

Appendix B



Finance Report

Medway Norse – Andy Mann



United in Purpose

Contents

No	Item	Person/s Responsible
1	Financial Summary <ul style="list-style-type: none"> - Current Position <ul style="list-style-type: none"> o Profit/Loss YTD - Future Position <ul style="list-style-type: none"> o Year End Forecast 	FIN
2	Key Balance Sheet Items <ul style="list-style-type: none"> - Debtor Days - Creditor Days - Current Ratio - WIP Movement 	FIN
3	<ul style="list-style-type: none"> - Action Required 	N/A

1. Financial Summary

1.1 Current Position

Trading Profit -Past and Present:

- Profit is well ahead of budget.
- Waste ends Q4, £93k ahead, with a catch up on income and low bag and labour costs.
- Catering is £21k ahead with all of this coming from good trading at the theatre.
- Cleaning is £4k ahead, there are savings in staffing costs vs budget.
- Grounds is £152k ahead. Low in quarter costs across the board, in labour, subcontract and equipment. This was coupled with strong noncontract sales.
- Reactive (FM) is £18k behind. Higher core subcontract costs incurred.

1.11 Profit / Loss

Trading Profit

Month	£000	Year to Date	£000
Actual Profit	379.0	Actual Profit	1,384.5
Budget Profit	48.7	Budget	623.0
Variance	330.3	Variance	761.5

Net Profit

Month	£000	Year to Date	£000
Actual Profit	117.6	Actual Profit	519.2
Budget Profit	16.2	Budget	233.6
Variance	101.4	Variance	285.6

The bulk of the work is under large contracts with the council so the main profit drivers in these are the costs, in particular labour costs. These costs are constantly monitored, with staffing levels or structures adjusted, where required.

Business Financials – Q4 Year End Position

		P&L Heading	YTD Budget	YTD Actual	YTD Variance	LY YTD Actual
Income	Sales	36,673,913	36,437,473	(236,440)	35,109,977	
Income		36,673,913	36,437,473	(236,440)	35,109,977	
Direct Costs	Materials	(1,607,909)	(1,273,876)	334,033	(1,486,493)	
Direct Costs	Supplies & Services	(1,204,078)	(1,127,826)	76,251	(1,048,728)	
Direct Costs	Labour Costs	(19,911,977)	(19,263,372)	648,605	(17,422,872)	
Direct Costs	Subcontractors	(4,197,140)	(3,417,830)	779,310	(3,894,071)	
Direct Costs	Transport Costs	(4,274,079)	(4,875,718)	(601,639)	(4,403,461)	
Direct Costs	Equipment Costs	(648,822)	(632,318)	16,504	(742,047)	
Direct Costs	Other Costs	(557,065)	(575,780)	(18,715)	(726,786)	
Direct Costs		(32,401,069)	(31,166,720)	1,234,349	(29,724,459)	
Indirect Costs	Salary Costs	(2,105,028)	(1,931,510)	173,519	(1,878,696)	
Indirect Costs	Other Overhead Costs	(423,054)	(867,329)	(444,275)	(1,061,934)	
Indirect Costs		(2,528,082)	(2,798,839)	(270,757)	(2,940,629)	
Central Overheads Allocation	Central Overheads Reallocation	(0)	0	0	0	
Central Overheads Allocation	Central Admin Overhead	(1,121,769)	(1,087,454)	34,315	(1,096,086)	
Central Overheads Allocation		(1,121,769)	(1,087,454)	34,315	(1,096,086)	
Other Costs	Admin Payback	(311,496)	(692,230)	(380,734)	(622,821)	
Other Costs	Corporation Tax	(77,874)	(173,057)	(95,183)	(185,915)	
Other Costs		(389,369)	(865,287)	(475,918)	(808,736)	
		233,623	519,172	285,550	540,067	

Waste Services Q4 Year End Position

	P&L Heading	YTD Budget	YTD Actual	YTD Variance	LY YTD Actual
Income	Sales	15,081,747	14,829,315	(252,432)	14,134,632
Income		15,081,747	14,829,315	(252,432)	14,134,632
Direct Costs	Materials	(698,164)	(460,755)	237,409	(529,066)
Direct Costs	Supplies & Services	(52,990)	(102,023)	(49,033)	(91,355)
Direct Costs	Labour Costs	(9,539,743)	(9,216,018)	323,724	(8,355,459)
Direct Costs	Sub Contractors	(180,000)	(201,292)	(21,292)	(202,633)
Direct Costs	Transport Costs	(2,970,146)	(3,344,902)	(374,755)	(3,041,869)
Direct Costs	Equipment Costs	(90,013)	(168,825)	(78,812)	(118,859)
Direct Costs	Other Costs	(245,558)	(226,110)	19,448	(237,589)
Direct Costs		(13,776,614)	(13,719,926)	56,688	(12,576,831)
Indirect Costs	Salary Costs	(109,999)	(148,925)	(38,925)	(206,528)
Indirect Costs	Other Overhead Costs	(183,358)	(181,063)	2,295	(225,947)
Indirect Costs		(293,357)	(329,987)	(36,630)	(432,475)
Central Overheads Allocation	Central Overheads Reallocation	(418,398)	(330,458)	87,941	(346,135)
Central Overheads Allocation	Central Admin Overhead	(442,372)	(504,197)	(61,825)	(480,577)
Central Overheads Allocation		(860,770)	(834,654)	26,116	(826,712)
		151,005	(55,252)	(206,257)	298,614

1.2 Future Position

Future position is based on the agreed FY26 budget.

Net Profit Forecast FY26:

Next Month	£000	Year end	£000
Forecast	81.8		538.2
Budget	81.8		538.2
Variance	-	Variance	-

Current risk surrounds the core contract income. The concerns regarding PO approval by Officers have in the most been resolved. However, it should be noted that this does impact cash flow.

Whilst payment when we have PO's is excellent, the delay in provision of PO's is created a false aged debt picture in previous quarter. We now are reflective of true position.

Medway Council is keen to take some services back 'in house'.

The costs and long term effect of this are to be carefully calculated.

2. Key Balance Sheet Items

2.1 Debtor Days @ 31.03.25

Key Overdue Debts: no significant overdue debts.

2.2 Creditor Days @ 31.12.25

Group policy is 30 days – no more. Having checked with the Finance team locally, they do not provide this figure in their reporting as they adhere to Group policy. There are some anomalies for example employment agencies.



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