

Policy & Resources Committee	
Meeting Date	12 June 2025
Report Title	Financial Management Report – Outturn 2024/25
EMT Lead	Lisa Fillery, Director of Resources
Head of Service	Claire Stanbury, Head of Finance and Procurement
Lead Officer	Caroline Frampton, Principal Accountant
Classification	Open
Recommendations	<ol style="list-style-type: none"> 1. To note the reduced take from the budget contingency reserve of £317k to deliver a balanced outturn position. 2. To note the level of reserves at 31 March 2025 as detailed in table 3. 3. To note the capital slippage of £14.711m and capital expenditure of £16.827m against the Revised Budget as detailed in table 4 and appendix II.

1. Purpose of Report and Executive Summary

- 1.1 This report sets out the revenue and capital outturn position for 2024/25. The report is based on service activity for the whole of 2024/25 and documents the final spend and income in the year, including transfers to and from reserves.
- 1.2 The purpose of the report is to compare the actual spend and income incurred in 2024/25 to the budget and to provide explanations for any variances. The report also highlights the reprofiling of capital budgets as a result of slippage on projects where budgets have already been approved.
- 1.3 The headline figures are:
 - £1.253m use of reserves to deliver a balanced outturn – Table 1;
 - Gross capital expenditure of £16.827m, net capital spend of £8.932m – Table 4; and,
 - £14.711m reprofiled slippage of capital spend – appendix II.

2. Background

- 2.1 The Council operated a budget monitoring process at Head of Service level, with regular reports during 2024/25 to the Policy & Resources Committee and the Strategic Management Team.

3. Proposals

Revenue Outturn

Table 1 - Variance by Service:-

	Working Budget £'000	Outturn £'000	Variance £'000
Chief Executive	778	759	(19)
Communications	358	339	(18)
Elections, Democratic Service & Information Governance	1,143	1,119	(25)
Housing & Community	5,300	4,857	(442)
Planning	337	1,239	902
Environment & Leisure	9,219	9,416	197
Regeneration & Economic Development	(294)	(221)	73
Finance & Procurement	753	705	(48)
Revenues & Benefits	154	195	42
Environmental Health	614	617	3
Information Technology	1,339	1,348	9
Internal Audit	158	133	(26)
Human Resources	472	463	(8)
Legal	678	607	(71)
Drainage Board Levy	1,000	1,000	0
Corporate Overheads & Capital Financing	3,698	2,827	(871)
NET REVENUE SERVICE EXPENDITURE	25,706	25,403	(303)
Finance by:			
Budget Contingency Reserve	(1,588)	(1,271)	317
Revenue Support Grant	(338)	(338)	(0)
Funding Guarantee Grant	(1,276)	(1,276)	(0)
Services Grant	(30)	(30)	0
Business Rates	(11,736)	(11,736)	0
New Homes Bonus	(674)	(674)	0
Collection Fund Deficit	45	31	(14)
Council Tax Requirement	(10,109)	(10,109)	0
TOTAL FINANCING	(25,706)	(25,403)	303
NET EXPENDITURE (Contribution (to) General Fund)	0	(0)	(0)

- 3.1 The variances with brackets are underspends, i.e., income received was greater than the budget or the spend was less than budget; variances with no brackets are overspends, i.e., the income was less than the budget, or the spend was more than budget. The significant variances from budget are explained below:-
- 3.2 Significant variances from budget (£20,000 or more) are explained below.

3.3 Elections, Democratic Services & Information Governance £25,000 underspend

Electoral Services £28,000 overspend

Multiple local by-elections for Swale Borough Council seats and their set up including; polling staff, venues, ballot paper printing and staff overtime are the main contributing factor to this overspend.

Democratic Services – Members £25,000 underspend

The underspend is a result of Special Responsibility allowances and National Insurance on allowances being underspent. This is primarily due to having sufficient budget for all roles with special responsibility, but having some members filling more than one role.

Information Governance £20,000 underspend

Due to a retirement in the team there was a vacancy for part of the year which is the main contributory factor to this underspend.

3.4 Housing & Community Services £442,000 underspend

Private Sector Housing £94,000 underspend

This is a result of vacancies within the team during the year. This is not expected to be an ongoing position.

Homelessness £297,000 underspend

The underspend is a combination of many factors across the whole service, and the implementation of the Housing Options improvement programme to bring a reduction in costs. The underspend is made up of an increase in grants and income received and a reduction on the spend of nightly let accommodation. There was a lower than anticipated presentation of homelessness during the annual closure of the caravan parks, and there have also been some staff vacancies while the new structure has been introduced.

A number of grants were received late in the year, and therefore were not included in previous forecasts.

Licensing £21,000 underspend

This is as a result of additional taxi licensing income.

Community Services £24,000 underspend

This is a result of additional CCTV income from third party contracts and parish/borough councils and additional community safety grants. This is offset within the Community Services outturn which includes the departmental vacancy allowance of £44,000.

3.5 Planning £902,000 overspend

MKS Planning £36,000 overspend

Income is still forecast to be below the budget level, as has been the case in previous years. Although there has been an amendment to the budget, a further growth item has been added to the proposed budget for 2025/26, as this position is expected to continue.

Appeals £139,000 overspend

This overspend is due to a number of appeals and costs awarded against the council in 2024/25. Highsted is an inquiry, rather than an appeal, and is budgeted for separately, with costs in 2024/25 being met from the planned use of reserves.

Planning £722,000 overspend

The service continues to use agency staff to fill vacant posts, with recruitment ongoing to attract permanent staff. The cost of the agency staff outstrips the savings from the vacancies. The underspend from salaries amounts to £562,000. The spend on agency staff, for which there is no budget, is £1,054,000. This results in an overspend on staffing related costs of £492,000.

Further costs were incurred to support the Local Plan work, but these have been met from reserves.

Planning income has significantly reduced as a result of fewer planning applications received than anticipated. Planning income has fallen short of budget by £397,000. This position will be closely monitored throughout 2025/26.

3.6 Environment & Leisure £197,000 overspend

Environmental Services £51,000 underspend

The underspend is made up of a number of items. Income from Garden waste exceeded expectations by £31,000, savings of £28,000 on equipment purchases and a reduction of £15,000 on hire and leases due to a returned ERT vehicle. However, as the current lease contract is 5 years old, and due for renewal in 2025/26, we do expect costs to rise once again. Fixed penalty notices produced less than half of the budget, leaving a deficit of £65,000. This is then offset by a reduction in the costs, and the net impact is an underspend of £51,000.

The net cost of wheeled bins was overspent by £31,000. Some bin sales have achieved above the budget, but the income for bins provided to new larger developments is £90,000 below the target. This will need to be monitored during 2025/26.

Parking & Highways £65,000 underspend

Parking voucher sales achieved £50,000 surplus above budget, car park income £42,000 above budget, and there is a saving of £16,000 on cash collections as cash is being used less.

There is an overspend on car park electricity costs of £32,000 after recovery of costs for EV charging, and also an overspend of £27,000 for maintenance of car park surfaces.

Income from street naming and numbering is currently down, with a under-recovery of £18,000.

Climate Change £25,000 underspend

Underspend due to Active Travel Coordinator role, which was vacant for part of the year, and also only occupied part-time for part of the year.

Leisure Services £338,000 overspend

Utility charges continues to affect Leisure services with an overspend of £359,000, as indexation has increased costs under the contracted cap and collar agreement. From October 2024 there has also been a subsidy fee on the leisure contract due during the extension period, this amounted to £32,000 in 2024/25.

Grounds maintenance contract costs have increased due to inflation, creating an overspend of £25,000.

These overspends are offset by an underspend of £45,000 for unrequired salary costs at Faversham Recreation Ground, £13,000 increase on rents received and £10,000 on burial interment receipts.

There is also a one-off overspend of £28,000 to cover the costs of the confirm upgrade, which will allow for more efficient working practices to be implemented.

3.7 Regeneration & Economic Development £73,000 overspend

Swale House Operations £83,000 underspend

This is primarily due to the additional rental income from new Swale House tenancies, and a temporary reduction in cleaning staff. There are other minor savings on items such as equipment maintenance and specialist advice.

Buildings Maintenance £118,000 overspend

There are some minor underspends projected for maintenance of some buildings, but costs have been incurred in the demolition of Fountain Street prior to disposal, work at Faversham Pool, and a water leak at Queenborough.

Asset Management £198,000 overspend

There is an overspend within the Asset Management team due to the use of external support as a result of recruitment difficulties. Recruitment for key posts continues to be difficult, so growth has been included in the budget for 2025/26 to continue the use of some external support in the short term.

There is also an overspend in relation to Bourne Place due to vacant units. As well as the loss of income, business rates are currently having to be paid by the council. A lease has now been granted for two of the three final units, so although there is a rent free period this means that the overspend on business rates will not occur next year.

Economic Development £161,000 underspend

£30,000 of this relates to administration grant received for the UK Shared Prosperity Fund grants, as well as £60,000 of capacity and capability funding to support the staffing costs of the LUF project. There are also temporary reductions in staff costs due to vacancies and a reduction in expenditure in relation to Learning & Skills, some of which has been put forward as a permanent saving within the draft budget for 2025/26.

3.8 Finance & Procurement £48,000 underspend

Accountancy £12,000 underspend

This underspend is partly from vacancies within the team, which have now been filled, and also an underspend on fees and services which have been put forward as a permanent saving for the 2025/26 budget.

Financial Services £34,000 underspend

This is due to salary savings within the team resulting from staff vacancies following a restructure, as well as maternity leave. This underspend is not expected to be a permanent position.

3.9 Revenues & Benefits £42,000 overspend

Housing Benefits £253,000 overspend

There is a overspend of £217,000 due to an increase in Housing Benefits claims in non-charity supported accommodation, where costs are not covered in full by housing benefit subsidy. Plus, a reduction in the amount Housing Benefit overpayments recovered of £36,000 as a result of the transition of the case load to Universal Credit.

Revenues & Benefits Administration £212,000 underspend

There is a projected underspend of £216,000 from additional Incentive Funding grants from KCC and £66,000 additional income from increased recovery action. This is partially offset by £59,000 overspend due to increased external audit fees and £12,000 overspend on postage due to the above-mentioned increase in recovery action and other fees and services.

3.10 Information Technology £9,000 overspend

IT Maintenance & Licences £49,000 projected overspend

Projected overspend is due to inflation and Microsoft increases. This will be separately reviewed to ensure that budgets are appropriate, as well as a contribution to reserve being reintroduced in future years.

IT Service £40,000 underspend

This is due to vacant posts being held within ICT Development, Network and Support and GIS teams.

3.11 Internal Audit £26,000 underspend

This is due to vacant posts that have not yet been filled.

3.12 Human Resources £8,000 underspend

Apprenticeships £32,000 underspend

The underspend is as a result of one vacancy.

3.13 Legal £71,000 underspend

This is predominantly due to the capitalisation of legal costs to support our Temporary Accommodation project, which offsets the additional costs resulting from the use of agency staff to fill permanent positions due to recruitment difficulties. The additional cost of agency staff is covered by all partners in the shared service arrangement.

3.14 Corporate Overheads & Capital Financing £871,000 underspend

Interest and Capital Financing £393,000 underspend

This is arising due to interest rates remaining relatively high, and our treasury position meaning that overall we benefit from increased investment income. Whilst interest rates are falling, they are slow to do so, and as such the interest received throughout the year has been achieved at higher interest rates than had been anticipated. Due to the slow rate of reduction we have built in a temporary

increase in the interest income budget for 2025/26 of £150,000 for just one year, and this will be reviewed each year as part of the budget setting process.

Non-Distributed Pension Costs £226,000 underspend

Negotiations with the pension fund actuaries have resulted in a reduction in our contribution to the pension backfunding position. This is included as a saving in the budget for 2025/26.

Corporate Overheads £95,000 underspend

This is primarily a result of a further saving from the insurance contract that was retendered. Having had the new contract for a year, a further saving has been proposed as an ongoing reduction within the base budget.

Corporate Costs/Provisions £157,000 underspend

Following a piece of work to rebase salary budgets to ensure they are in line with agreed structures, combined savings have been identified. Any amounts that are ongoing are included as a saving within the budget for 2025/26.

General Fund

3.15 The General Fund is shown below. The Council's policy is to maintain a balance of at least £1.5m in the General Fund. This balance represents 13.4% of the cost of services for 2024/25 and is therefore deemed to be at an adequate level, however this position will be reviewed in 2025/26.

Table 2: General Fund Balance

	£'000
General Fund balance at 1 April 2024	(3,103)
Transfers in 2024/25	0
General Fund Balance	(3,103)

Earmarked Reserves

3.16 The following transfers have been made to or from reserves in 2024/25:

- An underspend on the waste contract, along with penalty income expected, have been transferred to the waste reserve. The waste reserve is intended to be used to support some ongoing revenue costs in future years, and can also be used to fund specific work required to improve recycling rates, especially in light of incoming changes to waste funding and the expectations arising from the introduction of the Extended Producer Responsibility scheme.
- A contribution has been made to the ICT reserve from an overall underspend across the service. This helps to fund the ongoing capital programme required to replace laptops and other hardware.
- Annual contribution has been transferred to the Electoral Registration Reserve to smooth the cost of elections over the election cycle.
- Planned transfer of transformation budget underspend to the transformation reserve, to fund future developments.

- Forecast contribution of £100,000 from interest receipts to a reserve to smooth the impact of future accounting adjustments.
- Unused grants transferred to reserve for future use (where conditions of the grant allow).
- Transfer to fund ongoing management development programme.
- Transfer to the Local Plan reserve to fund future work on the development of the plan, smoothing out the costs.
- The actual use of the Budget Contingency Reserve to support the delivery of a balanced budget was £400,000.
- £855,000 was used from the business rates pool to cover planned costs in relation to regeneration of the area.
- Reserves of £461,000 were used in 2024/25 to cover the costs of the Highsted inquiry.
- Reserves of £125,000 were used to support capital expenditure in the year.

3.17 Table 3 below sets out the earmarked reserves balances as at 31 March 2025.

Table 3: Earmarked Reserves

	Balance as at 1 April 2024 £'000	Contributions (to)/from reserve in year £'000	Balance as at 31 March 2025 £'000
Budget Contingency Reserve	(1,837)	808	(1,029)
Kent Business Rates Pool			
Economic Development	(2,717)	(226)	(2,943)
North Kent Housing & Commercial			
Growth Business Rates	(1,129)	179	(951)
Business Rates Volatility	(4,040)	(121)	(4,161)
Building and Asset Maintenance	(741)	(115)	(856)
Service Reserves	(1,568)	138	(1,430)
Waste and Environment	(860)	(714)	(1,574)
ICT Equipment Reserve	(464)	88	(376)
Repairs and Renewals	(342)	(25)	(367)
Miscellaneous	(2,667)	(305)	(2,973)
Total Earmarked Reserves	(16,365)	(294)	(16,659)
Collection Fund and Grants In			
Advance	(171)	28	(143)
Accounting Adjustments	(332)	(100)	(432)
Total Reserve	(16,869)	(366)	(17,234)

Capital Expenditure

- 3.18 This section of the report details actual capital expenditure and highlights any variations between the revised 2024/25 capital budget and the outturn.
- 3.19 Actual expenditure in 2024/25 was £16.823m which was 32% of the budget. There was capital slippage of £14.711m in terms of costs to Swale Borough Council, but a further £23.503m of grant or reserve funded spend will also be slipped into future years. A summary is set out in Table 4 below and further details are shown in appendix II.
- 3.20 Although only 32% of the total capital budget has been spent, some of the budgets are effectively a rolling budget and will be rolled into 2025/26. This is the case for the Disabled Facilities Grant which amounted to £7.283m in 2024/25. Rainbow Homes £12.544m will be slipped into a future year and reprofiled. Housing Temporary Accommodation has a variance of £1,37m which can be slipped to allow the purchase of a few more properties. Levelling Up funding of £15.515m will be slipped into future years and reprofiled in line with latest project expectations, and the Waste Vehicle Fleet has a balance of £115k to be used for vehicles that will need replacing part way through the contract.

Table 4 – Capital Outturn

Capital spend	2024/25 Budget		2024/25 Outturn		2024/25 Variance £'000	Capital Slippage £'000
	Gross £'000	Net £'000	Gross £'000	Net £'000		
Housing & Community	30,964	22,199	11,116	8,234	0	13,966
Regeneration & Economic Development	20,254	221	4,675	24	3	200
Environment & Leisure	1,657	1,219	913	674	0	545
Finance & Procurement	70	0	59	0	0	0
Information Technology	112	0	64	0	0	0
	53,056	23,639	16,827	8,932	3	14,711

The explanations for the significant capital variances and rollovers are shown below:

Housing and Community Services

- **Disabled Facilities Grant** – Funding is from Central Government and is paid via Kent County Council. The grant is part of the overall Better Care Fund which incorporates aspects of health, and the Disabled Facilities Grant (DFG) money which must be used on mandatory grants that the Council administers. The money should be rolled over to the following year to continue funding grants approved within the year. The spend is dependent on applications received. Once a grant is approved the applicant has 12 months to complete the work, therefore the DFG spend is a constant rolling process that crosses financial periods.
- **Local Housing Company** – The budget was reprofiled approximately 18 months ago, to reflect that the work is likely to take place over a number of years. However, as yet there has not been capital spend on this project, and therefore £12.544m is

recognised as capital slippage at 31 March 2025, and the profiling of the budget should be revisited.

- **Purchase of Temporary Accommodation** – Forty-six properties have been purchased to end of March 2025 and we will continue to purchase further properties in 2025/26. Grant funding was awarded to the council during 2024/25 to support the acquisition of temporary accommodation, some of the grant was allowed to be used for general purpose needs and was used to support the delivery of the TA project.

Regeneration & Economic Development

- **Levelling Up Scheme** – This is fully funded from external grants and can be rolled into 2025/26. There were delays in starting the project for reasons beyond the control of Swale Borough Council, and the subsequent delays which have pushed completion to into 2026. The profiling of the budget across financial years will be revisited.

Environment & Leisure

- **Waste Vehicle Fleet** – The initial vehicles have now all been delivered. There was always an intention to replace some of the street cleansing vehicles part way through the contract, and the slippage of £115k represents that. This will be reprofiled to show in the year of expected spend.
- **Play Areas Equipment & Improvements** – This is funded from capital contributions, and works not complete at 31 March 2025 will be reprofiled into future years as work is carried out and funded from contributions received.
- **Beach Huts** – The beach hut project has suffered delays due to a lack of engagement from the market when going out to tender. The project is still intended to go ahead, so the budget of £143k needs to slip into 2025/26.

ICT Replacement

- The council operates a rolling programme of ICT equipment replacement, which is funded from reserves. Although spend in 2024/25 was less than anticipated when setting the budget, this does not represent a saving, but simply that the works have not yet taken place, and the anticipated funding will remain in reserve for future years.

Funding of the 2024/25 Capital Programme

3.21 The 2024/25 capital programme expenditure of £16.827m was funded as set out in Table 5 below.

Table 5: Capital Programme Funding

	2024/25 Outturn £'000
Capital grants and other contributions	7,765
Capital receipts	0
Earmarked reserves	130
Direct revenue funding	0
Borrowing	8,932
Total Capital Funding	16,827

4. Alternative Options

4.1 None identified – this report is largely for information.

5. Consultation Undertaken or Proposed

5.1 Heads of Service and Strategic Management Team have been consulted in preparing this report.

6. Implications

Issue	Implications
Corporate Plan	Good financial management is key to supporting the Corporate Plan objectives.
Financial, Resource and Property	As detailed in the report
Legal, Statutory and Procurement	The outturn report is not a statutory requirement, but it is a requirement of the Council's Financial Regulations.
Crime and Disorder	None identified at this stage.
Environment and Climate/ Ecological Emergency	The report identifies a wide range of expenditure headings which support the Council's Climate and Emergency Action Plan.
Health & Wellbeing	None identified at this stage.
Safeguarding of Children, Young People and Vulnerable Adults	None identified at this stage.
Risk Management and Health and Safety	The Council's overall financial position is a key risk in the Council's Corporate Risk Register.

Issue	Implications
Equality and Diversity	None identified at this stage.
Privacy and Data Protection	None identified at this stage.

7. Appendices

7.1 The following documents are to be published with this report and form part of the report:

- Appendix I: Detailed revenue outturn position
- Appendix II: Detailed capital outturn position

8. Background Papers

- Council Meeting Agenda and Minutes 19 February 2024