

Cabinet

02 September 2025

Part 1 - Public

Executive Non-key Decision



Cabinet Member	Martin Coffin - Deputy Leader; and Cabinet Member for Finance, Waste and Technical
Responsible Officer	Paul Worden – Head of Finance and Section 151 Officer
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July 2025 Budgetary Control and Savings update

1 Summary and Purpose of Report

- 1.1 In accordance with the Council's Financial Procedure Rules this report informs Members of the current financial position to the end of July 2025 for the 2025/26 Financial Year and updates members on the current progress for the achievement of the savings target to be achieved for the budget set 2026/27.

2 Corporate Strategy Priority Area

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

3 Recommendations

- 3.1 Cabinet is RECOMMENDED to:
- 1) Note that, as at the end of July 2025, there is a net favourable variance of circa £730,000 when compared to the proportion of the 2025/26 budget as shown in paragraph 4.9.
 - 2) Note the current business rate pool position as at the end of July 2025 as set out in paragraph 5.2.
 - 3) Note the progress towards the Savings Target to be achieved for the budget setting for 2026/27 in section 7 of this report.

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 1]** to this report and currently amount to **£680,597**. However, after additional reserve contributions and additional grants the net effect on the revenue budget is an increase of **£148,702**.
- 4.4 Salaries Monitoring – appended at **[Annex 2]** is the budgetary control statement against the proportional budget for July 2025. Cabinet will **note** the underspend against the original budget allowing for any changes identified in Annex 1. The current position is an underspend of £92,050, primarily due to vacancies above the budgeted position.
- 4.5 Income Monitoring - appended for information at **[Annex 3]** is the budgetary control statement covering income, fees, and charges from the major income streams. The current position shows a small under recovery of income of £5,553 against the current proportioned estimate. This is as a result of under recovery of income for Development Control and Land Charges being offset by parking income. 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 and will be reviewed as revised estimate stage.
- 4.6 Investment Income – due to the reporting of long term investments the details surrounding core and cashflow investments is given in paragraphs 4.6.1 and 4.6.2 below:
- 4.6.1 Core Funds – as at the end of July 2025, core funds stood at £33m representing an increase of £2.83m when compared to the position on 31 March 2025. Income generated from these investments amount to £471,300, delivering an average return of 4.62%. This has resulted in a negative variance of £24,000 against the original estimate for the same period, however, this was fully offset by increased income from cash flow investments. 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 July 2025, cashflow funds stood at £20.19m representing an increase of £1.47m when compared to the position on 31 March 2025. Income generated from these investments amount to £368,900, delivering

an average return of 4.37%. This has resulted in a positive variance of £140,300 against the original estimate for the same period.

- 4.7 As of the end of July 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 – 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 had 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. This adjustment is as a result of the falling energy prices and the implementation of energy savings measures, solar panels, at the leisure facilities.
- 4.7.4 Temporary Accommodation for Homelessness Clients – This was highlighted last year, and Members are advised that client numbers at the end of July were 122 compared to the May position of 129 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 July, there is an overspend against profiled budget of circa £60,000 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 £180,000. Efforts continue by the Housing team to reduce both client numbers and overnight costs and increasing the costs recovered 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 essential grounds maintenance works surrounding the rebutment at the Castle amounting to £57,300.
- 4.7.6 Recent updates for 'Polluter Pays' grants for Waste services have indicated an increase in the award of £352,850 compared to the original allocation. These funds are used to cover the cost of waste and recycling collection caused by the disposal of packaging.

- 4.8 Revenue Budgetary Control Summary – The table below summaries the result of information shared above.

Description	Budget to July £	Actual to July £	Variance £
Salaries Monitoring Statement	4,839,300	4,747,250	(92,050)
Income Monitoring Statement	(2,782,900)	(2,777,347)	5,553
Treasury Management	(723,900)	(840,200)	(116,300)
Approved Variations to the Revenue Budget		148,702	148,702
Revenue Budgetary Control		(675,550)	(675,550)
Net Variance	1,332,500	602,855	(729,645)

Figures in brackets represent a favourable variance

- 4.9 Members will note from the table that there is a current net favourable variance of £729,645 as at the end of July. This includes the full year amounts shown in section 4.84.7 above.

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 July the predicted net income is £4,149,489 a variation of £60,282, 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 July 2025, was £607,000, 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 Savings Target for 2026/27

- 7.1 The MTFS agreed in February 2025 had a funding gap of £2.8m, this target was broken down into 4 tranches £600k to be achieved by the time the budget is set in February 2026 for the 2026/27 Budget.
- 7.2 The Annual Service Delivery plan the following objective under reference 13.5

Undertake a base budget review across all services to identify contributions towards in-year saving and the Medium-Term Financial Strategy 2026/27.

In addition to this it has the following milestone

Initial report on options to save a minimum of £300,000 by summer 2025, to feed into the budget setting process for 2026/27.

- 7.3 As part of this review services were asked to undertake an outturn review of expenditure and income against their current budget where there have been areas of consistent underspend or over recovery against the estimates for prior years.
- 7.4 The results have been summarised in the table below;

	Expenditure Reduction £	Income Generation £	Total £
Street Scene Leisure and Technical Services	30,650	86,000	116,650
Central Services and Executive Services	8,600		8,600
Finance and Transformation Services	35,700	20,000	55,700
Planning, Environmental Health and Housing Services	1,550		1,550
Total	76,500	106,000	182,500

- 7.5 The items identified range from reductions in purchases, changes to the cash collection arrangements from car park, changes to IT budgets and changes in procedures in methods of collection within Council Tax and Business Rates.
- 7.6 Whilst the total above falls short of the (minimum) £300k target set under the milestone above, once you add the overprovision of inflation for the Waste, Recycling and Street Cleansing Contract, as reported in paragraph 4.7.1 which is considered an ongoing reduction for the MTFS, the revised total comes to £302,500 meeting the milestone total.
- 7.7 Since undertaking this exercise, the Chief Executive and former Director of Finance and Transformation have met with all Service Directors and Budget holders to identify further savings that could be made in both the remainder of this year and for the other remaining savings tranches within the MTFS.
- 7.8 These areas of savings are currently being collated and will be then discussed further with both Directors and Cabinet Members as part of the budget processes

in November 2025 for the 2026/27 financial year and the Medium Term Financial Strategy.

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.

12.2 The savings identified will be incorporated into the budget set for 2026/27

Background Papers	None
Annexes	Annex 1 – Member Decisions Annex 2 – Salary Monitoring Annex 3 – Income Monitoring