

Classification: Public

Key Decision: No

Gravesham Borough Council

Report to: Report for Cabinet

Date: 9 September 2024

Reporting officer: Assistant Director (Corporate Services)

Subject: General Fund Budget Monitoring Report
2024/25 – Quarter One

Purpose and summary of report:

To provide Members with information on actual performance against the approved Revenue and Capital budgets for 2024/25, 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 2024/25 financial year for the first quarter to 30 June 2024, 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 consideration before approval;
 - Setting in place 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 One, there is a projected £781k favourable variance for the year, reducing the planned £1.95m drawdown from working balances to meet spending plans for the year to £1.17m. Significant movements against budget are detailed in the report, with the most notable variances arising from the Council's proactive Balancing the Budget activity across all directorates (each described within their respective section), ongoing action by the council to manage spend on temporary accommodation and the decision taken by Kent County Council relating to waste disposal arrangements.
- 2.2. Whilst the council has made positive progress during Quarter One in responding to the challenges it faces, significant financial pressures and uncertainty remain; these factors are explored as part of the wider financial context within which the council operates in Section Five of this report, alongside an update of delivery of the Balancing the Budget programme at Section Six.
- 2.3. The level of Working Balances at year-end is projected to be £5.18m, constituted of minimum working balances of £2.0m, and a General Fund reserve of £3.18m. The balance on the General Fund reserve at the end of the year is predicted to fall below the recommended level of £3.25m, albeit by a lesser amount than was anticipated at budget setting in February 2024.
- 2.4. Movements in the year are projected to result in a net decrease in earmarked reserves of £3.02m. The majority of these items are already built into the original budget with further movements largely arising from the carry-forward of reserves to fund Capital Programme expenditure. Further information on contributions and use of reserves can be found in section 7 of this report.

Capital

- 2.5. The Current Budget for 2024/25 (incorporating carry-forwards from 2023/24) supports a capital programme valued at around £65m. Key projects included ongoing provision of the loan facility for The Charter development of £32.7m and bringing forward a new Leisure Centre for the borough for which works during the year were expected to total £23.2m. Current expenditure to date across the programme stands at £2.2m.

3. REVENUE

3.1. Budget 2024/25

- 3.1.1. The approved Original Budget Requirement for 2024/25 was £14,589,740, largely funded by a combination of retained Non-Domestic Rates and Council Tax. Spending plans for the year exceeded funding available, requiring the use of £1,950,170 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 30 June 2024.

| Directorate / Budget Heading | Original Budget 2024/25 (£) | Forecast 2024/25 (£) | Variation 2024/25 (£) |
|---|-----------------------------|----------------------|-----------------------|
| Chief Executive | 1,013,230 | 964,090 | (49,140) |
| Communities and Inclusive Growth | 1,210,340 | 1,164,990 | (45,350) |
| Corporate Services | 8,424,020 | 8,361,530 | (62,490) |
| Environment | 5,418,820 | 5,355,470 | (63,350) |
| Housing | 2,422,500 | 1,824,690 | (597,810) |
| Items carried forward from 2023/24 | 0 | 36,850 | 36,850 |
| Non-Directorate Specific | 428,620 | 428,620 | 0 |
| Interest and Investment Income | (741,760) | (741,760) | 0 |
| Government Grant Funding | (2,644,510) | (2,644,510) | 0 |
| Transfers to/ (from) reserves | (1,971,420) | (1,971,420) | 0 |
| Transfers to/ (from) balances | 0 | 0 | 0 |
| Transactions below the line | 1,029,900 | 1,029,900 | 0 |
| BUDGET REQUIREMENT | 14,589,740 | 13,808,450 | (781,290) |
| Business Rates Income | (4,419,200) | (4,419,200) | 0 |
| Revenue Support Grant | (120,450) | (120,450) | 0 |
| Council Tax Income | (8,315,840) | (8,315,840) | 0 |
| Parish Precepts | (625,260) | (625,260) | 0 |
| New Homes Bonus | (475,820) | (475,820) | 0 |
| Services & Funding Guarantee Grants | (597,100) | (597,100) | 0 |
| Transfers to/(from) the Collection Fund | 1,914,100 | 1,914,100 | 0 |
| Use of Working Balances | (1,950,170) | (1,950,170) | 0 |
| BUDGET SHORTFALL/(UNDERSPEND) | 0 | (781,290) | (781,290) |

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

3.2. CHIEF EXECUTIVE'S DIRECTORATE – £49k FAVOURABLE VARIANCE

3.2.1. **Budget Savings Exercise: £49k favourable variance** – A number of actions within the council's proactive Budget Savings Exercise have combined to produce an overall favourable variance of £49k within the Chief Executive's directorate. These include:

- Human Resources Shared Service – From July 2021 the council has sought to bring a number of HR functions back in-house, including HR advice and disciplinary and performance management. Support for training provision and recruitment and resourcing elements of the service had remained with Medway Council under the original shared service agreement. A saving of £30k has now been realised following the decision to fully bring the service back in-house from 1st August 2024.
- Communications – Following a review of budgets within this service, a £19k saving has been realised through reducing the frequency of Your Borough publications from quarterly to bi-annually.

3.3. COMMUNITIES & INCLUSIVE GROWTH DIRECTORATE – £45k FAVOURABLE VARIANCE

3.3.1. **Budget Savings Exercise: £37k favourable variance** – In March 2024 the Cabinet agreed to a number of actions as part of the council's overall Budget Savings Exercise to review the arrangements and associated budgetary provision for the Splash of Colour and Town Centre Dressing schemes. The initiative combined produce an overall favourable variance of £37k within the Communities and Inclusive Growth directorate.

3.3.2. **Other Net Variances: £8k favourable variance** – The net effect of other variances across the Communities and Inclusive Growth Directorate is a favourable variance of £8k.

3.4. CORPORATE SERVICES DIRECTORATE – £63k FAVOURABLE VARIANCE

3.4.1. **Budget Rationalisation – Corporate Vacancy Allowance: £50k favourable variance** – the budget for the council includes an allowance against staffing costs to reflect savings accrued through natural staff turnover that will take place during a year. Periodic reviews of the council's Vacancy Allowance are taken to ensure the value of the allowance remains reflective of annual pay awards and levels of staff turnover. Based on the latest patterns of each of these factors, as well as the proactive action being undertaken by senior management to manage vacancies within the staffing establishment, the allowance has been increased by £50k to £550k per annum, thus a delivering a favourable budget variance. The revised vacancy allowance represents 2.86% of the General Fund 2024/25 original budget for staffing costs.

3.4.2. **Internal Audit & Counter Fraud Shared Service: £13k favourable variance** – During 2023/24 the level of Housing Revenue Account (HRA) related work undertaken by the Counter Fraud team increased, with new work around visits to right-to-buy applicants, increasing to HRA-related fraud awareness and investigative activity on tenancy fraud matters. Furthermore, the team are undertaking new workstreams in relation to successions and mutual exchanges in 2024/25 and increasing their involvement in internal employment matters. Taking into consideration the changing focus within the team, the Head of Service has reviewed recharge allocations between the General Fund and HRA. This has resulted in a favourable variance within the General Fund of £13k.

3.5. ENVIRONMENT DIRECTORATE – £63k FAVOURABLE VARIANCE

3.5.1. **Budget Savings Exercise: £178k favourable variance** – A number of actions within the council's proactive Budget Savings Exercise initiative have combined to produce an overall favourable variance of £178k within the Environment directorate. These actions include:

- Following ongoing reviews of resources, the deletion of three currently held vacant posts has been actioned totalling £128k.
- Clinical Waste – Previously the clinical waste service was operated by a contractor. Following a review by the Waste Team, it was established that the service could be delivered more efficiently by the in-house service, leading to a £20k positive impact.
- Replacement wheelie bins – A new charge has been introduced for replacement wheelie bins. This has led to a substantial decrease in the number of replacement bins being requested, which has in-turn led to a saving on purchase costs. Some residents have purchased extra recycling bins and new bins if there are no bins at their property, which also generated additional income. The net impact is a favourable variance of £20k.
- Extended household clearance service – The Waste Team have been offering a waste clearance service to managing agents of blocks of flats across the borough. Due to bulky waste often being left by residents in bin stores, managing agents have been engaging the council's services for extra collections. This has led to a projected favourable variance of £10k in 2024/25.

3.5.2. **Fees & Charges – Allotments: £10k favourable variance** – A new charge has been introduced to allotment holders to cover the cost of water usage across all the sites – the aim is to cover the cost of water usage by holders as well as effectively manage overall water consumption. A charge for waste removal has also been introduced to assist allotment holders with a safe removal service to remove any rubbish from the allotment plots. The net impact of both income streams is a projected favourable variance of £10k in 2024/25.

3.5.3. **Waste & Recycling – Inter Authority Agreement Income: £125k adverse variance** – In February 2024, KCC's Cabinet took the decision to not renew Gravesham's Inter-Authority Agreement (IAA) which expired on 31 March 2024. The IAA agreement was in place to share any savings equally which were made through the Council increasing recycling so reducing disposal costs for the KCC as disposal authority. Based on historic performance the expected income to the Council from the IAA agreement was budgeted at £300k per year in perpetuity across the MTFP. Thus with this agreement ending, there is now an adverse variance of £300k in 2024/25 and for each future year.

3.5.4. For the current financial year, the overall position has been partly mitigated by a higher than expected payment recently received for 2023/24 of £175k. Thus the net budgetary impact for 2024/25 for the Inter Authority Agreement overall, is adverse variance of £125k.

3.6. HOUSING DIRECTORATE – £598k FAVOURABLE VARIANCE

3.6.1 **Homelessness – Management Charge: £343k favourable variance** – Historically, some dwellings within the HRA stock has been used for temporary accommodation purposes with the General Fund making a payment to the HRA (in addition to rent) to cover the administration and management associated with tenancing these units. More recently, tenancies for council dwellings used for temporary accommodation purposes have been managed by the Temporary Accommodation team within the General Fund who are responsible for the management and administration associated with all households they are supporting, regardless of type of accommodation or provider. Therefore, it has been agreed that the payment between the General Fund and HRA should cease, reflecting that management of these tenancies is now being supported by General Fund resources. The net budgetary impact of this initiative is a projected £343k favourable variance in 2024/25.

3.6.2 **Homelessness – Temporary Accommodation: £250k favourable variance** – The financial situation continues to be challenging, and Gravesham, like many other Councils, continue to face significant challenges especially around homelessness and temporary accommodation.

3.6.3 The Council’s original net budget for temporary accommodation in 2024/25 is £1,372k, and the current projected outturn is a net position of £1,122k i.e. a favourable variance of £250k for the year. This is based upon actual expenditure and housing benefit income recovery to date, and expected patterns for the remainder of the financial year.

3.6.4 Officers are continuing to progress initiatives that provide valuable homeless prevention work including mediation, case work monitoring with quicker decision making, and alternative housing options for those households living with families. GBC Lettings continues to be successful, has exceeded the target of 20 homes within the first year of operation, and has increased this to ensure that the number of households accessing affordable homes in the private sector is maximised. In addition, officers have increased their contact with customers to verify appropriate use of accommodation and been clear with options and move on plans to reduce their stay. The vital work undertaken by the dedicated Income Officer continues to result in the income level being high, and a reduction in arrears levels for households in temporary accommodation.

3.6.5 The number of households approaching is consistent and there is continued scrutiny around processes and procedures to ensure the Council continues to be robust with all assessments and placements. The table below shows the number of households approaching over the last year and the number placed in temporary accommodation, evidencing a % from those numbers.

| Homelessness Data Table | 2023-24 | | | | | | | | | 2024-25 | | |
|---------------------------|---------|------|-----|-----|-----|-----|-----|-----|-----|---------|-----|--|
| | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | |
| No of Homeless Approaches | 162 | 139 | 182 | 152 | 102 | 170 | 169 | 124 | 141 | 133 | 91 | |
| No of TA placement | 20 | 11 | 21 | 17 | 20 | 17 | 13 | 13 | 17 | 18 | 8 | |
| % Placements | 12% | 8% | 12% | 11% | 20% | 10% | 8% | 10% | 12% | 14% | 9% | |

3.6.6 **Other Net Variances: £5k favourable variance** – The net effect of other variances across the Housing Directorate is a favourable variance of £5k.

3.7. CARRIED FORWARD FROM 2023/24 – £37k

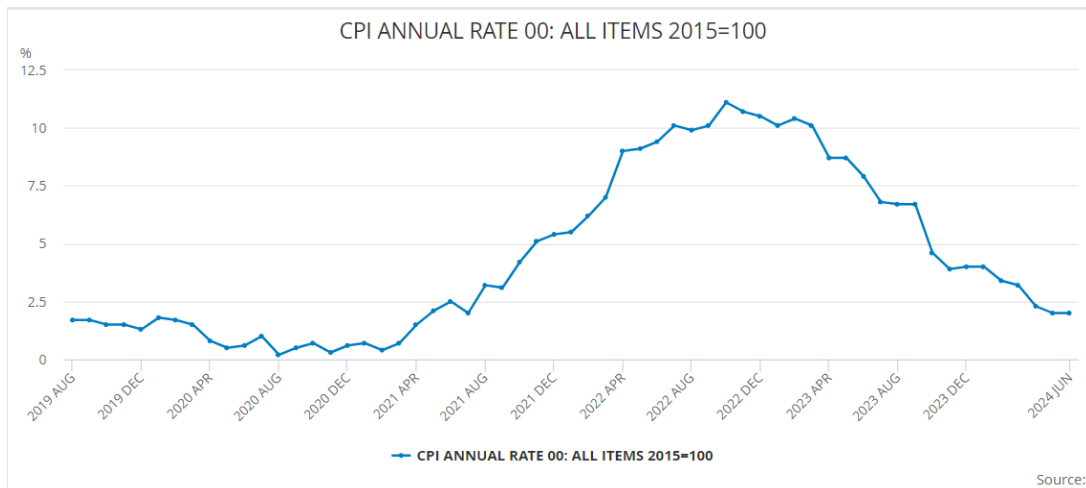
- 3.7.1. An amount of £36,850 was approved for carry forward to 2024/25 by the Section 151 Officer and the council's Management Team. This is primarily in relation to external funding the council has previously received and will be used for the Year of The Volunteer, Armed Forces Covenant and Borough Market initiatives planned in the current financial year.

4. WIDER RISKS TO THE MTFP AND HORIZON SCAN

- 4.1. The position at the end of Quarter One indicates that whilst there will still be a need to draw from working balances to meet planned spend in the year, action taken by the council in response to its financial position has seen expected drawdown reduce from £1.95m to £1.17m.
- 4.2. The MTFP still reflects the council being reliant on working balances in future years. Expenditure at this authority continues to be greater than income received with an overspend of just under £14k per working day. In June 2024 Cabinet considered a report providing an update on the council's financial position and information on the actions already taken and planned under the council's Balancing the Budget programme. A further update is provided at Section Five of this report.
- 4.3. Service pressures continue to principally come from demand for homelessness advice and the provision of Temporary Accommodation, albeit there are signs that the council's action to manage spend in this area are starting to take effect. Furthermore, the number of households placed in temporary accommodation, which reached a peak of 247 in January 2024, has started to reduce and was at 218 in June 2024.
- 4.4. The Inter Authority Agreement (IAA) between Gravesham Borough Council and Kent County Council (KCC) relating to waste collection and recycling services in the borough expired on 31 March 2024. KCC has taken the decision not to renew the IAA which has had an adverse effect on this council's budget, as reported earlier in this report. Officers continue to work with colleagues in the Mid Kent Districts who had similar arrangements with KCC that were also not renewed to consider the next steps.
- 4.5. A recent white paper by the Local Government Association (LGA) reported that councils in England face a funding gap of £6.2bn over the next two years, a gap driven principally by rising cost and demand pressures on services such as adult social care, children's services, and homelessness support.
- 4.6. The General Election on 4th July returned a Labour Government. On 14th July the King delivered his speech as part of the State Opening of Parliament and provided an overview of the Government's legislative programme for the new session of Parliament. In total, 36 Bills and four draft Bills were announced as part of the speech, which followed, to a great extent, the policy included in the Labour Manifesto. Officers will continue to maintain a keen watch on announcements as they made so that any policy, operational and financial implications can be assessed.
- 4.7. In May 2024 the then-government announced its "Simpler Recycling" proposals, a new approach to recycling collection arrangements intended to simplify and boost recycling rates across England. A report on this subject was considered by the Operational Services Cabinet Committee on 3 June 2024.
- 4.8. A NJC pay claim for 2024-25 of at least £3,000 or 10% (whichever is greater) on all spinal points was made by the Joint Trade Union Side (UNISON, GMB and UNITE) to the Local Government Association on 29 February 2024. In response the National Employers on 16 May 2024 made a full and final offer of £1,290 for scale 1 to POE;

2.5% increase to Head of Service and above; 2.5% on all allowances. GMB members have accepted the full and final offer, however UNISON members voted to reject the pay offer and the union has announced it will be conducting a ballot between 4 September to 16 October for industrial action. The council has budgeted for an average 5% pay award in 2024/25 whereas the full and final offer would result in pay-awards ranging from 5.77% for employees on scale 1 to 2.50% Heads of Service and above.

- 4.9. The latest release from the Office of National Statistics reports that the Consumer Prices Index (CPI) had fallen to 2% in the 12 months to June 2024, continuing the downward trend from its peak at 11.1% in October 2022 and meeting the government target.



Source: ONS [CPI ANNUAL RATE 00: ALL ITEMS 2015=100 - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/indicatorsmeasures/cpiannualexpress)

5. BALANCING THE BUDGET UPDATE

- 5.1. The Medium Term Financial Strategy of the council sets out how the council will plan for and meet the financial challenges it faces over the medium term as a means of delivering a robust and stable financial basis on which to deliver quality council services.
- 5.2. The budget setting process for 2024/25 identified a budget gap £3.7m with the need to make budget savings emerging a year later in 2025/26. Activity to balance the budget totalling £3.0m had been identified at that time, resulting in the council being required to identify a further £0.7m of activity. In June 2024 the Cabinet received a report confirming that sufficient further activity had been identified under the council's Balancing the Budget programme to meet this increased budget gap
- 5.3. Since February 2024 activity totalling £687k has reflected in the MTFP. Information on specific activity can be found in Section Three of this report.

| Progress in delivery of Balancing The Budget Activity | | | | |
|--|---|--|---|---|
| Workstream | Value of Activity identified at Budget Setting February 2024 (£) | Value of Activity identified at August 2024 (£) | Activity Implemented and reflected in MTFP since February 2024 (£) | Activity Agreed, not yet reflected in MTFP (£) |
| Budget Rationalisation | 805,000 | 1,325,000 | 392,700 | 932,300 |
| Fees and Charges | 64,730 | 190,400 | 10,000 | 180,400 |
| Asset Optimisation | 595,000 | 1,060,000 | - | 1,060,000 |
| Trading & Commercial | 466,200 | 290,000 | - | 290,000 |
| Corporate Improvement Team/Budget Savings Exercise | 1,019,520 | 1,101,290 | 284,090 | 817,200 |
| Total Value of Identified Activity | 2,950,450 | 3,966,690 | 686,790 | 3,279,900 |
| Total Value of Activity Required | 3,734,050 | 3,734,050 | | |
| FURTHER ACTIVITY REQUIRED | 783,600 | - | | |

6. WORKING BALANCES AND RESERVES

- 6.1. 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 2023/24 | 6,349,530 |
| Budgeted use of Working Balances to support the General Fund | (1,950,170) |
| Variances per budget report (Incl.items Bfwd from 2023/24) | 781,290 |
| Working Balances C/Fwd (as at 31 March 2025) including Minimum GF Working Balance | 5,180,650 |
| Less: Minimum GF balance | (2,000,000) |
| Less: Additional General Fund Reserve | (3,180,650) |
| Usable Working Balances C/Fwd (as at 31 March 2025) | 0 |

Table 3: Effect on General Fund Balances

- 6.2. The level of Working Balances at year-end is projected to be £5.18m, constituted of minimum working balances of £2.0m, and a General Fund reserve of £3.18m. The balance on the General Fund reserve at the end of the year is predicted to fall just below the recommended level of £3.25m, as was noted when setting the budget in February 2024.
- 6.3. 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 01/04/2024 £'000 | Forecast Use of Reserve (Expenditure) £'000 | Forecast Contributions (Income) £'000 | Forecast Balance 31/03/2025 £'000 |
|--|---|--|--|--|
| Corporate Priorities Reserve | 624 | (80) | | 544 |
| Asset Enhancement Reserve | 1,156 | (842) | 100 | 414 |
| Planning Policy Reserve | 572 | (232) | 50 | 390 |
| Leisure Centres Reserve | 28 | (28) | | -- |
| Decriminalisation Reserve | 67 | (9) | | 58 |
| Elections Reserve | 113 | | 18 | 131 |
| IT Infrastructure Reserve | 452 | (85) | 70 | 437 |
| DSO Vehicle Capital Reserve | 377 | (279) | 132 | 230 |
| Freighter Replacement Reserve | 526 | (719) | 221 | 28 |
| NNDR Collection Fund Equalisation Reserve | 1,381 | (881) | | 500 |
| NNDR Growth Fund Reserve | 420 | (158) | 368 | 630 |
| Playgrounds Reserve | 148 | (150) | 30 | 28 |
| Commerical Income Protection Reserve | 771 | (94) | | 677 |
| Investment Interest Equalisation Reserve | 1,100 | | | 1,100 |
| Housing & Commerical Growth Fund | 700 | | | 700 |
| Climate Change Reserve | 381 | (5) | | 376 |
| Enterprise Reserve | 1,236 | (922) | 661 | 975 |
| Debt Repayment Reserve | 3,458 | | | 3,458 |
| Sub-total - Specific Earmarked Reserves | 13,510 | (4,484) | 1,650 | 10,676 |
| Revenue Grants not yet applied | 1,249 | (183) | -- | 1,066 |
| Total - All Earmarked Reserves | 14,759 | (4,667) | 1,650 | 11,742 |

Table 4: Analysis of Specific Reserves

- 6.4. Significant or new approved uses of reserves, other than those referred to elsewhere within the report include:
- Asset Enhancement Reserve – £406k released as part of the carry-forward process to fund expenditure within the “Essential Repairs to Buildings” budget in the Capital Programme.
 - DSO Vehicle Capital Reserve – £147k released as part of the carry-forward process to fund expenditure within the Capital Programme.

7. GENERAL FUND CAPITAL PROGRAMME

7.1. The following table details the outturn position for the General Fund Capital Programme. This includes the revised original budget for 2024/25, taking into consideration adjustments for carried forward items as approved by the Section 151 Officer and the Council's Management Team.

7.2. The table includes a total project budget for those projects which commenced in previous years. Within the General Fund, several schemes are allocated funding annually based on the budget-setting process, and therefore for many of them e.g. Essential Repairs to Buildings, Purchase of Vehicles (DSO Fleet) the total project budget is equal to the 2024/25 Original Budget.

| Scheme | Total Project Budget £ | Cummulative Historic Spend to Date £ | 2024/25 Original Budget £ | 2024/25 Approved Carry Forwards £ | 2024/25 Working Budget £ | 2024/25 Actual Expenditure £ | Forecast as at Quarter 1 £ | Variance as at Quarter 1 £ |
|---|---------------------------|---|---------------------------------|---|--------------------------------|------------------------------------|----------------------------------|----------------------------------|
| Essential Repairs to Buildings | 486,000 | 0 | 486,000 | 405,870 | 891,870 | 51,230 | 891,870 | (840,640) |
| Purchase of Vehicles (DSO Fleet) | 232,000 | 0 | 232,000 | 147,070 | 379,070 | 15,650 | 379,070 | (363,420) |
| New Wheeled Bins for Flat Recycling | 100,000 | 27,300 | 0 | 56,100 | 56,100 | 0 | 56,100 | (56,100) |
| Waste & Horticulture back office system | 0 | 0 | 0 | 14,490 | 14,490 | 0 | 14,490 | (14,490) |
| Replacement Playground Programme | 150,000 | 0 | 150,000 | 0 | 150,000 | 0 | 150,000 | (150,000) |
| Property Acquisition Programme | 0 | 0 | 0 | 1,700,000 | 1,700,000 | 1,723,120 | 1,700,000 | 23,120 |
| Heritage Assets | 0 | 0 | 0 | 157,580 | 157,580 | 0 | 157,580 | (157,580) |
| Gym Equipment Leisure Centres | 47,000 | 18,850 | 0 | 28,150 | 28,150 | 0 | 28,150 | (28,150) |
| Parking Machines | 301,570 | 260,100 | 0 | 41,470 | 41,470 | 0 | 41,470 | (41,470) |
| LATCO development costs | 35,110 | 16,510 | 0 | 18,600 | 18,600 | 0 | 18,600 | (18,600) |
| LATCO working capital provision | 500,000 | 438,230 | 0 | 61,770 | 61,770 | 0 | 61,770 | (61,770) |
| Purchase of Freighters | 719,260 | 0 | 719,260 | 0 | 719,260 | 212,000 | 719,260 | (507,260) |
| IT Infrastructure Assets | 85,000 | 0 | 85,000 | 0 | 85,000 | (52,630) | 85,000 | (137,630) |
| Rosherville Loan (The Charter) | 82,000,000 | 44,518,060 | 28,439,940 | 4,261,970 | 32,701,910 | 0 | 32,701,910 | (32,701,910) |
| New Leisure Centre | 42,927,000 | 1,740,030 | 23,260,920 | 22,100 | 23,283,020 | 7,000 | 23,283,020 | (23,276,020) |
| Disabled Facilities Grant | 1,019,600 | 0 | 1,019,600 | 1,024,630 | 2,044,230 | 256,410 | 2,044,230 | (1,787,820) |
| Springhead Sports Pitches | 150,000 | 800 | 150,000 | 0 | 150,000 | 0 | 150,000 | (150,000) |
| UK Prosperity Fund | 252,000 | 35,000 | 0 | 5,470 | 217,000 | 0 | 217,000 | (217,000) |
| Mobile Polling Station | 20,000 | 19,880 | 0 | 0 | 0 | 3,680 | 0 | 3,680 |
| Electric Vehicle Charging Point | 69,650 | 64,770 | 0 | 4,880 | 4,880 | 0 | 4,880 | (4,880) |
| St Andrews Garden Landscaping | 285,260 | 24,700 | 271,060 | (10,500) | 260,560 | 0 | 260,560 | (260,560) |
| Public Access to the River | 1,000,000 | 0 | 1,000,000 | 0 | 1,000,000 | 0 | 1,000,000 | (1,000,000) |
| AV Equipment for Council Chambers | 150,000 | 140,080 | 0 | 9,920 | 9,920 | 680 | 9,920 | (9,240) |
| Tech hub Flexible working space | 701,000 | 0 | 701,000 | 50,000 | 751,000 | 0 | 751,000 | (751,000) |
| Town Centre Bins | 20,000 | 0 | 20,000 | 0 | 20,000 | 0 | 20,000 | (20,000) |
| Swimming Pool Support | 173,250 | 0 | 0 | 0 | 173,250 | 0 | 173,250 | (173,250) |
| Lawn Tennis Association | 120,000 | 0 | 0 | 0 | 120,000 | 0 | 120,000 | (120,000) |
| | 131,543,700 | 47,304,310 | 56,534,780 | 7,999,570 | 65,039,130 | 2,217,140 | 65,039,130 | (62,821,990) |

Table 5: General Fund Capital Programme 2024/25

- **Essential Repairs to Buildings** – Works to Gordon Lodge were completed during quarter one, and the first phase of replacement fire doors to the Civic Centre is in progress. Officers are currently awaiting commencement of upgrading of external CCTV to the Civic Centre, replacement/improvement of lighting to the Brookvale yard, and the installation of air conditioning to parking offices. Quotations are awaited for essential repairs to the yard surface at Brookvale and fresh air system at the Community Safety Unit, with tender documents being prepared for essential works to the Gravesend Cemetery Chapel and Lodge, and remainder of replacements to fire doors at the Civic Centre.
- **Purchase of Vehicles (DSO Fleet)** – The replacement of vehicles continues following the 10 year replacement plan and additional vehicles have been purchased as service expansion has required.
- **New Wheeled Bins for Flat Recycling** – Additional provision has been made to some flatted developments to provide recycling services in Quarter 1 2024/25. Further improvements will be made before March 2026 to ensure the Council meets the Government's Simpler Recycling deadlines.
- **Waste & Horticulture Back Office System** – This budget will be used to make further development to IT systems.
- **Replacement Playground Programme** – This budget allocation provides for refurbishment, replacement, or enhancement, of equipment/facilities within playground areas. Expenditure is anticipated to occur during quarters two-four of 2024/25.
- **Property Acquisition Programme** – In January 2024 Cabinet approved the purchase of Hazell's Farm, Durndale Farm and Wingfield Bank Farm for the purpose of delivering a site for Biodiversity Net Gain (BNG) capture alongside complimentary uses such as agriculture. The purchase was completed in June.
- **Heritage Assets** – This funding reflects a capital contribution committed to works to the Town Pier as part of the sale to Uber Boats by Thames Clipper (UBTC). This funding must be drawn down by UBTC by the end of this financial year. Scaffolding has been erected and UBTC are overseeing various repair works that have commenced to the cast iron on the western river edge and corner of the pier.
- **Gym Equipment Leisure Centres** – The remaining monies left in this budget (carried forward from 2023/24), will go towards energy efficiency improvement works at Cygnet Leisure Centre, to supplement the money received from the Sport England Swimming Pool Support Fund. It is estimated the full budget of £28,150 will be spent in 2024/25.
- **Parking Machines** – The project to install the ANPR/Barrier system within the 3 intended car parks is complete and has been invoiced for. The remaining balance on the budget line is the one-year maintenance agreement and the software licenses.
- **LATCO Development Costs and Working Capital Provision** – A drawdown request for additional funding for Rosherville Property Development Ltd in relation to The Charter both in terms of loan and working capital is anticipated. No further funding requests are currently anticipated for Rosherville Ltd, Rosherville Servicing Ltd and Rosherville Repairs & Maintenance Ltd.
- **Purchase of Freighters** – Vehicles are currently being procured to meet the requirements of the new service and the expenditure plan set out.

- **IT Infrastructure Assets** – The aim was to go live with SmartPay in June 2024, however during User Acceptance Testing (UAT), there were issues outstanding that prohibited the product going live and therefore it was decided that we would postpone. The main issues were concerning the web payment portal and its usability and accessibility. Adelante offered a one-week extension however we chose not to take this due to the Systems Team resource being on annual leave with no available cover. Coupled with a period of change freeze, officers did not wish to take the risk of customers not being able to make payments to the council. Officers are in the process of rescheduling the go live to the Autumn of 2024 with a provisional date of Wednesday 18th September 2024.
- **Rosherville Loan (The Charter)** – The Charter is a development of 242 build to rent apartments and new multi-story car park which is being delivered through the Council's wholly owned commercial trading company, Rosherville Property Development Ltd (RPDL). The development started on site in 2021 and was originally anticipated to be completed in late 2023. In May 2023, the contractor, Henry Construction went into administration and all work on the site ceased. RPDL and Reef Group (the developer) have been working closely to get work on site restarted on site as soon as possible. A new construction company, Curo, has been identified who have carried out some initial enabling works on site. It is anticipated that a full design and build contract will be signed between Reef and Curo in August at which point a full programme of works will commence.
- **New Leisure Centre** – The Council has a consented scheme for the replacement Cascades Leisure Centre, which is developed up to RIBA Stage 3 design. To move the project forward it remains subject to the positive outcome of securing funding from external sources, including Levelling Up Funding (LUF), of which the Council is currently awaiting final confirmation and agreement from MHCLG to support this specific project.
- **Disabled Facilities Grants** – The total fund available for 2024/25 is £2,044k of which £1,020k was the original allocated budget, with the remainder carried forward from previous years. Officers have reviewed services and contacted Alzheimer's and Dementia Support Services in Northfleet. The teams are working together to provide essential items to clients to make living at home with Dementia safer. The grant also supports hospital discharge service and enablement services provided by Town and Country Housing. This covers residents who are in hospital and need works carried out to enable them to be discharged. Officers are also in talks with the NHS and KCC regarding the Council's "step down" property at Blenheim Grove, having received positive feedback on the scheme. This will provide a fully adapted property for residents to go to should they not be able to return home due to injury or illness.
- **Springhead Sports Pitches** – Football pitch levelling works are nearly completed, with grass seeding and sand dressing works due for completion by the end of August. Fencing will remain in place for a couple of months to ensure grass seed develops as planned. The pitch will be ready for use again around March 2025. Remaining funds will be used to make improvements to the changing facilities at site. At this stage of the financial year, it is estimated that majority of this budget will be spent in 2024/25 with anything remaining to be carried forward into 2025/26.
- **UK Prosperity Fund** – Officers expect to spend the full budgeted allocation of £217k in 2024/25, albeit the majority is anticipated for later in the year around quarters three and four. Expenditure is expected to comprise:
 - £40k on a new project awarding shopfront improvement grants to Gravesham Town Centre businesses
 - £25k on physical public realm improvements in the town centre

- £152k on capital works to The Hive – Community Hub and public realm improvements around the housing estate.
- **Mobile Polling Station** – The remaining works were completed in February 2024. The unit has a dual-purpose and has been used as a welfare unit for use during events and other Council operations.
- **Electric Vehicle Charging Points** – There is a small balance left from the original allocation for this scheme, and currently no further expenditure is planned.
- **St Andrews Garden Landscaping** – Funding for hard and soft landscaping works to the upper section of St Andrew's Gardens to improve accessibility and usage. Concept schemes have been developed and all relevant approvals/permissions to progress are currently being sought. A formal tender is also being developed to procure works.
- **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 decision has been taken to defer the project while external funding sources are 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** – Between 20 May and 16 July, the Council has streamed 14 committee meetings via YouTube. The system is being continuously reviewed and refined to improve the Council's live streaming service. The equipment installation, and consequently the capital project, will be completed by the end of August 2024 and remain under budget.
- **Tech Hub flexible working space** – The prospective tenant for this site is likely to be confirmed within quarter two of 2024/25, with capital expenditure commencing in quarter three, prioritising use of the external Getting Building Fund (GBF) capital funding which is required to be expended by 31 December 2024. Remaining expenditure which is the Council's matched funding, is programmed for spend in quarter four of 2024/25.
- **Town Centre Bins** – Officers are currently reviewing the provision and number of litter bins required before procuring the new bins.
- **Swimming Pool Support** – From the award issued by Sport England, two energy saving initiatives will be funded at Cygnet Leisure Centre – pool covers and refurbishment of the swimming pool hall Air Handling Unit (AHU). Pool cover works are currently out to tender (closing date 23/08/24). The detailed specification is currently being written for the AHU and will then go out to tender by the end of September. As part of the Council's funding agreement, monies need to be allocated for this work by March 2025. It is estimated that the full budget allocation of £173,250 will be spent in 2024/25.
- **Lawn Tennis Association** – This relates to funding from the Lawn Tennis Association to improve the seven tennis court facilities at three sites across the Borough (Windmill Hill, Wombwell Park and Woodlands Park). Works are currently taking place with the new courts due for completion (weather pending) by the end of September. It is estimated that the full budget allocation for the year of £120k will be spent in 2024/25.

8. CAPITAL RESOURCES

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

| General Fund Capital Resources | Opening Balance 01/04/2024 £ | Forecast Income 2024/25 £ | Forecast Use of Funding 2024/25 £ | Forecast Balance 31/03/2025 £ |
|---------------------------------------|---|--|--|--|
| Capital Receipts | (6,748,220) | (6,670) | 2,873,120 | (3,881,770) |
| S106 Capital Contributions | (1,069,330) | (92,740) | 50,070 | (1,112,000) |
| Capital Grants Unapplied | (96,390) | 0 | 0 | (96,390) |
| Total Capital Resources | (7,913,940) | (99,410) | 2,923,190 | (5,090,160) |

Table 6: General Fund Capital Resources 2024/25

| Capital Grants Unapplied | Opening Balance 01/04/2024 £ | Forecast Income 2024/25 £ | Forecast Use of Funding 2024/25 £ | Forecast Balance 31/03/2025 £ |
|---------------------------------------|---|--|--|--|
| 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 2024/25

8.2. 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 2024/25 £ | 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 | (260,570) | 0.00 | 0.00 | (260,570) | 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 | (13,620) | 0.00 | (58,050) | (71,670) | 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 - GBC | 4,480 | 0.00 | (20,860) | (16,380) | GBC contribution towards the improvements at Waterton Park Gravesend, Park Place Gravesend, and the Riverside Leisure Centre, Canal Road, Gravesend. |
| Northfleet Embankment East | (55,060) | 0.00 | 0 | (55,060) | GBC contribution towards the cost of provision and/or enhancement of allotments at any or all of the existing allotment sites maintained by the Borough Council in Northfleet comprising those at Dene Holm Road, Marconi Road, Painters Ash Lane, and/or Harden Road. |
| Northfleet Cement Works | (20,000) | 0.00 | 0 | (20,000) | GBC contribution towards environment improvements and enhanced linkages from the proposed Neighbourhood Centre to the Hive Local Centre (excluding any highway improvement works required as part of the Development). |
| Land rear of Bridge Street | (17,680) | 0.00 | 0 | (17,680) | GBC contribution towards improvements at one or both of the sites known as Cygnet Leisure Centre, Old Perry Street, Northfleet and Cascades Leisure Centre, Thong Lane, Gravesend, or such other site which lies within 2 kilometres of the Site. |
| Total S106 Contributions | (877,860) | 0.00 | (234,140) | (1,112,000) | |

Table 8: S106 Contributions 2024/25

9. TREASURY MANAGEMENT INDICATORS (General Fund & Housing Revenue Account)

9.1. 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. The table below shows current forecasts of the various treasury management and prudential indicators against the budgeted figures, as detailed in the 2024/25 Treasury Management Strategy Statement (TMSS) alongside the outturn figures for 2023/24.

9.2. The figures in the following tables represents the Council's overall position i.e. inclusive of both the General Fund and HRA.

Treasury Indicators

| | 31-Mar-24 £m | 2024/25 Budget £m | 30-Jun-24 £m |
|--|-----------------|----------------------|-----------------|
| Authorised limit for external debt | 405.770 | 319.630 | 319.630 |
| Operational boundary for external debt | 390.770 | 339.630 | 339.630 |
| Gross External debt (Note 1) | 152.490 | | 150.361 |
| Investments | 18.594 | | 20.824 |
| Net Borrowing | 133.896 | | 129.537 |

Note 1 – The Gross External Debt of £152.490m is split between the General Fund £83.713m and the HRA £66.648m

| | TMSS Limits | | 31-Mar-24 | | 30-Jun-24 | |
|---|-------------|-------|-----------|------|-----------|------|
| | Lower | Upper | £m | % | £m | % |
| Maturity structure of fixed rate borrowing upper and lower limits | | | | | | |
| Under 12 months | 0% | 50% | 51.753 | 33.9 | 49.853 | 33.2 |
| 12 months to 2 years | 0% | 50% | 11.009 | 7.2 | 11.009 | 7.3 |
| 2 years to 5 years | 0% | 75% | 43.634 | 28.6 | 43.634 | 29.1 |
| 5 years to 10 years | 0% | 75% | 6.631 | 4.3 | 6.631 | 4.2 |
| More than 10 years | 0% | 100% | 39.463 | 25.9 | 39.234 | 26.1 |

Prudential Indicators

| | 31-Mar-24 £m | 2024/25 Budget £m | 30-Jun-24 £m |
|--|-----------------|----------------------|-----------------|
| Capital Expenditure | | | |
| GF | 10.153 | 56.535 | 65.039 |
| HRA | 14.772 | 33.081 | 25.164 |
| Authority Total | 24.925 | 89.616 | 90.203 |
| Capital Financing Requirement (CFR) | | | |
| GF | 84.979 | 125.627 | 129.677 |
| HRA | 79.000 | 98.604 | 80.800 |
| Authority Total | 163.979 | 224.231 | 210.477 |
| Annual Change in CFR | 0.527 | 53.895 | 46.445 |
| In year borrowing requirement | 8.253 | 34.663 | 52.465 |
| Ratio of financing costs to net revenue stream | | | |
| GF | 13.42% | 42.65% | 20.85% |
| HRA | 30.15% | 24.13% | 20.20% |

10. Appendices

- 10.1. The latest version of the Medium Term Financial Plan is presented at Appendix 1.

11. Background Documents

- 11.1. [MEDIUM TERM FINANCIAL STRATEGY \(gravesham.gov.uk\)](https://www.gravesham.gov.uk)
- 11.2. [Agenda for Council on Tuesday, 20 February 2024, 7.30 pm – Gravesham Borough Council](#) – Council Tax and Budget Setting 2024/25
- 11.3. [Agenda for Cabinet on Monday, 29 January 2024, 7.30 pm – Gravesham Borough Council](#) – Cessation of HR Shared Service
- 11.4. [Agenda for Cabinet on Monday, 18 March 2024, 7.30 pm – Gravesham Borough Council](#) – reports on Balancing the Budget – Gravesend Town Centre Options and the Lothbury Property Fund.
- 11.5. [Agenda for Cabinet on Tuesday, 28 May 2024, 7.30 pm – Gravesham Borough Council](#) – reports on CIT review of Sports & Leisure
- 11.6. [Agenda for Operational Services Cabinet Committee on Monday, 3 June 2024, 7.30 pm – Gravesham Borough Council](#) – update on Waste and Recycling Service Improvements
- 11.7. [Agenda for Cabinet on Monday, 24 June 2024, 7.30 pm – Gravesham Borough Council](#) – Financial Update and Balancing the Budget

Lead Officer: Andrew Barnett, Principal Accountant (General Fund)

Email: andrew.barnett@gravesham.gov.uk

| Secondary Implications | |
|--|---|
| Risk Assessment | The purpose of this report is to demonstrate financial performance as at 30 June against the original budget set for the 2024/25 financial year, and assess full year projections to 31 March 2025. 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? A definition of each type of data can be found on the Information Commissioner’s Office website via the above links. N/A</p> <p>b. If yes to question a, have you completed and attached a DPIA including Data Protection Officer advice? 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. 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. 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. 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 |