality and accessibility of public realm as part of the broader town centre vision.
- **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 is currently reviewing new digital systems for the allotment service.
- **Replacement Playground Programme** – Renewal of the Adizone area was delayed because the orientation of the games area had to change due to issues with the height of the safety fencing and protecting the nearby buildings. This is not anticipated to have a significant impact on programming and works are still being expected to be carried out during Quarter Four, dependent on a number of external factors.
- **Property Acquisition Programme** – No property acquisitions have been undertaken in the first three quarters of the year.
- **St George's Centre** – The leasing structure in place with Aviva Investors relating to the St Georges was terminated 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** – Due to ongoing pressures on utility costs, replacement spin bikes/gym equipment have been put on hold whilst other priority capital works are being looked for the remainder of the capital monies. Leisure and Property services officers are currently working with the Head of Operations (GCLL) on potential plant enhancement works which will help mitigate the current utility unit cost increases, by reducing usage and improving efficiency. This will also depend on the outcome of an external funding bid for utility enhancement works via the Sport England – Swimming Pool Support Fund, which should be known by the end of January 2024.
- **Parking Machines** – Milton Place/Ordnance Road car parks will be going live with the new Sagoss payment system in Quarter Four.
- **LATCO Development Costs** – No requests for development funding have been received in the first three quarters of the year.

- **LATCO Working Capital Provision** – Working capital of £41,870 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 have drawn down most of the loan. The charity is 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 One. Before procuring further vehicles, the service will need to consider options for future service delivery models given the government's intention to introduce new 'simpler recycling' proposals.
- **IT Infrastructure Assets** – The members iPad project was completed after the election and there are no plans for additional expenditure on IT infrastructure assets for 2023/24.
- **Rosherville Loan (The Charter)** – Henry Construction, main contractor for The Charter, went into administration in June of last year. Rosherville Ltd (the council's Local Authority Trading Company) and development partners Reef Group engaged Statom Group to carry out preparatory work needed ahead of main construction re-starting. That preparatory work was completed late last year, and Reef Group is now negotiating details of the main construction contract. Work on the main build is likely to start again this Spring.
- **New Leisure Centre** – The Council has embarked on the process of delivering new leisure centre provision at its Cascades site. To move the project forward it remains subject to the positive outcome of securing funding from external sources.
- **Disabled Facilities Grants** – The total fund is £2,224,710 of which £1,019,600 is the original 2023/24 allocated budget. The remainder is carried forward from previous years and an additional £102,760 for the prevention of hospital admissions and delays in discharge. During the first three quarters of 2023/24 the council has spent in total £899,340 of the 2023/24 Disabled Facility Grant budget with an additional £330,130 committed in approved grants. Current spend projections indicate that total spend for 2023/24 will be approx. £1.19m.
- **Springhead Sports Pitches** – A preferred groundworks company has now been chosen after a further procurement round for the proposed pitch improvement works at site, with works anticipated to start in the off-season (Summer 2024).
- **UK Prosperity Fund** – Progress has been made on key interventions and priorities in line with the Investment Plan. Further review of the Investment Plan has identified key projects in Gravesend and Northfleet for UKSPF Capital spend in 2023/24 and 2024/25.
- **Mobile Polling Station** – The mobile polling station is due to have an awning attached (to provide external shelter), which is the last work to be completed. As the unit is currently being used as a welfare unit for the refurbishment of a council building, this has been delayed. It is expected that this will be completed by the end of March 24 and will be delivered within budget.
- **Electric Vehicle Charging Points** – Nine new EV charging points, that can each charge two vehicles, have been installed at the depot.

- **Multi-Play Sports Equipment** – The Wombwell Park MUGA fencing has been completely replaced and weather conditions have meant the ground graphics need to be finished during the warmer period, end of Q4. The other MUGAs will be completed in that same period.
- **St Andrews Garden Landscaping** – Instruction has been given to the landscape architects to complete Stage 3. This is due to be further completed within the next fortnight and the team will be able to establish procurement options to ensure we can complete on budget. In addition to the S106 funds an application has been made for designated funds to top up and allow more significant development. Officers are awaiting a response from LTC to see if the Council has been successful in the bid.
- **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.
- **Audio Visual Equipment for Council Chamber** - the AV Project has completed its procurement process and selected a professional supplier that gives the Council best value for money and will install all the necessary equipment to be able to record, live stream and hold 'hybrid' Council meetings. Negotiations have been ongoing with the selected supplier to ensure a smooth transition and a time early in the New Year has been chosen to install the equipment. A further update on when the equipment will be ready for Council use will be given to Members once the relevant training and testing has been completed.

4.2 **Tech Hub flexible working space** – The Council's bid to the South East Local Enterprise Partnership (SELEP) Getting Building Fund has been successful, with the project, subject to approval, proposing to transform at vacant space in the St George's shopping centre into a Tech Hub/co-working space. The Tech Hub will be a new, high quality, flexible workspace to meet the growing needs of small businesses and third sector organisations. This is part of a wider vision for revitalising Gravesend Town Centre and economic development in Gravesham. The Hub will be a focal point for modern, connected and design-led workspace that provides a blend of membership-style co-working options and flexible small offices. Such space does not currently exist in Gravesend Town Centre which is felt to be limiting development and growth in the local economy. The total cost of this project is £751k, which is intended to be funded £370k from the SELEP capital grant, a capital contribution from the successful workspace operator of £180k, with the balance of £201k being met from the council's Enterprise Zone reserve.

4.3 Section 4.4.6 of the Financial Procedure Rules permits Cabinet to incur, without Council's prior approval, expenditure not within the approved budget where the cost is to be met from external funding, a contingency or reserve set up for the purpose. This report therefore incorporates a recommendation to ensure that the Project is treated as an in-year addition to the capital programme.

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	(760,440)	(2,593,090)	1,850,000	(1,503,530)
S106 Capital Contributions	(589,890)	0	14,200	(575,690)
Capital Grants Unapplied	(96,390)	0	0	(96,390)
Total Capital Resources	(1,446,720)	(2,593,090)	1,864,200	(2,175,610)

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

Risk Assessment	The purpose of this report is to demonstrate financial performance as at 31 December 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>N/A</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>N/A</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