

Finance, Regeneration and Property Scrutiny Select Committee

22 July 2025

Part 1 - Public

Matters for Information



Cabinet Member Martin Coffin - Deputy Leader; and Cabinet Member for Finance, Waste and Technical

Responsible Officer Sharon Shelton – Director of Finance and Transformation

Report Author Paul Worden – Chief Financial Services Officer

2024/25 Financial Outturn and May 2025 Budgetary Control

1 **Summary and Purpose of Report**

- 1.1 In accordance with the Council's Financial Procedure Rules this report informs Members of the 2024/25 Financial Outturn and current financial position to the end of May 2025 for the 2025/26 Financial Year.

2 **Corporate Strategy Priority Area**

- 2.1 Efficient services for all our residents, maintaining an effective council.
- 2.2 The reporting of both outturn and budgetary control demonstrates governance and control of the Council's financial resources.

3 **2024/25 Outturn**

- 3.1 As presented to Cabinet on 30 June, a detailed revenue and capital outturn position for the year 2024/25 is provided through the Revenue and Capital Outturn Booklet attached at **[Annex 1]** which has been compiled in liaison with Chief Officers including, where appropriate, explanatory notes of variations between revised estimates and outturn. Variations between the original and revised estimates for 2024/25 were highlighted in the notes to the Annual Estimate papers presented to Members during the 2025/26 budget cycle.
- 3.2 In accordance with the Council's Constitution the Statement of Accounts, which shows the outturn in the format specified by the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, will be presented to the Audit Committee for approval. The Director of Finance and Transformation

presented an unaudited copy of the Statement of Accounts to the Audit Committee on 21 July 2025.

- 3.3 The Council's revenue position for 2024/25 is a contribution to the Council's General Revenue Reserve of £1,109,493, some £21,376 less than anticipated at revised estimate. This is after having set aside additional reserve movements explained in paragraph 3.13.
- 3.4 The variance prior to these adjustments was a contribution of £2,658,493; some £1,550,000 above the contribution agreed at the revised estimate. The predominant reasons for this favourable variance arose from several areas as detailed in the table and paragraphs below.

	Revised Budget £	Outturn £	Variation £
Salaries	13,660,750	13,544,650 -	116,100
Major Income Streams	- 7,971,650 -	8,086,737 -	115,087
Investment Income	- 2,948,750 -	3,325,833 -	377,083
Multiplier Grant (Business Rates)	- 464,300 -	1,272,270 -	807,970
Business Rates	- 6,192,171 -	6,328,417 -	136,246
Other Grant Income	- 200,000 -	377,665 -	177,665
Recruitment Expenses	11,200	23,456	12,256
Council Offices - Utility Costs	185,000	145,365 -	39,635
IT Software & Maintenance Costs	1,211,000	1,100,525 -	110,475
Homelessness Accommodation	1,056,850	1,237,443	180,593
Planning Appeal Costs (including Legal)	112,500	226,101	113,601
External Audit Fees	147,450	160,828	13,378
Refuse Contract Consultancy	60,000	13,093 -	46,907
Trees - Health and Safety Work	110,000	149,193	39,193
Car Parking Repairs and Maintenance	38,000	48,889	10,889
Other Variations	12,790,556	12,819,191	28,635
Additional reserve Contributions (see Paragraph 3.13)		1,550,000	1,550,000
Net Outturn before Contribution to General Revenue Reserve	11,606,435	11,627,811	21,376

- 3.5 Positive variations occurred in the salaries budget due to ongoing vacancies in the establishment. In respect of income, higher income on Car Parking and Recycling Performance Payments were offset by lower income on Planning and Land Charges Fees but overall saw a net increase.
- 3.6 The excess in investment income has arisen because of the Bank of England interest rates being held at higher than anticipated levels and higher yield from overnight cash investments.

- 3.7 The business rates system is extremely complex. This is due to the mechanics of the retention system, compounded by additional factors by being part of a pool. In addition, the Government pays a multiplier award to local authorities because it held down business increases to below CPI levels. The calculation of this award for 2024/25 was compounded even more by changes to the multipliers.
- 3.8 Bearing in mind the parallel running of the estimates and audit, unfortunately the team were unable to undertake a full assessment of these grants during Revised Estimates, and this was not completed until the final Government return for 2024/25. It is possible that we have not reflected the full impact for 2025/26 in the current estimates (potentially good news) which could help to boost reserves and is explained with the current year's monitoring at paragraph 4.7.
- 3.9 As mentioned in the budgetary control reports during the past year, client numbers and the costs of overnight homelessness accommodation remained high, although client number did drop to 126 at the end of the financial year. The overspend shown in the table has been reduced using a contribution from the Homelessness reserve of £200,000 to mitigate the final outturn overspend to £180,593.
- 3.10 Planning Appeals remain another area of overspend with both Council commissioned costs and awarded costs being reflected in the outturn position. The Director of Planning, Housing and Environmental Health is in the process of preparing a report for Members to consider options on these costs.
- 3.11 The variation on other grant and contribution income has arisen from additional unbudgeted grants and contributions from Government and Kent County Council. It is not expected that these will reoccur in 2025/26.
- 3.12 The line showing other variations includes a £250,000 payment from Sainsbury's which was agreed should be transferred into the Angel Centre replacement fund through Decision Notice D240097MEM 11/10/2024.
- 3.13 Given the outturn variation, as in prior years, Cabinet considered and approved additional reserve movements have been made to assist with the delivery of corporate priorities and future needs of the authority. The table below shows the additional movements.

	Proposed Reserve Movement £
Angel Centre	1,100,000
Building Repairs (BRREP)	250,000
Transformation Reserve	200,000
General Revenue Reserve (balance)	(21,376)
Total	1,528,624

- 3.14 The reserve movement for the Angel Centre replacement project will bring the resources, including the transfers occurring in 2025/26, to £9.15 million, mitigating the potential level of borrowing for the new centre.
- 3.15 BRREP, whilst underspent in 2024/25, is expected (with current budgeted expenditure and planned contributions) to fall into deficit by the end of 2025/26 by £205,000. This linked with the increased costs of building materials would warrant the top up suggested.
- 3.16 The balance remaining will be transferred to the General Revenue Reserve giving a balance as of 31st March 2025 of just over £11.0m. Members should note however that over the course of the MTFS this balance is expected to fall to circa £5.95m by the end of the period providing all savings targets and assumptions are achieved.
- 3.17 Details of the Reserve Balances held at 31 March 2025 can be found in **[Annex 2]** to the report.
- 3.18 Members will note a Capital Plan spend of £2,886,000 against a revised estimate of £4,947,000. The majority of the underspend comes from delays in various large capital projects such as Wouldham River Wall, Car Parking upgrades and the Gibson Building project. Full details of the capital programme spend can be found in the Outturn Booklet at **[Annex 1]**.

4 2025/26 Budgetary Control

- 4.1 As with standard financial practice the finance team have undertaken a review of the major areas of financial impact for the authority.
- 4.2 In February 2025 the Council set a revenue budget of £13,188,568 with a contribution to the General Revenue Reserve of £20,792 giving a Council tax requirement of £13,209,360.
- 4.3 Since setting the Budget in February, a number of Cabinet and Committee decisions have been taken. These decisions have been detailed in full in **[Annex 3]** to this report and currently amount to **£608,365**. However, after additional reserve contributions the net effect on the revenue budget is an increase of **£148,702**.
- 4.4 Salaries Monitoring – appended at **[Annex 4]** is the budgetary control statement against the proportional budget for May 2025. Cabinet will **note** the underspend against the original budget allowing for any changes identified in Annex 3. The current position is an underspend of £24,350, primarily due to vacancies above the budgeted position.

- 4.5 Income Monitoring - appended for information at **[Annex 5]** is the budgetary control statement covering income, fees, and charges from the major income streams. The current position shows a small over recovery of income of £1,704 against the current proportioned estimate. The variation between short and long Stay Car parking is because of how the estimate were set following the charge increases that occurred in August last year. Overall, Members will note that there is a positive variation.
- 4.6 Investment Income – due to the reporting of long term investments the details surrounding core and cashflow investments is as follows:
- 4.6.1 Core Funds – as at the end of May 2025, core funds stood at £30.17m representing an increase of £36,000 when compared to the position on 31 March 2025. Income generated from these investments amount to £241,000, delivering an average return of 4.72%. This has resulted in a positive variance of £6,000 against the original estimate for the same period. It is expected that core investments will reduce as the need for cashflow in the current year increases to commence capital project works.
- 4.6.2 Cashflow funds – as at the end of May 2025, cashflow funds stood at £18.72m representing an increase of £2.87m when compared to the position on 31 March 2025. Income generated from these investments amount to £180,000, delivering an average return of 4.45%. This has resulted in a positive variance of £65,000 against the original estimate for the same period.
- 4.7 As of the end of May the following areas have been identified as variations to the original estimate:-
- 4.7.1 Inflation on Refuse, Recycling and Street Cleansing Contract – At the time the budget was set the inflationary increase included within the base estimate was a 3.5% increase. The actual increase was 1.07% meaning that the budget is overstated by approximately £120,000. It is proposed to adjust the budget down to this revised level.
- 4.7.2 Business Rates Multiplier Under Indexation Grant – As mentioned in paragraph 3.7, the Council receives grant awards above those contained in the Final Local Government Settlement for 2025/26 of around £288,000. This information is based upon the Government Return submission made in the final stages of the estimates preparation and was not confirmed until after the budget has been set.
- 4.7.3 Tonbridge and Malling Leisure Trust – Utility Support Payments. The outturn for 2024/25 included an adjustment for the final quarter and reconciliation of the full year balance. The Trust have now provided this reconciliation showing the amount due was £32,000 less than recorded in the 2024/25 accounts and will be adjusted accordingly against the current estimate.

- 4.7.4 Temporary Accommodation for Homelessness Clients – This was highlighted last year, and Members are advised that client numbers at the end of May were 129 compared to the March ‘outturn’ position of 126 clients noted earlier in this report. The 2025/26 budget was set with a long term reduction to 120 clients by the end of the year. As at the end of May, there is an overspend against profiled budget of circa £40,000 and therefore if the current client numbers and placements were not to change the predicted overspend against the original budget by year end would be £241,000. Efforts continue by the Housing team to reduce both client numbers and overnight costs to the levels estimated.
- 4.7.5 The Director of Street Scene, Leisure and Technical Services has identified two additional overspends arising from a water leak at the Racecourse Ground and additional Grounds maintenance at the Castle amounting to £57,300.
- 4.8 Revenue Budgetary Control Summary – The table below summaries the result of information shared above.

Description	Budget to	Actual to	Variance
	May	May	
	£	£	£
Salaries Monitoring Statement	2,350,250	2,325,900	(24,350)
Income Monitoring Statement	(1,152,250)	(1,153,954)	(1,704)
Treasury Management	(350,000)	(421,000)	(71,000)
Approved Variations to the Revenue Budget		148,702	148,702
Revenue Budgetary Control		(342,700)	(342,700)
Net Variance	848,000	556,948	(291,052)

Figures in brackets represent a favourable variance

- 4.9 Members will note from the table that there is a current net favourable variance of £291,052 as at the end of May.

5 Business Rates Monitoring

- 5.1 The Original Estimate set an overall net income to the council of £4,209,769.
- 5.2 As at the end of May the predicted net income is £4,011,309 a variation of £198,640. This is because of increased levels of empty business properties and the awaited valuations of business properties adjacent to Junction 5 of the M20.

6 Capital Expenditure

- 6.1 In February 2025 the Council agreed a capital budget for 2025/26 of £10.2m.
- 6.2 Spend to the end of May 2025, was £400,000, but Members are reminded that the larger projects including Temporary Accommodation & Resettlement Scheme, and

Gibson East Refurbishment, make up a significant proportion of the agreed budget. Further updates will be shared with Members in due course.

7 Annual Service Delivery Plan and the MTFs Funding Gap

- 7.1 The annual service delivery plan contains an objective to identify at least £300,000 of the current year's £600,000 savings target by the end of the summer 2025.
- 7.2 Work with services is approaching completion to identify this target and will be reported to Members at the September meeting of this Scrutiny Select Committee.
- 7.3 A larger exercise to address the balance of this year's target and the £2.2m ongoing targets in years beyond 2025/26 has commenced with involvement from both Management Team and Service Managers. Options for consideration will be presented to Cabinet over the remainder of this financial year.

8 Financial and Value for Money Considerations

- 8.1 As set out above.

9 Risk Assessment

- 9.1 Budgetary control is a prerequisite of good financial management, financial planning and control and needs to be kept under review to ensure it remains effective and relevant.
- 9.2 Homelessness and Planning Appeals currently present the greatest challenges to the approved budgets and are being monitored carefully.

10 Legal Implications

- 10.1 This report fulfils the requirement of the Local Government Act 2003 which places a statutory duty on the authority to monitor income and expenditure against budget and to act if overspends or shortfalls in income emerge. If monitoring establishes that the budget situation has deteriorated, authorities are required to take such action as they consider necessary. This might include action to reduce spending in the rest of the year, to increase income or to finance all or part of the shortfall from reserves.

11 Consultation and Communications

- 11.1 None.

12 Implementation

- 12.1 Budgetary control is ongoing so no implementation issues.

Background Papers	None
Annexes	Annex 1 – Revenue and Capital Outturn 2024/25 Annex 2 – Reserves Position 31 March 2025 Annex 3 – Member Decisions Annex 4 – Salary Monitoring Annex 5 – Income Monitoring